GUJARAT ELECTRICITY REGULATORY COMMISSION
(GERC)

Tariff Order

Truing up for FY 2023-24

and

Approval of Multi-Year ARR for FY 2025-26 to FY 2029-30

and

Determination of Tariff for FY 2025-26

For

MPSEZ Utilities Limited

(MUL)

Case No. 2430 of 2024

29th March, 2025

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सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

GANDHINAGAR

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ABBREVIATIONS

A&G	Administrative and General Expenses
ARR	Aggregate Revenue Requirement
AMR	Automated Meter Readers
APTEL	Appellate Tribunal for Electricity
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Control period	The period from FY 2025-26 to FY 2029-30
CTU	Central Transmission Utility
CWIP	Capital Work In Progress
DISCOM	Distribution Company
DPC	Delayed Payment Charges
EA	Electricity Act, 2003
EHT	Extra High Tension
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Ltd
GFA	Gross Fixed Assets
HT	High Tension
HTMD	High Tension Maximum Demand
IEX	Indian Energy Exchange
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension
LTPPA	Long Term Power Purchase Agreement
MCLR	Marginal Cost of Funds Based Lending Rate
MSW	Municipal Solid Waste
MUL	MPSEZ Utilities Limited
MUs	Million Units (Million kWh)
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi-Year Tariff
NRGP	Non-Residential General Purpose
NTPC	National Thermal Power Corporation
O&M	Operations and Maintenance
PF	Power Factor
PPA	Power Purchase Agreement
PPC	Power Purchase Cost
RBI	Reserve Bank of India
REC	Renewable Energy Certificate
R&M	Repairs and Maintenance
RPO	Renewable Purchase Obligation

SBI	State Bank of India
SEZ	Special Economic Zone
SLC	Service Line Charges
STU	State Transmission Utility
UPF	Unity Power Factor

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 2430 of 2024

Date of the Order: 29th March, 2025

CORAM

Anil Mukim, Chairman

Mehul M. Gandhi, Member

S.R. Pandey, Member

ORDER

1. Background and Brief History

1.1. About MPSEZ Utilities Limited (MUL)

The Petitioner has submitted that MPSEZ Utilities Limited (hereinafter referred to as "MUL" or the "Petitioner") is a company incorporated in 2008 under the Companies Act, 1956 having its registered office at Adani Corporate House, Shantigram, near Vaishno Devi Circle, S.G. Highway, Khodiyar, Ahmedabad-382 421. MUL is a 100% subsidiary of Adani Energy Solutions Limited (AESL).

The Ministry of Commerce and Industry, Government of India issued notification dated 03.03.2010, applicable to all Special Economic Zones notified under Subsection (1) of Section 4 of the Special Economic Zones Act, 2005, wherein Developer of a Special Economic Zone shall be deemed to be a distribution licensee from the date of notification of such Special Economic Zone.

MUL obtained the status of distribution licensee vide Government of India Notification dated 03.03.2010. This was also endorsed by the Gujarat Electricity Regulatory Commission (GERC) vide Order No. GERC/Legal 2010/0609 dated 06.04.2010 allowing for distribution of electricity in Mundra SEZ area, Dist. Kutch. As such, MUL is a deemed licensee for distribution of electricity in Mundra SEZ area.

Ministry of Commerce and Industry, Department of Commerce, Government of India, vide Notification No. 3029(E) dated 21.9.2016 has consolidated the Special Economic Zones mentioned in various notifications and re-notified the same. Accordingly, GERC amended the Distribution License No. 6 of 2016 of MPSEZ Utilities Private Limited vide order dated 03.11.2017 in Petition no. 1633 of 2017.

1.2. Commission's Order for approval of Truing up of FY 2021-22 and determination of Tariff of FY 2023-24

The Petitioner had filed its Petition for Truing up for FY 2021-22 and determination of Tariff for FY 2023-24 on 02.01.2023. After technical validation the Petition was registered on 07.01.2023 (as Case No. 2177 of 2023). The Commission vide Order dated

31.03.2023 approved the Truing up for FY 2021-22 and determined the ARR and Tariff for FY 2023-24.

1.3. Commission's Order for approval of Truing up of FY 2022-23 and determination of Tariff of FY 2024-25

The Petitioner had filed its Petition for Truing up for FY 2022-23 and determination of Tariff for FY 2024-25 on 12.01.2024. After technical validation, the Petition was registered on 24.01.2024 (as Case No. 2326 of 2024). The Commission vide Order dated 1.06.2024 approved the Truing up for FY 2022-23 and determined the ARR and Tariff for FY 2024-25.

1.4. Background of the present Petition

The Commission notified the GERC (MYT) Regulations, 2016 for the Control Period of FY 2016-17 to FY 2020-21 and subsequently extended up to FY 2024-25. Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the Truing up of previous year's expenses and revenue based on Audited Accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).

Subsequently, the Commission has notified the GERC (MYT) Regulations, 2024 for the Control Period of FY 2025-26 to FY 2029-30. Regulation 16.3.1 of the GERC (MYT) Regulations, 2024 provides for Truing up of FY 2023-24 in accordance with the GERC (MYT) Regulations, 2016, determination of ARR for the Control Period from FY 2025-26 to FY 2029-30 and determination of Tariff for FY 2025-26 based on the principles and methodology as provided in the GERC (MYT) Regulation, 2024.

MPSEZ Utilities Limited, a Distribution Licensee, has filed the present Petition under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (hereinafter referred to as the GERC (MYT) Regulations, 2016), for the True up of FY 2023-24 and under GERC (MYT)

Regulation,2024 for Approval of ARR for FY 2025-26 to FY 2029-30 and Determination of Tariff for FY 2025-26.

1.5. Registration of the Current Petition and Public Hearing

The Petitioner submitted the current Petition for Truing up of FY 2023-24, determination of ARR for MYT Control Period for FY 2025-26 to FY 2029-30 and determination of Tariff for FY 2025-26 on 30.11.2024. After technical validation of the petition, it was registered on 16.12.2024 (as Case No. 2430 of 2024) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016 and Regulation 25.1 of GERC (MYT) Regulation 2024, the Commission has proceeded with this Tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, MUL was directed to issue public notice with regard to its application in newspapers to ensure wide public participation for submission of objections / suggestions by the stakeholders on the present petition.

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

Table 1-1 : List of newspapers in which Public Notice was published by the Petitioner

Sl. No.	Particulars	Language	Date of Publication
1	The Indian Express (Ahmedabad Edition)	English	20.12.2024
2	Sandesh (Bhuj Edition)	Gujarati	20.12.2024

The Petitioner also placed the public notice and the petition on its website (www.adanienergysolutions.com) inviting objections and suggestions. The interested parties/ stakeholders were asked to file their objections / suggestions on the petition on or before 19.01.2025. The Commission also placed the petition on its website (www.gercin.org) for information and study for all the stakeholders.

The Commission also issued a notice for Public Hearing in the following newspapers in orders to solicit wider participation by the stakeholders:

Table 1-2: List of newspapers in which Public Notice was published by the Commission

Sr. No	Name of the Newspaper	Language	Date of publication
1	The Indian Express	English	13.02.2025
2	Divya Bhaskar	Gujarati	13.02.2025
3	Gujarat Samachar	Gujarati	13.02.2025

The Commission as well as the Petitioner have not received any objections/ suggestions from any Stakeholders on the present Tariff Petition.

The Commission has conducted public hearing on the tariff Petition of MUL 24.02.2025.

1.6. Approach of this Order

The GERC (MYT) Regulations, 2016 and GERC (MYT) Regulations, 2024 provides for "Truing up" of FY 2023-24 in accordance with the provision of GERC (MYT) Regulations, 2016 and determination of ARR for FY 2025-26 to FY 2029-30 and determination of Tariff for FY 2025-26 in accordance with GERC (MYT) Regulations, 2024.

MUL has approached the Commission with the present Petition for "Truing up" of the FY 2023-24, approval of ARR for FY 2025-26 to FY 2029-30 and determination of Tariff for FY 2025-26.

The Commission has undertaken the "Truing up" for FY 2023-24 in accordance with the provision of GERC (MYT) Regulations, 2016, considering the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2023-24, based on the Annual Accounts and ARR for FY 2023-24 approved in the Tariff Order dated 31.03.2023 in Case No. 2177/2023.

For Truing up of FY 2023-24, the Commission has been primarily guided by the following principles:

Controllable parameters have been considered at the level approved under the order dated 31.03.2023, unless the Commission considers that there are valid reasons for revision of the same. Uncontrollable parameters have been revised based on the actual performance observed.

The Truing up for the FY 2023-24 has been considered and carried out in accordance with the principles and methodologies laid down in the GERC (MYT) Regulations, 2016.

Determination of ARR for FY 2025-26 to FY2029-30 and Tariff for FY 2025-26 has been considered as per the methodology and principles stipulated in the GERC (MYT) Regulations, 2024.

1.7. Contents of the Order

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

1. The **First Chapter** provides the background of the Petitioner, the Petition and details of the Public Hearing Process and the Approach adopted for this Order.
2. The **Second Chapter** outlines the Summary of MUL's Petition.
3. The **Third Chapter** deals with Objections and Suggestions.
4. The **Fourth Chapter** deals with 'Truing up' for FY 2023-24.
5. The **Fifth Chapter** deals with Approval of ARR for FY 2025-26 to 2029-30 and Determination of Tariff for FY 2025-26.
6. The **Sixth Chapter** deals with the Compliance of Directives.
7. The **Seventh Chapter** deals with FPPA Charges.
8. The **Eighth Chapter** deals with Determination of the Wheeling Charges and Cross- Subsidy Surcharge.
9. The **Nine Chapter** deals with the Tariff Philosophy and Tariff Proposal.

2. Summary of MUL's Petition

2.1. Introduction

This Chapter deals with highlights of the Petition as submitted by MUL for Truing up of FY 2023-24 and Approval of ARR for FY 2025-26 to FY 2029-30 and Determination of Tariff for FY 2025-26.

2.2. True-up of FY 2023-24

A summary of the claimed ARR for Truing-up for FY 2023-24 compared with the approved ARR for FY 2023-24 in order dated 31.03.2023 is presented in the Table below along with the item-wise Gain/ Loss computations as submitted by MUL:

Table 2-1 : True-up claimed for FY 2023-24

(Rs. Crore)

Particulars	FY 2023-24				
	Approved	**Actual**	**Under (+) / Over (-) Recovery**	**Gain/(Loss) due to Controllable Factor**	**Gain/(Loss) due to Uncontrollable factor**
Power purchase expenses	1,518.70	325.91	1,192.79	-	1,192.79
O & M expenses	12.24	12.71	(0.47)	-	(0.47)
Depreciation	6.56	3.67	2.89	-	2.89
Interest on LT loans & Finance Charges	3.45	1.97	1.47	-	1.47
Interest on security deposit	0.30	0.39	(0.09)	-	(0.09)
Interest on working capital	11.86	2.73	9.12	-	9.12
Bad Debts Written off	-	-	-	-	-
Contribution to Contingency Reserves	-	-	-	-	-
Total Revenue Expenditure	**1,553.10**	**347.38**	**1,205.72**	**-**	**1,205.72**
Return on Equity Capital	5.93	3.46	2.47	-	2.47
Income Tax	3.92	1.41	2.51	-	2.51
Aggregate Revenue Requirement	**1,562.95**	**352.25**	**1,210.70**	**-**	**1,210.70**
Less: Non-tariff income	14.98	14.30	0.68	-	0.68
Aggregate Revenue Requirement	**1,547.97**	**337.95**	**1,210.02**	**-**	**1,210.02**

2.3. Revenue Gap / (Surplus) for FY 2023-24

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

Table 2-2 : True up of FY 2023-24 as claimed by MUL

(Rs. Crore)

Sr. No.	Particular	Claimed
1	**ARR Approved as per the Tariff Order dated 31.03.2023 (A)**	**1547.97**
2	Less: Gain on account of Controllable Factor to be passed on to the consumers (1/3) (B)	0.00
3	Less: Gain on account of Un-controllable Factor to be passed on to the consumers (C)	1210.02
4	**Trued-up ARR for FY 2023-24, D= (A-B-C)**	**337.95**

MUL submitted that the trued up ARR for FY 2023-24 is Rs. 337.95 Cr. after sharing of gains & losses and the revenue from sales of power is Rs. 378.30 Crore. Thus, revenue surplus for FY 2023-24 works out to be Rs. 40.35 Crore. The Commission in its Tariff Order dated 31.03.2023 had approved consolidated revenue surplus of Rs. 8.95 Cr. for FY 2021-22 and holding cost of Rs.1.54 Cr. on revenue surplus of FY 2021-22 for FY 2022-23 and 2023-24 as per GERC (MYT) Regulations, 2016. The Table below summarizes the trued-up ARR, Revenue from Sale of Power, resultant Gap / (Surplus), carrying cost and consolidated Gap / (Surplus) for FY 2023-24.

Table 2-3 : Consolidated Revenue Gap/(Surplus) claimed for FY 2023-24

(Rs. Crore)

Particulars	Actual Claimed
Aggregate Revenue Requirement	337.95
Revenue from sale of power	378.30
Net Revenue Gap/(Surplus) of FY 2023-24	(40.35)
Add: Approved Consolidated Gap / (Surplus) for FY 2021-22	(8.95)
Add: Carrying cost on revenue gap/(surplus) of FY 2021-22 for FY 2022-23& FY 2023-24	(1.54)
Consolidated revenue gap / (Surplus) for FY 2023-24	**(50.84)**

2.4. ARR for FY 2025-26 to FY 2029-30, Revenue for FY 2025-26 at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2025-26

MUL has also sought approval for final Aggregate Revenue Requirement for FY 2025-26 to 2029-30 estimated as under:

Table 2-4 : ARR Proposed for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Power Purchase Expenses	1,398.68	3,828.97	5,479.35	5,520.27	7,410.42
O&M Expenses	16.92	26.42	28.93	29.46	30.01
Depreciation	8.82	35.23	37.69	37.73	76.84
Interest and Finance Charges	3.90	3.29	2.68	2.07	1.45
Interest on Security Deposits	0.72	0.72	0.72	0.72	0.72
Interest on Working Capital	12.04	32.44	45.68	46.06	67.61
Provision for bad debts	-	-	-	-	-
Contingency Reserve	-	-	-	-	-
Total Revenue Expenditure	**1,441.08**	**3,927.07**	**5,595.04**	**5,636.31**	**7,587.05**
Return on Equity Capital	5.94	5.94	5.94	5.94	5.94
Return on Capital Employed	26.86	61.10	68.22	66.41	115.21
Aggregate Revenue Expenditure	**1,473.87**	**3,994.11**	**5,669.20**	**5,708.65**	**7,708.21**
Less: Non-Tariff Income	26.78	-	-	-	-
Less: Income from Wheeling Charges	1.57	39.82	54.75	53.56	57.83
Aggregate Revenue Requirement	**1,445.52**	**3,954.29**	**5,614.46**	**5,655.09**	**7,650.38**

2.5. Revenue Gap / (Surplus) for FY 2025-26

Based on the ARR for FY 2025-26 given in the Table above, the estimated Revenue Gap for FY 2025-26 at existing tariff is shown in the following Table.

Table 2-5 : Estimated Revenue Gap / (Surplus) for FY 2025-26

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed
1	Projected ARR for FY 2025-26	1445.52
2	Add: Consolidated Revenue gap/(surplus) for FY 2023-24	(49.30)
3	Add: Consolidated Carrying Cost up to FY 2023-24	(1.54)
4	Estimated Revenue from existing tariff for FY 2025-26	1437.85
5	**Revenue Gap / (Surplus) for FY 2025-26**	**(43.17)**

2.6. Request of MUL

a). Admit Petition for the Truing up of ARR for FY 2023-24 as per GERC (MYT) Regulations, 2016 and ARR for 4th Control Period from FY 2025-26 to FY 2029-30 & Determination of Tariff for FY 2025-26 as per GERC (MYT) Regulations, 2024 b). Approve the True-up for FY 2023-24 and allow sharing of gains / losses as proposed by the Petitioner for FY 2023-24 as per GERC (MYT) Regulations, 2016

c). Approve Aggregate Revenue Requirement for the 4th Control Period from FY 2025-26 to FY 2029-30.

d). Approve consolidated revenue gap / surplus of FY 2023-24

e). Approve the estimates and gap/surplus of FY 2025-26 and carry forward the same

f). Approve wheeling ARR and corresponding charges for wheeling of power with effect from 01.04.2025.

g). Approve cross subsidy surcharge filed by the Petitioner

h). Approve Tariff schedule as proposed by the Petitioner

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

j). Allow any other relief, order or direction, which Hon'ble Commission deems fit to be issued

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

3. Objections and Suggestions

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

In response to the public notice and conducting public hearing for inviting objections / suggestions on the petition filed by MUL for Truing up of FY 2023-24 under the GERC (MYT) Regulations, 2016 and Approval of ARR for FY 2025-26 to FY 2029-30 and Determination of Tariff for FY 2025-26 under the GERC (MYT) Regulations, 2024, no any objections / suggestions received from any stakeholders.

4. Truing up for FY 2023-24

4.1. Introduction

This Chapter deals with the Truing up for FY 2023-24 of MUL. The Commission has analyzed each of the components of the Aggregate Revenue Requirement (ARR) for FY 2023-24 in the following paragraphs.

4.2. Energy Sales

Petitioner's submission

MUL has submitted the actual energy sales for FY 2023-24 as shown in the Table below.

Table 4-1 : Energy Sales claimed for FY 2023-24

(MU)

Particulars	FY 2023-24	
	Approved	**Actual**
HT Category		
HTMD-I (Commercial)	278.50	195.84
HTMD-I (Industrial)	2115.23	441.41
HTMD-II	152.57	5.38
HTMD-III	6.64	4.77
HTMD-IV	1.71	1.74
HTMD-EV Charging Station	-	-
Traction	47.04	4.21
Low Voltage Category		
Residential	-	-
Commercial (Non-Demand)	-	-
Commercial (Demand)	2.77	3.10
Industrial (Non-Demand)	-	-
Industrial (Demand)	0.06	0.23
Street Lights	0.46	0.49
Temporary	-	0.06
LT-EV Charging Stations	-	-
Total Sale	**2604.99**	**657.23**

MUL has submitted that the deviation in energy sales is mainly because of variation in demand from the consumers. Due to delay in the commissioning of some of the units and lesser production than anticipated the growth in the demand and sales was lower than what was projected.

Commission's analysis

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

The energy sales have also been verified and confirmed from the Audited Accounts for FY 2023-24 submitted by the Petitioner along with the Petition.

The Commission has reviewed the above submissions and found them to be satisfactory. Accordingly, the energy sales for FY 2023-24 are approved as follows:

Table 4-2 : Energy Sales approved for FY 2023-24

(MU)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Energy Sales	2604.99	657.23	657.23

Accordingly, the Commission approves energy sales of 657.23 MUs for Truing up for FY 2023-24.

4.3. Distribution Losses

Petitioner's submission

MUL has submitted the actual Distribution Losses for FY 2023-24 as shown in the Table below.

Table 4-3 : Distribution Losses claimed for FY 2023-24

Particulars	Approved in the Tariff Order	Actual claimed
Distribution Losses	3.21%	2.61%

MUL has submitted that it considers Distribution Losses as uncontrollable since network of petition is not yet optimally utilized.

Commission's analysis

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

Table 4-4 : Distribution Losses approved for FY 2023-24

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Distribution Losses	3.21%	2.61%	2.61%

Accordingly, the Commission approves Distribution Losses of 2.61% for Truing up for FY 2023-24.

4.4. Energy Requirement

Petitioner's submission

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

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

(MU)

Particulars	Approved in the Tariff Order	Actual claimed
Energy Sales	2604.99	657.23
Distribution Losses (%)	3.21%	2.61%
Distribution Losses	86.39	17.64
Energy Requirement at MUL Periphery	2691.38	674.87
Transmission Losses (%)	1.01%	0.63%
Transmission Losses	27.58	4.24
Total Energy Requirement	**2718.96**	**679.11**

Commission's analysis

The actual Energy Requirement claimed by the Petitioner for FY 2023-24 along with Energy Requirement as per the Tariff Order dated 31.03.2023 has been examined and verified by the Commission. The Commission observed that there is a reduction of 2039.85 MUs in the Energy Requirement for MUL against the quantum of 2718.96 MUs approved in the Tariff Order. The actual Energy Requirement is lower than that approved in the Tariff Order dated 31.03.2023, due to lower actual Sales and Distribution Losses.

The actual Energy Requirement being the sum of Energy Sales and Transmission & Distribution Losses, works out to 679.11 MUs for FY 2023-24.

The Commission accordingly approves the Energy Requirement at 679.11 MUs for

Truing up for FY 2023-24 as given in the Table below:

Table 4-6 : Energy Requirement approved for FY 2023-24

(MU)

Particulars	Approved in the Tariff Order	Actual claimed	Approved for FY 2023-24
Energy Sales	2604.99	657.23	657.23
Distribution Losses (%)	3.21%	2.61%	2.61%
Distribution Losses	86.39	17.64	17.64
Energy Requirement	2691.38	674.87	674.87
Transmission Losses (%)	1.01%	0.63%	0.63%
Transmission Losses	27.58	4.24	4.24
Total Energy Requirement	**2718.96**	**679.11**	**679.11**

4.5. Energy Availability

Petitioner's submission

The Petitioner has submitted the source-wise energy purchased for FY 2023-24, as shown in the Table below:

Table 4-7 : Energy Availability as claimed for FY 2023-24

(MU)

Particular	Approved in the Tariff Order	Actual Claimed
LT PPA 50 MW	373.32	363.11
LT PPA 360 MW	1,837.20*	202.94
Short Term – Px.	-	60.26
UI/DSM	-	(2.74)
RPO – Solar	258.30	0.27
RPO – Wind	228.39	55.16
RPO – Others	21.75	0.10
Total Energy Available	**2718.96**	**679.11**

Commission's analysis

The actual Energy Requirement claimed by the Petitioner for FY 2023-24 has been examined and verified by the Commission from power purchase bills. Considering the foregoing submission related to Energy Sales, Transmission and Distribution Losses, the Commission approves the Energy Requirement as submitted by MUL. Further, most of the energy quantum has been procured through LTPPA and Power Exchange.

The Commission sought information from the Petitioner to clarify and give complete details of energy quantum and amount payable / receivable under UI and also reconcile the power purchase cost with Annual Accounts. The petitioner, in response to the additional detail sought by the Commission, submitted the details of UI/DSM as under:

Particular	Energy (MUs)	Amount (Rs. Crore)
UI/RTDA	(2.74)	(3.78)

The Petitioner has submitted that in the ARR petition for FY 2023-24, MUL had stated that it has also initiated the bidding process for 600 MW LTPPA as per daily order issued by the Commission on 08.08.2022 in case no 2133 of 2022 and same is envisaged to be concluded by end of the FY 2022-23. Further, after the bid conclusion (L1 bidder found only for 360 MW), the Commission vide its Order dated 31.05.2023 in Case No 2207 of 2023, accorded approval of tariff adoption for 360 MW LTPPA with APL Mundra Plant. Accordingly, during FY 2023-24 MUL has purchased the power from APL Mundra under 360 MW LTPPA in place of 600 MW considered by the Commission in the ARR order for FY 2023-24 dated 31.03.2023.

The Commission verified the claim of the petitioner with the details provided in the audited accounts and accordingly, approves the sources wise power purchase and energy quantum as shown in the table below:

Table 4-8 : Energy Availability approved for FY 2023-24

(MU)

Particular	Approved in the Tariff Order	Actual Claimed	Approved in Truing Up
LT PPA 50 MW	373.32	363.11	363.11
LT PPA 360 MW	1,837.20*	202.94	202.94
Short Term – Px.	-	60.26	60.26
UI/DSM	-	(2.74)	(2.74)
RPO – Solar	258.30	0.27	0.27
RPO – Wind	228.39	55.16	55.16
RPO – Others	21.75	0.10	0.10
Total Energy Available	**2718.96**	**679.11**	**679.11**

Against the 600 MW capacity projected in ARR for FY 2023-24

4.6. Power Purchase Cost

Petitioner's submission

MUL has submitted the following power purchase cost.

Table 4-9 : Power Purchase Cost claimed for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed
LT PPA 50 MW	192.69	180.10
LT PPA 360 MW	1,102.32	102.37
Short Term – Px.	-	32.01
UI/DSM	-	(3.78)
RPO – Solar (Power Exchange)	91.13	0.17
RPO – Wind (LTPPA-Bilateral & Power Exchange)	80.79	14.75
RPO – Others (Power Exchange)	15.38	0.08
RPO – REC (RE Attributes of MSW Generation)	-	0.03
Other (Reactive, SLDC & Transmission Charges)	36.39	0.18
Net Power Purchase Cost	**1518.70**	**325.91**

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

- The variation in power purchase cost is on account of variation in sales and variation in actual cost with respect to base rate during the year and source of supply which is uncontrollable.
- The Petitioner has also considered REC for Rs. 0.03 Cr. as contribution as per Para 14 of Gujarat Waste to Energy Policy – 2016 and GERC Order No. 4 of 2016.

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

Commission's analysis

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

The Commission reviewed the Audited Annual Accounts for FY 2023-24 where the power purchase cost has been mentioned as Rs. 320.79 Crore after excluding rebate of Rs. (5.12) Crore on early payments from power purchase cost.

The Commission verified the power purchase costs from the audited accounts and undertaken reconciliation with breakup of bilateral and other costs provided by MUL.

The Power purchase cost as per Audited Accounts are as under:

(Rs. Crore)

Particular	Amount
Power Purchase	324.39
Reactive/SLDC/Transmission Charges	0.14
UI charges	(3.78)
SLDC	0.04
Total	320.79
Add: Prompt payment rebate	5.12
Total Power Purchase expenses	**325.91**

The Petitioner, in response the data-gaps raised by the Commission, provided the source-wise bifurcation of the early payment rebate as under:

(Rs. Crore)

Particular	Amount
APL-50 MW	3.91
APL-360 MW	1.04
AREKAL	0.17
Total	5.12

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

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

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

Table 4-10 : Source-wise Power Purchase Cost approved for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
LT PPA 50 MW	192.69	180.10	180.10
LT PPA 360 MW	1,102.32*	102.37	102.37
Short Term – Px.	-	32.01	32.01
UI/DSM	-	(3.78)	(3.78)
RPO – Solar	91.13	0.17	0.17
RPO – Wind	80.79	14.75	14.75
RPO – Others	15.38	0.08	0.08
RPO – REC	-	0.03	0.03
Other (Reactive, SLDC &	36.39	0.18	0.18

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Transmission Charges)			
Net Power Purchase Cost	**1518.70**	**325.91**	**325.91**

***Projected for 600 MW in Tariff Order for FY 2023-24**

Considering the approved power purchase cost of Rs. 325.91 Crore for the approved energy procurement of 679.11 MU as per this Tariff Order, the per unit power purchase cost works out to Rs. 4.80/kWh.

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

Table 4-11 : Gains / (Losses) on account of Power Purchase Cost for FY 2023-24

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable Factor
Power Purchase Cost	1518.70	325.91	1192.79	-	1192.79

4.7. Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

The petitioner has stated that it has incurred gross capital expenditure of Rs. 83.82 Crore against approved capital expenditure of Rs. 1413.49 Crore for FY 2023-24 as per Order dated 31.03.2023. MUL has further stated that it has capitalized Rs. 83.61 Crore against approved capitalization of Rs. 119.48 Crore. The actual amount towards SLC received from the customers is Rs. 57.93 Crore. The following details have been submitted in respect of the capitalization incurred during FY 2023-24.

Table 4-12 : Capitalization claimed for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	FY 2023-24 Capitalization	
		Approved in the Tariff Order	Actual claimed
A	**EHV (220 kV & 66 kV)**		
	EHV Transmission line	74.58	42.13
	EHV Transmission Cable	10.77	4.84
	EHV Substation	24.77	10.94
	Land Cost	6.08	-
	Civil Cost	-	21.82
	Total	**116.20**	**79.73**
B	**HT (33 kV & 11 kV) & NETWORK**		
	33 kV HT Cable Network	-	-
	11 kV HT Cable Network	0.48	0.94
	33 / 11 kV HT Substation	-	-
	Land Cost	-	-
	Civil Cost	-	-
	Total	**0.48**	**0.94**
C	**Others**		
	Automation & SCADA	2.44	1.62
	Testing and Measuring Equipment	-	-
	IT	-	-
	Meters & AMR	-	-
	Miscellaneous	0.36	-
	Buildings & other civil work	-	1.32
	Total	**2.80**	**2.95**
D	**Grand Total**	**119.48**	**83.61**

MUL has submitted the details of capitalization and funding for truing-up of FY 2023-24 as shown in Table below:

Table 4-13 : Capitalization and Funding of Capitalization for Truing up for FY 2023-24

(Rs. Crore)

Particulars	FY 2023-24	
	Approved	Claimed
Opening GFA	173.83	130.89
Addition to GFA	119.48	83.61
Deletion from GFA	-	-
Closing GFA	293.31	214.50
Available Surplus SLC	-	5.36
SLC Contribution for FY 2023-24	21.63	57.93
Net Capitalization (for Debt: Equity)	97.86	20.32
Normative Debt - 70%	68.50	14.23
Normative Equity -30%	29.36	6.10

Commission's analysis

The Commission observed that the Petitioner has claimed capitalization of Rs. 83.61 Crore, as against Rs. 119.48 Crore approved by the Commission in the Tariff Order dated 31.03.2023. The Commission has verified from the annual accounts that the Petitioner has capitalized Rs. 83.61 Crore during FY 2023-24.

The Commission directed the Petitioner to provide complete details of nature of services provided by MUL and revenue of Rs. 9.03 Crores considered by MUL towards 'Income in respect of Service rendered', to which the Petitioner replied that Rs. 3.30 Crore is pertaining to the recovery of 15% Supervision charges on infrastructure developed by Developer/Co-developer of the area as per Regulations. The CAPEX has been incurred by the Developer/Co-Developer and presently in the books of Developer/Co-Developer. The said charges is accounted as non-tariff income. Further, Rs. 5.71 Crore is pertaining to the recovery of 15% Supervision charges on infrastructure developed by the Petitioner as depository work for providing connectivity to the consumer. The asset is added in the GFA of the Petitioner and the CAPEX is considered net-off off Service Line Contribution paid by the customers and supervision charges is accounted as non-tariff income.

The Commission takes note of the submission of the petitioner that the assets pertaining to recovery of supervision charges of Rs. 3.30 Crore is not accounted in the books of the petitioner and only the amount of supervision charges of Rs. 3.03 Crore pertaining to aforesaid asset is considered as part of non-tariff income. Further, assets pertaining to supervision charges of Rs. 5.71 Crore is towards depository works and for which capex is considered net off SLC.

The petitioner is directed to maintain a separate Asset Register for the Assets developed by Developer/Co Developer through supervision charges and submit the same to the Commission along with every Tariff Petitions. The Petitioner shall ensure that capital expenditure pertaining to the recovery of 15% Supervision charges on infrastructure developed by Developer/Co-developer and accounted in the books of such Developer/Co-developer are not claimed by the petitioner in its tariff petition.

In terms of value submitted by the Petitioner, the Commission has scrutinized the audited annual accounts for FY 2023-24 and observed that the actual capital expenditure works out to Rs. 83.82 Crore based on the values for capital works in progress and gross fixed assets added during the year as shown in the Table below:

Table 4-14 : Capex worked out by Commission for FY 2023-24

(Rs. Crore)

Sr.	Particulars	Value as per Audited Accounts
A	Opening CWIP	10.33
B	Closing CWIP	10.54
C	Gross Fixed Assets added	83.61
D	**Capex [C+(B-A)]**	**83.82**

The Commission used SLC towards the funding of capex which is in line with the approach followed for capital expenditure and capitalization in previous orders. The Commission further noted that it had allowed to carry forward of unutilized SLC of Rs. 5.36 Crore in its order dated 01.06.2024 to utilize said amount for funding of CAPEX for FY 2023-24. The Petitioner has considered the unutilized carried forward SLC of Rs. 5.36 Crore and adjusted the same against capitalization of Rs. 83.61 Crore during FY 2023-24 in addition to the adjustment of Rs. 57.93 Crore SLC contribution received from consumers during FY 2023-24.

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

Table 4-15 : Capital Expenditure, Capitalization and Funding of Capex approved for FY 2023-24

(Rs. Crore)

Particulars	FY 2023-24		
	Approved	Claimed	Approved in Truing up
Opening GFA	173.83	130.89	130.89
Addition to GFA	119.48	83.61	83.61
Deletion from GFA	-	-	-
Closing GFA	293.31	214.50	214.50
Available Surplus SLC as per T.O	-	5.36	5.36

Particulars	FY 2023-24		
	Approved	Claimed	Approved in Truing up
dt.01.06.2024			
SLC Contribution for FY 2023-24	21.63	57.93	57.93
Capitalization for Debt: Equity	97.86	20.32	20.32
Normative Debt - 70%	68.50	14.23	14.23
Normative Equity -30%	29.36	6.10	6.10

Thus, the Commission approves a capex of Rs. 83.82 Crore and net Capitalization as Rs. 20.32 Crore after considering utilization of SLC Rs. 63.29 (Rs 57.93 Crore Received during the year + Rs 5.36 Crore Carry forward from previous True-up Order) for True-up of 2023-24.

4.8. Operations and Maintenance Expenses

Petitioner's submission

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

Table 4-16 : Operation and Maintenance Expenses claimed for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Deviation +/(-)
Operation and Maintenance E	12.24	12.71	(0.47)

The Petitioner has not considered the expenses of Rs. 0.57 Crore under the head of Charity & Donations in the A&G expenses for truing up of FY 2023-24.

The Petitioner submitted that it has considered O&M expenses as uncontrollable and requested the Commission to approve it as uncontrollable as its O&M Expenses depend upon addition of new sub-stations and distribution system with development of SEZ area and addition of new units in SEZ which is not in the control of petitioner. Moreover, there are various challenges related to R&M of electrical network / system in coastal area like saline weather condition for system exposed to air and high-water table for network below ground level. These are uncontrollable factors which lead to deviations in O&M Expenses.

Commission's analysis

The Commission has verified the O&M Expenses claimed by the Petitioner from the Audited Accounts. MUL has incurred Employee Expenses of Rs. 3.74 Crore, A&G expenses of Rs. 7.82 Crore and R&M expenses of Rs. 1.15 Crore.

As regard the Employee expenses, the Commission has verified the same from the audited accounts for FY 2023-24. The Commission has also verified the R&M Expenses of Rs. 1.15 Crore from the Audited Accounts and found the same at par with what is claimed by the Petitioner. Further, it is noted that A&G Expenses as per Audited Accounts is Rs. 8.10 Crore, therefore, the Commission asked the petition to reconcile its claim of A&G expenses from Audited Accounts to which petitioner filed a reconciliation and clarified that MUL has excluded an amount of Rs. 0.57 Crore towards Charity & donations from A&G Expenses and Interest portion of lease obligation of Rs. 0.29 Crore (Being the actual lease payment) has been included, thus the A&G Expenses works out to be Rs. 7.82 Crore (i.e. Rs. 8.10 Crore as per Audited Accounts Less Rs. 0.57 Crore towards Charity & donations plus Rs. 0.29 Crore lease payment). Accordingly, the Commission approves the following O&M Expenses.

Table 4-17 : Operation and Maintenance Expenses approved for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Employee Expenses	2.95	3.74	3.74
Repairs & Maintenance Expenses	2.22	1.15	1.15
Administration & General Expenses	7.07	7.82	7.82
Total O&M Expenses	**12.24**	**12.71**	**12.71**

The Commission approves O&M Expenses of Rs. 12.71 Crore for Truing up for FY 2023-24.

Further, as per the GERC (MYT) Regulations, 2016, the variation in O&M Expenses is to be considered as controllable except the change in law and wage revision. However, as per the Judgment dated 9th May, 2019 of the Hon'ble APTEL in Appeal No. 256 of 2016 in the matter related to TPL-D (Dahej), the Commission decides to accept MUL's submission that O&M Expenses should be considered as uncontrollable in line with Distribution Losses, as the SEZ is yet to stabilize.

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

Table 4-18 : Gains / (Losses) on account of O&M Expenses for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
O&M Expenses	12.24	12.71	(0.47)	-	(0.47)

4.9. Depreciation

Petitioner's submission

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

Table 4-19 : Depreciation claimed for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Deviation +/(-)
Gross block at the beginning of the Year	173.83	130.89	
Addition during the Year	119.48	83.61	
Gross block at the end of the Year	293.31	214.50	
Depreciation of Asset	11.46	7.76	
Amortization of SLC	4.90	4.09	
Depreciation	**6.56**	**3.67**	**2.89**

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

MUL has deducted amortization of service line contribution and accordingly, claimed depreciation of Rs. 3.67 Crore. MUL has requested the Commission to treat the variation in depreciation amount compared to the approved amount as uncontrollable.

Commission's analysis

The Commission has considered the opening balance of GFA for FY 2023-24 equal to the closing balance of GFA for FY 2022-23 approved by the Commission in the Order dated 01.06.2024.

The Commission has verified the depreciation from the Audited Annual Accounts for FY 2023-24. The Commission has also noted that the depreciation expenses as per Audited Annual Account is Rs. 7.89 Crore which included depreciation towards Property, Plant and Equipment (i.e. PPE of Rs. 7.36 Crore, Intangible assets of Rs. 0.07 Crore and right to use of assets of Rs. 0.45 Crore). Further, petitioner was asked to reconcile the depreciation claimed in petition with the Audited Accounts, in response, the petitioner clarified that depreciation to the extent of Rs. 0.12 Crore towards right to use of assets has not been considered in the petition as the same was created in accordance to IND-AS 116. Also, the depreciation on the assets created through SLC as stated at Note 24 of Audited Accounts as Rs. 4.09 Crore indicated under 'Amortization of service line contribution' is also not considered in the petition. Accordingly, net depreciation worked out to be Rs. 3.67 Crore after excluding the depreciation against assets created through SLC and right to use assets created in accordance to IND-AS 116.

The Commission approves Depreciation of Rs. 3.67 Crore for the purpose of Truing up for FY 2023-24 as shown below:

Table 4-20 : Depreciation approved for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Gross block of Assets at the beginning of Year	173.83	130.89	130.89
Addition during the Year	119.48	83.61	83.61
Gross block of the Assets at the end of the Year	293.31	214.50	214.50
Depreciation on Assets	11.46	7.76	7.76
Amortization of SLC	4.90	4.09	4.09

Depreciation for the year	**6.56**	**3.67**	**3.67**

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

Table 4-21: Gains/(Losses) on account of Depreciation for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Depreciation	6.56	3.67	2.89	-	2.89

4.10. Interest and Finance Charges

Petitioner's submission

MUL submitted that it has calculated the Interest Expenses on the basis of actual weighted average interest rate charged by the bank for previous loan portfolio as per GERC (MYT) Regulations, 2016 as there was no actual loan portfolio available during FY 2023-24. It is further submitted that it has paid the interest amount to the bank at weighted average interest rate of 11.25% during FY 2019-20 which is approved by Commission in its order dated 1st April, 2021.

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

Table 4-22 : Interest and Finance Charges Claimed for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed
Interest on Normative Loan		
Opening Loans	24.18	12.25
Addition of Loan due to Capitalization during the Year	68.50	14.23
Less: Repayment	6.56	3.67
Closing Loan	86.12	22.81
Average Loan	55.15	17.53
Rate of Interest (%)	6.25%	11.25%
Interest on Normative Loan	**3.45**	**1.97**
Bank & Finance Charges	-	-
Total Interest and Finance Charges	**3.45**	**1.97**

Commission's analysis

The Commission has verified the normative loan opening value for FY 2023-24 with the normative closing loan value approved in Truing up for FY 2022-23. The loan addition has been considered in line with the normative loan addition approved in the aforementioned section of Capex and Capitalization. The repayment has been equated to net value of depreciation during the Year.

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

As there was no actual loan portfolio available during FY 2023-24. The Petitioner has considered the weighted average interest rate of 11.25% for FY 2019-20 which was approved by the Commission in its Order dated 01.04.2021.

The Commission observed that claimed weighted average interest rate for FY 2023-24 is on significantly higher side as compared with other Distribution licensees and even higher than MUL's claimed interest rate of 11.07% on working capital. Further, the Commission in Truing-up for FY 2020-21 in case No. 2036 of 2021 dated 31.3.2022 has invoked the Regulation 7 of MYT Regulation 2016 according to which nothing in the Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice or to prevent the abuse of the process of the Commission. Accordingly, the Commission has considered the Bank Rate plus 200 basis points, as the rate of interest for the purpose of allowing the interest on the normative loan as per the last proviso to Regulation 38.5 of the GERC Tariff Regulations, 2016. The average RBI bank rate for FY 2023-24 was 6.75%, the Commission added the 200 basis points in 6.75% and arrived at the interest rate of 8.75% (i.e.6.75% + 2.00%) which has been used to compute the interest on normative loan. Based on the foregoing analysis, the Commission's approves the Interest & Finance Charges of Rs. 1.53 Crore as shown in the Table below:

Table 4-23 : Interest and Finance Charges approved up for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Interest on Normative Loan			
Opening Loan	24.18	12.25	12.25
Addition of Loan due to Capitalization	68.50	14.23	14.23
Less: Repayment	6.56	3.67	3.67
Closing Loan	86.12	22.81	22.81
Average Loan	55.15	17.53	17.53
Rate of Interest (%)	6.25%	11.25%	8.75%
Interest on Normative Loan	3.45	1.97	1.53
Bank & Finance Charges	0.00	0.00	0.00
Total Interest and Finance Charges	**3.45**	**1.97**	**1.53**

The Commission approves Interest and Finance Charges at Rs. 1.53 Crore for Truing up for FY 2023-24.

4.11. Interest on Security Deposit

Petitioner's submission

MUL has submitted that the contribution to security deposit depends upon the addition of new consumers & their load growth from time to time as projected in ARR Petition for FY 2023-24. Since there are new and existing customers expanding their load demand in Petitioner's area, the security deposits collected is higher than the approved security deposit by the Commission.

MUL further submitted that the RBI Bank Rate as on 01.04.2023, was 6.75%. Thus, the amount of interest on security deposit was paid to the consumers at bank rate applicable as on 01.04.2023 as per the Table below:

Table 4-24 : Interest on Security Deposit claimed for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Deviation
Security Deposit	6.95	9.20	
Interest Rate (%)	4.25%	6.75%	
Interest on Security Deposit	0.30	0.39	(0.09)

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

Commission's analysis

The Commission has verified from the audited accounts that the actual interest paid is Rs. 0.39 Crore as claimed by MUL. Accordingly, the Commission approves this value as per actuals.

Table 4-25 : Interest on Security Deposit approved for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Average Deposit	6.95	9.20	9.20
Interest on Security Deposit	0.30	0.39	0.39

The Commission approves Interest on Security Deposit at Rs. 0.39 Crore for Truing up for FY 2023-24.

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

Table 4-26 : Gains / (Losses) on account of Interest and Finance Charges & security deposit for FY 2023-24

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest and Finance Charges	3.75	1.92	1.83	-	1.83

4.12. Interest on Working Capital

Petitioner's submission

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

Table 4-27 : Interest on Working Capital claimed for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed
Working Capital Requirement		
O&M Expenses	1.02	1.06
Maintenance Spares at 1% of GFA	1.74	1.31
Receivables	129.00	31.53
Sub-total	**131.76**	**33.89**
Less: Security Deposit	6.95	9.20
Normative Working Capital	**124.81**	**24.69**
Interest Rate (%)	9.50%	11.07%
Interest on Working Capital	**11.86**	**2.73**

The working capital computed as per the GERC (MYT) Regulations, 2016 works out to be Rs. 33.89 Crore which is more than the average security deposit amount of Rs. 9.20 Crore. MUL has considered interest on working capital at weighted average one-year SBI Marginal Cost of Funds Based Lending Rate (MCLR) for FY 2023-24 plus 250 basis points as per the GERC (MYT) Regulations, 2016 and accordingly, interest on working capital has been considered @ 11.07% (8.57%+2.50%) for FY 2023-24.

Commission's analysis

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

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

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

Provided that at the time of Truing up for any year, interest on working capital shall be allowed at a rate equal to the weighted average State Bank Base Rate (SBBR)/1-year

State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable prevailing during the financial year plus 250 basis points."

In line with the above proviso to Regulation 40.4 (b), the Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 8.57% prevailing during the financial year 2023-24 plus 250 basis points. Accordingly, the rate of interest on working capital worked out to be 11.07%.

Table 4-28 : Interest on Working Capital approved for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Working Capital Requirement			
O&M Expenses (1 month)	1.02	1.06	1.06
Spares (1% of GFA)	1.74	1.31	1.31
Receivables (1 month of revenue at existing tariffs)	129.00	31.53	31.53
Sub-total	**131.76**	**33.89**	**33.90**
Less: Security Deposit	6.95	9.20	9.20
Normative Working Capital	**124.81**	**24.69**	**24.69**
Interest Rate	9.50%	11.07%	11.07%
Interest on Working Capital	**11.86**	**2.73**	**2.73**

The Commission approves Interest on Working Capital at Rs. 2.73 Crore for Truing up for FY 2023-24.

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

Table 4-29 : Gains / (Losses) on account of Interest on Working Capital for FY 2023-24

(Rs Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on Working Capital	11.86	2.73	9.13	-	9.13

4.13. Return on Equity

Petitioner's submission

MUL has submitted that the equity addition for FY 2023-24 has been considered as 30% of the amount of net capitalization (excluding SLC) during the year. The Return on Equity (RoE) has been computed by applying a rate of 14% on the average of the opening and closing balance of equity for FY 2023-24 as per Regulation 37 of the GERC (MYT) Regulations, 2016, as shown in the Table below:

Table 4-30 : Return on Equity claimed for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed
Opening Equity	27.65	21.64
Addition to Equity towards Capital Investment	29.36	6.10
Closing Balance of Equity	57.01	27.74
Average Return on Equity	42.33	24.69
Rate of ROE	**14%**	**14%**
Total Return on Equity	**5.93**	**3.46**

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

Commission's analysis

The Commission has considered the closing equity as on 31.03.2023 approved in the Order dated 01.06.2024 as the opening equity for FY 2023-24. The addition of equity during FY 2023-24 is considered as approved in the aforementioned section of Capex and Capital expenditure of this Order. The rate of return is considered 14% as per the GERC (MYT) Regulations, 2016, to work out the Return on Equity as shown in the Table below:

Table 4-31 : Return on Equity approved for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Opening Equity	27.65	21.64	21.64
Addition to Equity	29.36	6.10	6.10
Closing Equity	57.01	27.74	27.74
Average Equity	42.33	24.69	24.69
Rate of ROE	14.00%	14.00%	14.00%
Total Return on Equity	**5.93**	**3.46**	**3.46**

The Commission approves Return on Equity at Rs. 3.46 Crore for Truing up for FY 2023-24.

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

The Commission, accordingly, approves the Gains/ (Losses) on account of Return on Equity in Truing up for FY 2023-24 as detailed below:

Table 4-32 : Gains / (Losses) on account of Return on Equity for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Return on Equity	5.93	3.46	2.47	-	2.47

4.14. Income Tax

Petitioner's submission

MUL has submitted that the total income tax paid by it for FY 2023-24 is Rs 2.27 Crore. Further, MUL has submitted that it has not considered the income tax Rs. 0.86 Crore on other income related to parent company. Accordingly, it has claimed Rs. 1.41 Crore against Rs. 3.92 Crore approved in the Tariff Order as shown in the Table below:

Table 4-33 : Income Tax claimed for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Deviation +/(-)
Income Tax	3.92	1.41	2.51

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

Commission's analysis

It is observed that petition has claimed Income Tax of Rs. 1.41 Crore, whereas as per Audited Accounts it is Rs. 2.36 Crore. Therefore, the Petitioner was asked to reconcile its claim of Income Tax with Audited Accounts. In response, the petitioner submitted the breakup of Income Tax paid towards MUL and Income from other sources and also submitted the CA Certificate regarding the same. The Commission while verifying the other income from the Audited Accounts observed that the Petitioner has booked the income from the parent company and other sources under the head "other income". Further, in response to the query of the Commission, the Petitioner has submitted the computation of Income tax of Rs. 0.95 Crore is related to other income from the parent company and other sources. The Commission decided not to consider the income tax of Rs. 0.95 Crore on other income related to parent company and other sources. Hence, the actual income tax allowed is Rs 1.41 Crore and allows income tax of Rs. 1.41 Crores, the effective tax rate works out to 17.472%.

Accordingly, the Commission approves Income Tax of Rs. 1.41 Crore for Truing up for FY 2023-24 as shown below:

Table 4-34 : Income Tax approved for FY 2023-24

(Rs. Crore)

Particulars	**Approved in the Tariff Order**	**Actual Claimed**	**Approved in Truing Up**
Income Tax	3.92	1.41	1.41

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

Table 4-35 : Gains / (Losses) on account of Income Tax for FY 2023-24

(Rs. Crore)

Particulars	**Approved in the MYT Order**	**Approved in Truing up**	**Deviation + / (-)**	**Gains / (Losses) due to Controllable factor**	**Gains / (Losses) due to Uncontrollable factor**
Income Tax	3.92	1.41	2.51	-	2.51

4.15. Contingency Reserve

Petitioner's submission

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

Commission's analysis

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

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

Table 4-36 : Gains / (Losses) on account of Contribution to Contingency Reserve for FY 2023-24

(Rs. Crore)

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

4.16. Non-Tariff Income

Petitioner’s submission

MUL has submitted that the Commission had approved the Non-Tariff Income of Rs. 14.98 Crore in the Tariff Order for FY 2023-24 dated 31.03.2023. However, the actual Non-Tariff Income for FY 2023-24 is Rs. 14.30 Crore, as shown in the Table below:

Table 4-37 : Non-Tariff Income claimed for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Deviation +/(-)
Non-Tariff Income	14.98	14.30	0.68

MUL submitted that the variation in Non-Tariff Income is on account of consideration of rebate on prompt payment for power procurement and supervision charges received from one of the developers in the license area against infrastructure developed by the developer under the supervision of the Petitioner. MUL requested the Commission to allow the variation in Non-Tariff Income as uncontrollable for the purpose of True-up.

Commission's analysis

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

The Commission observed that MUL has considered the Non-Tariff Income as Rs. 14.30 Crore comprising prompt payment Rebate of Rs. 5.12 Crore, Delayed payment charges of Rs. 0.05 Crore, miscellaneous Income of Rs. 0.11 Crore and Income in respect of service rendered of Rs 9.03 Crore. However, on review of the audited accounts, it was observed that the Petitioner has not considered Reconnection Fee of Rs. 0.03 Crore. The Commission has considered the same as part of Non-Tariff Income.

It is also observed that as per the submission of the Petitioner that the receipt claimed by the Petitioner of Rs. 9.03 Crore is towards Revenue from 'Income in respect of Services rendered', i.e Rs. 3.03 Crore which pertains to recovery of 15% supervision charges on infrastructure developed by the developer- Co developer of the area and Rs. 5.71 Crore is pertaining to the recovery of 15% Supervision charges on infrastructure developed by the Petitioner as depository work for providing connectivity to the consumer. In this regard the Petitioner has clarified that the assets pertaining to Rs. 3.30 Crore is not in the books of the petitioners account but it is accounted in the books of the said respective developer and only the amount of supervision charges of Rs. 3.03 Crore is considered as part of non-tariff income. Accordingly, the Commission considers amount of Rs. 9.03 Crore as other income and directs the Petitioner to maintain a separate Asset Register for Assets developed by Developer/ Co Developer falling under the Petitioners has recovered Rs. 3.3 Crore supervision charges and submit the same to the Commission along with the Tariff Petitions. Further the Petitioner shall ensure that capital expenditure for assets shall not be claimed by the Petitioner in the Tariff Petition. However, the Petitioner shall be allowed to claim only O & M expenses on such assets.

Accordingly, the Commission approves Non-Tariff Income of Rs. 14.33 Crore for Truing up for FY 2023-24 as shown below:

Table 4-38 : Non-Tariff Income approved for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing Up
Non-Tariff Income	14.98	14.30	14.33

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

Table 4-39 : Gains / (Losses) on account of Non-Tariff Income for FY 2023-24

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Non-Tariff Income	14.98	14.33	0.65	-	0.65

4.17. Revenue from Sale of Power to Consumers

MUL has claimed revenue of Rs. 378.30 Crore from sale of power to consumers in FY 2023-24. The Commission observes that the revenue as per audited accounts is also Rs. 378.30 Crore.

Accordingly, the Commission approves Revenue of Rs. 378.30 Crore from sale of power to consumers for Truing up for FY 2023-24.

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

Petitioner's submission

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

Table 4-40 : Controllable & Uncontrollable Variations as claimed for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Approved in the Tariff Order	Actual Claimed	Over (+)/ under (-) Recovery	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power purchase expenses	1,518.70	325.91	1,192.79	-	1,192.79
2	O & M expenses	12.24	12.71	(0.47)	-	(0.47)
3	Depreciation	6.56	3.67	2.89	-	2.89
4	Interest on LT loans & Finance Charges	3.45	1.97	1.47	-	1.47
5	Interest on security deposit	0.30	0.39	(0.09)	-	(0.09)
6	Interest on working capital	11.86	2.73	9.12	-	9.12
7	Bad Debts Written off	-	-	-	-	-
8	Contribution to Contingency Reserves	-	-	-	-	-
9	**Total Revenue Expenditure**	**1,553.10**	**347.38**	**1,205.72**	**-**	**1,205.72**
10	Return on Equity Capital	5.93	3.46	2.47	-	2.47
11	Income Tax	3.92	1.41	2.51	-	2.51
12	**Aggregate Revenue Requirement**	**1,562.95**	**352.25**	**1,210.70**	**-**	**1,210.70**
13	Less: Non-tariff income	14.98	14.30	0.68	-	0.68
14	**Aggregate Revenue Requirement**	**1,547.97**	**337.95**	**1,210.02**	**-**	**1,210.02**

MUL has identified all the expenditure heads under controllable and uncontrollable categories. The Gains / (Losses) arise as a result of True up of FY 2023-24 and shall be suitably passed through in the tariff as per mechanism specified by the Commission. The variation in the power purchase cost from approved ARR is on account of variation in sales and variation in actual cost. Any variation on account of power procurement cost is treated as uncontrollable. The variation in O&M Expenses are treated as uncontrollable. The variations in Depreciation, Interest on Long Term Loan, Interest on Security Deposit, Interest on Working Capital, Income Tax and Non-Tariff Income have been treated as uncontrollable.

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

Table 4-41 : Sharing of Gains & Losses as claimed for FY 2023-24

(Rs. Crore)

Particulars	Pass through by Adjustment of Tariff	To be Retained/ Absorbed	Total
Controllable Gain/(Losses)	-	-	-
Uncontrollable Gain/(Losses)	1,210.02	-	1,210.02
Total	**1,210.02**	**-**	**1,210.02**

As per the above Table, Total gain of Rs. 1210.02 Crore shall be passed through to the consumers.

Following is the summary of Trued-up ARR of 2023-24 to be recovered by MUL after incorporation of sharing of Gains / (Losses).

Table 4-42 : Trued-up ARR as claimed for FY 2023-24

(Rs. Crore)

Sr. No.	Particular	Actual Claimed
1	**Approved as per the Tariff Order dated 31.03.2023 (A)**	1,547.97
2	Less: Gain on account of Controllable Factor to be passed on to the Consumers (1/3) (B)	-
3	Less: Gain on account of Un-controllable Factor to be passed on to the Consumers (C)	1,210.02
4	**Trued-up ARR for FY 2023-24, D= (A-B-C)**	**337.95**

Commission's analysis

The Commission has undertaken True up of exercise under Regulation, 21 of the GERC (MYT) Regulations, 2016 with reference to the Audited Annual Accounts for FY 2023-24 and other details submitted by the Petitioner. The Commission has computed the sharing of Gains and Losses for FY 2023-24 based on the Truing up for each of the components discussed in the above paragraphs. The ARR approved for FY 2023-24 in the Tariff Order dated 31.03.2023 and computed for True up in accordance with the GERC (MYT) Regulations, 2016 are given in the Table below:

Table 4-43 : ARR approved for FY 2023-24 along with impact of Controllable/ Uncontrollable factors

(Rs. Crore)

Particular	Approved in the Tariff Order	Actual claimed	Approved in Truing up	Deviation +/(-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Power Purchase Expenses	1,518.70	325.91	325.91	1,192.79		1,192.79
Operation & Maintenance Expenses	12.24	12.71	12.71	(0.47)		(0.47)
Depreciation	6.56	3.67	3.67	2.89		2.89
Interest & Finance Charges	3.45	1.97	1.53	1.92		1.92
Interest on Security Deposit	0.30	0.39	0.39	(0.09)		(0.09)
Interest on Working Capital	11.86	2.73	2.73	9.13		9.13
Bad Debts Written off	-	-	-			0.00
Contribution to Contingency Reserves	-	-	-			0.00
Total Revenue Expenditure	**1,553.10**	**347.38**	**346.94**	**1206.16**		**1,206.16**
Return on Equity Capital	5.93	3.46	3.46	2.47		2.47
Income Tax	3.92	1.41	1.41	2.51		2.51
Aggregate Revenue Requirement	**1,562.95**	**352.25**	**351.81**	**1211.14**		**1,211.14**
Less: Non-tariff income	14.98	14.30	14.33	0.65		0.65
Aggregate Revenue Requirement	**1,547.97**	**337.95**	**337.48**	**1210.49**		**1,210.49**

Summary of Trued-up ARR of FY 2023-24 to be recovered by MUL after incorporation of sharing of Gains/ Losses is as detailed in the Table below:

Table 4-44 : Trued-up ARR approved for FY 2023-24

(Rs. Crore)

Sr. No.	Particular	Approved in Truing up
1	**Approved as per the Tariff Order dated31.03.2023(A)**	1,547.97
2	Less: Gain on account of controllable factor to be passed onto the consumers (1/3) (B)	-
3	Less: Gain on account of Un-controllable factor to be passed onto the consumers(C)	1,210.49
4	**Trued-up ARR for FY 2023-24, D=(A-B-C)**	**337.48**

4.19. Net revenue Gap / (Surplus)

Petitioner's submission

The Net revenue Gap / (Surplus) claimed for FY 2023-24 is given in the Table below:

Table 4-45 : Revenue Gap / (Surplus) claimed for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed
1	Annual Revenue Requirement (Trued up)	337.95
2	Revenue from Sale of Power	378.30
3	**Net Revenue Gap / (Surplus) (1-2)**	**(40.35)**

MUL has submitted that the Commission in its Tariff Order dated 31.03.2023 has approved consolidated revenue surplus of Rs. 8.95 Crore for FY 2021-22 and consolidated carrying cost of Rs. (-)1.54 Crore on revenue surplus of FY 2021-22 for FY 2022-23 & 2023-24 as per GERC (MYT) Regulations, 2016. Accordingly, MUL has submitted its Consolidated Revenue Gap/(Surplus) claim for FY 2023-24 as below:

Table 4-46 : Consolidated Revenue Gap / (Surplus) claimed for FY 2023-24

(Rs. Crore)

Particulars	Actual Claimed
Net Revenue Gap / (Surplus) of FY 2023-24	(40.35)
Add: Approved Consolidated Gap / (Surplus) for FY 2021-22	(8.95)
Add: carrying cost on revenue surplus of 2021-22 for FY 2022-23 & FY 2023-24	(1.54)
Consolidated revenue Gap/(Surplus) for FY 2023-24	**(50.84)**

Commission's analysis

The Net revenue Gap / (Surplus) approved by the Commission for FY 2023-24 is given in the Table below:

Table 4-47 : Approved Revenue Gap / (Surplus) for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed	Approved in Truing-up
1	Annual Revenue Requirement (Trued up)	337.95	337.48
2	Revenue from Sale of Power	378.30	378.30
3	**Net Revenue Gap/(Surplus) (1-2)**	**(40.35)**	**(40.82)**

The workings of the consolidated Revenue Gap / Surplus for FY 2023-24 approved by the Commission is shown below:

Table 4-48 : Consolidated Revenue Gap / (Surplus) for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Approved in Truing up
1	Approved Revenue Gap/ (Surplus) for FY 2023-24 (a)	(40.82)
2	Approved Consolidated Gap / (Surplus) for FY 2021-22 (b)	(8.95)
3	Consolidated Carrying Cost for FY 2021-22 for FY 2022-23 & FY 2023-24 (c)	(1.54)
4	**Net Revenue Gap / (Surplus) for FY 2023-24 to be carried forward (d= a + b + c)**	**(51.31)**

Accordingly, the Commission approves the Trued-up consolidated Revenue Surplus for FY 2023-24 of Rs. 51.31 Crore. This Trued-up Surplus is considered by the Commission for Determination of Tariff for FY 2025-26.

The Commission has dealt with carrying cost for FY 2023-24 in the next Chapter while deciding Tariff for FY 2025-26.

5. Approval of Aggregate Revenue Requirement for FY 2025-26 to FY 2029-30 and Tariff for FY 2025-26

5.1. Introduction

The GERC (MYT) Regulations, 2024 notified on 06th August 2024 will be in force till 31st March 2030 and is applicable for determination of tariff from 1st April, 2025 onwards. The Regulation 2 (22) of GERC (MYT) Regulations, 2024 defines Control Period at from 1st April 2025 to 31st March 2030. The Regulation 1.4 of the GERC (MYT) Regulations, 2024 provides that these Regulations shall remain in force till 31st March 2030, unless otherwise reviewed/extended.

Accordingly, the Petitioner has submitted the petition for approval of Aggregate Revenue Requirement (ARR) for its distribution business for the MYT Control Period from FY 2025-26 to FY 2029-30.

This Chapter deals with the approval of ARR component for the control period FY 2025-26 to FY 2029-30 and Determination of Tariff for FY 2025-26 as per GERC (MYT) Regulation, 2024.

5.2. Energy Sales

Petitioner's submission

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

MUL has submitted that the license area is under rapid development phase as the new industries and associated infrastructure is envisaged in the near future. Thus, a substantial increase in load demand is expected in the license area which is based on the discussion with various existing & upcoming consumers. As stated above, the license area of the Petitioner is an industrial hub, and the development is mainly dependent on overall economic conditions, government incentives and policies. Hence, it is very difficult to carry out the Demand and Sales projection accurately and precisely for license area.

MUL has considered the projections given by industrial & commercial units, already established in the license area and willing to establish the units. These projections are based on the details captured from respective consumers. MUL further submitted that it has taken good care to work out close to realistic projections of energy sales and also collected inputs from existing and upcoming units for the same. The sales projections for FY 2025-26 to FY 2029-30 are as follows:

Table 5-1 : Energy Sales projected for FY 2025-26 to FY 2029-30

(MU)

Particulars	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
HT Category					
HTMD-I	2,337	5,774	8,025	8,098	12,350
HTMD-II	37	-	-	-	-
HTMD-III	8	8	8	8	8
HTMD-IV	2	2	2	2	2
HTMD-EV Charging Station	11	11	11	11	11
Traction	71	109	109	109	109
Low Voltage Category					
Residential	-	-	-	-	-
Commercial (Non-Demand)	-	-	-	-	-
Commercial (Demand)	3	3	3	3	3
Industrial (Non-Demand)	-	-	-	-	-
Industrial (Demand)	0.26	0.26	0.26	0.26	0.26
Street Lights	0.42	0.42	0.42	0.42	0.42
Temporary	-	-	-	-	-
LT-EV Charging Stations	-	-	-	-	-
Total Sales	**2,470**	**5,908**	**8,159**	**8,232**	**12,484**

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

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

Table 5-2 : No. of Consumers and Load projections for FY 2025-26 to FY 2029-30

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
HT Category					
HTMD-I	61	64	65	67	76
HTMD-II	-	-	-	-	-
HTMD-III	1	1	1	1	1
HTMD-IV	2	2	2	2	2
HTMD-EV Charging Station	1	1	1	1	1
Traction	1	1	1	1	1
Low Voltage Category					
Residential	-	-	-	-	-
Commercial (Non-Demand)	-	-	-	-	-
Commercial (Demand)	25	25	25	25	25
Industrial (Non-Demand)	-	-	-	-	-
Industrial (Demand)	2	2	2	2	2
Street Lights	8	8	8	8	8
Temporary	-	-	-	-	-
LT-EV Charging Stations	-	-	-	-	-
Total Consumer	**101**	**104**	**105**	**107**	**116**

Commission's analysis

The Commission has noted the category-wise sales projected by the Petitioner for FY 2025-26 to FY 2029-30. The Commission has sought additional details of billing determinants (No. of Consumers, Load and Sales) for past 10 years for analyzing the past growth in nos. of consumers and sales. The Petitioner in reply submitted the details of billing determinants for past 10 years.

It is observed that in Tariff Order dated 01.06.2024 for FY 2024-25, the Petitioner had envisaged 104 No. of consumers and sales of 2102.15 MUs, against which actual No. of consumers is expected to be 103 and sales of 988.65 MUs, which is almost one- half of the estimates.

Further, for FY 2025-26 to FY 2029-30 also, the Petitioner is projecting 101 to 116 no. of consumers and sales of 2470 MUs to 12484 MUs, which is significantly higher than current level of sales in FY 2024-25. In justification, the Petitioner has submitted that a substantial increase in load demand is expected in the license area which is based on the discussion with various existing & upcoming consumers. As stated above, the Licence area of the Petitioner is an industrial hub, and the development is mainly dependent on overall economic conditions, government incentives, and policies. Hence, it is very difficult to carry out the Demand and Sales projection accurately and precisely for Licence area.

It is observed that the petitioner has estimated major sales under HTMD-I Category. In response to the query from the Commission, the petitioner submitted that significant increase in this category is mainly due to fact that the area of licensee is an as industrial hub which is under the rapid development, as the new industries and associated infrastructure is envisaged in the near future. Further, regarding projection of sales under HTMD-II category, the petitioner has submitted that these are the temporary connections, which shall be converted to regular tariff category, by the end of 31st March 2026. Thus, Nil sales have been projected under this category for FY 2026-27 to FY 2029-30 (i.e.except for FY 2025-26).

By analyzing the actual data submitted by the Petitioner, the Commission feels that the projections submitted by the Petitioner are very aggressive in nature but considering that energy sales are difficult to predict given the facts that the SEZ, License area is still under the development stage. The Commission would like to maintain its stand that the Licensee is in the best position to judge the sales growth, and hence, accepts the category-wise sales as projected by MUL. However, the Commission cautions the Petitioner to project the consumer's additions and sales projections in a scientific and rational manner. The Commission approves the category wise sales as shown in the Table below:

Table 5-3 : Energy Sales approved for FY 2025-26 to FY 2029-30

(MU)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
HT Category					
HTMD-I	2,336.98	5,774.21	8,025.05	8,098.07	12,349.82
HTMD-II	37.01	-	-	-	-

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
HTMD-III	7.62	7.62	7.64	7.62	7.62
HTMD-IV	2.26	2.26	2.27	2.26	2.26
HTMD-EV Charging Station	11.35	11.35	11.38	11.35	11.35
Traction	70.96	108.80	109.10	108.80	108.80
Low Voltage Category					
Residential	-	-	-	-	-
Commercial (Non-Demand)	-	-	-	-	-
Commercial (Demand)	3.35	3.35	3.36	3.35	3.35
Industrial (Non-Demand)	-	-	-	-	-
Industrial (Demand)	0.26	0.26	0.26	0.26	0.26
Street Lights	0.42	0.42	0.42	0.42	0.42
Temporary	-	-	-	-	-
LT-EV Charging Stations	-	-	-	-	-
Total Sales	**2,470.21**	**5,908.27**	**8,159.48**	**8,232.13**	**12,483.88**

Any variation in the actual energy sales will be considered during the truing up for FY2025-26.

5.3. Distribution Losses

Petitioner's submission

MUL has projected distribution losses of 2.61% for the FY 2025-26 to FY 2029-30 at same level of distribution losses for FY 2023-24.

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

In view of above, MUL has requested the Commission to allow projected distribution losses of 2.61% for FY 2025-26 to FY 2029-30 as shown in the table below.

Table 5-4: Distribution losses projected for FY 2025-26 to FY 2029-30

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Distribution Loss	2.61%	2.61%	2.61%	2.61%	2.61%

Commission's analysis

The Petitioner has considered the Distribution Losses of 2.61% for FY 2025-26 to FY 2029-30 at same level of actual distribution losses for FY 2023-24. The Petitioner has also submitted that MUL has considered N-1 transformation redundancy at all levels for higher power reliability and availability to end consumers in the Zone as specified in Distribution Code.

The Commission observes that the distribution network is yet to be established and load is yet to be stabilized for the license area of the petitioner. Therefore, the Commission accept the distribution loss projected by Petitioner during the control period and to treat the distribution losses as uncontrollable.

Further, as per Regulation 35.11 (d) of GERC (MYT) Regulation, 2024, Distribution licensees are entitled to an additional rate of return on equity upto a ceiling limit of 0.50% for reducing the distribution loss level beyond loss trajectory provided by the Commission this will incentivize the Petitioner to reduce the loss level beyond the loss trajectory approves by the Commission.

Accordingly, the Commission approves the following distribution losses as given in the table below:

Table 5-5:Distribution losses approved for FY 2025-26 to FY 2029-30

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Distribution Loss	2.61%	2.61%	2.61%	2.61%	2.61%

Thus, the Commission approves 2.61% distribution losses for the FY 2025-26 to FY 2029-30.

5.4. Energy Balance

Petitioner's submission

MUL has submitted that the projections of Energy Balance for the FY 2025-26 to FY 2029-30 is based on projection of Energy Sales and projected distribution & transmission losses.

MUL submitted that in order to cater to the Power Demand of the magnitude as stated in energy sale, overall infrastructure development is planned. In this respect, Petitioner had applied to Central Transmission Utility of India Limited (CTUIL) for grant of GNA at CTU. CTUIL after following due procedure has intimated the Grant of GNA to Petitioner as Distribution Licensee at 400 kV voltage level [Navinal Sub-station (GIS)]. The commissioning of the said connectivity is expected by July 2026.

It is submitted that the Petitioner has existing long term PPAs for 40 MW and 360 MW LTPPA with APL Mundra Plant and 10 MW LTPPA with APL Udupi Plant.

Further, the Petitioner has also signed 300 MW LTPPA & 800 MW LTPPA with Mahan Energen Limited, Singrauli in Madhya Pradesh and Adani Power Limited, Raipur TPP in Chattisgarh respectively and approval of tariff adoption has been accorded by the Commission vide its order on 21.09.2024 in case no. 2380 of 2024. Therefore, applicable transmission losses have been considered in the energy balance.

Moreover, the Petitioner has existing LTPPA with Adani Renewable Energy (KA) Limited (AREKAL) for purchase of wind energy for fulfillment of the RPO Obligation. The WTGs under LTPPA with AREKAL are directly connected with the distribution network of the Petitioner and therefore, no transmission losses have been considered.

It is also submitted that the Petitioner has entered into Power Purchase Agreement with Solar Energy Corporation of India (SECI) for power procurement based on 1170 MW ISTS-connected Wind-Solar Hybrid Power Project (Tranche-V). The approval of tariff adoption has been accorded by the Commission vide its order on 24.03.2023 in case no 2189 of 2023. The offtake of power has been considered on the basis of schedule of project commissioning as per present project status provided by the developers. The applicable transmission losses have been considered in the energy balance.

The Petitioner has considered procurement of power through short term arrangement for FY 2029-30 and therefore, applicable transmission losses have been considered.

The Petitioner submitted that the losses of Inter-state transmission and Intra-state transmission have been considered at 3.55% and 3.28 % respectively.

The estimated energy sales, losses and Energy Balance for the FY 2025-26 to FY 2029-30 as projected by MUL are given below:

Table 5-6 : Energy Requirement projected for FY 2025-26 to FY 2029-30

(MU)

Particulars	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
Estimated Energy Sale	2,470	5,908	8,159	8,232	12,484
Distribution Losses (%)	2.61%	2.61%	2.61%	2.61%	2.61%
Distribution Losses (MUs)	66	158	219	221	335
Energy Requirement after Distribution Losses (MUs)	2,536	6,067	8,378	8,453	12,818
Intra-State Transmission Losses (%)	0.82%	0.43%	-	-	-
Intra-State Transmission Losses (MUs)	21	27	-	-	-
Inter-State Transmission Losses (%)	0.91%	2.13%	1.78%	1.77%	2.05%
Inter-State Transmission Losses (MUs)	24	132	152	153	269
Total Energy required after T&D Losses (MUs)	2,581	6,225	8,530	8,605	13,087

Commission's analysis

The Petitioner has submitted that it has proposed applicability of Inter and Intra state transmission losses at 3.55% and 3.28% respectively for FY 2025-26 to FY2029-30 for utilization of inter / intra state transmission network for sourcing power under LTPPA / Power Exchange. The Commission considers the inter / intra state transmission loss level as projected by the Petitioner while computing the energy balance and energy requirement. Further, the Commission notes following submission of the Petitioner in response to data gap query asked by the Commission, regarding the inter and intra state transmission losses considered by the Petitioner for FY 2025-26 to FY 2029-30:

a. During FY 2025-26, the Petitioner has applied inter and intra state losses only on power sourcing from SECI under LTPPA of 1070 MW, as in respect of other plant, like LTPPA of 50 MW and 360 MW are supplying power directly through dedicated transmission lines. Hence no inter and intra state transmission losses considered on APL 50 MW and APL 360 MW.

b. The Petitioner further clarified that it has applied to Central Transmission Utility of India Limited (CTUIL) for grant of GNA at CTU. CTUIL after following due procedure has intimated the Grant of GNA to Petitioner as Distribution Licensee at 400 kV voltage level [Navinal Sub-station (GIS)]. The commissioning of said connectivity with CTUIL is expected by July 2026 and after connectivity with CTUIL, power from all sources will be supplied through CTUIL network only. In view of this, the Petitioner will directly connect at Central Transmission Network and therefore, the Petitioner has indicated NIL Intra State Transmission loss from July 2026 for all plants. Accordingly, in case of existing operational LTPPAs of APL 50 MW and APL 360 MW, CTU Losses will be appliable from July 2026 onwards due to change in supply arrangement i.e. supply through CTU network instead of present arrangement of direct supply of power through dedicated line.

c. In respect of power supply under LTPPAs from 300 MW APL and 800 MW APL is concern, the supply of power will be through CTU network and delivery point is at MUL periphery as per the provision of respective PPAs. The commencement of power supply under 800 MW LTPPAs is considered only after July-2026 i.e. after direct connectivity with CTU network and therefore no Inter/Intra state transmission losses has been considered as the delivery point is at MUL periphery only. However, in case of 300 MW LTPPA, the commencement of power supply is considered prior to July 2026, i.e. before direct connectivity with CTU network. Therefore, for supply of power from 300 MW LTPPA prior to connectivity with CTU Network shall involve the utilization of both network i.e. CTU network as well as STU network. Accordingly, the Intra state Transmission network losses has been considered for supply of power under 300 MW LTPPA for supply period prior to July 2026. After July 2026, STU loss and / or CTU loss is not considered for power supply under 300 MW LTPPA.

With reference to the aforesaid submission of the Petitioner, it is noted that as per the LTPPAs - APL 50 MW, the delivery point means "*STU interface(s) as specified in schedule 1 of this agreement*". Since as per provision of PPA the delivery point for supply of power under is at STU interface(s), the Commission has not considered the applicability of Interstate losses for FY 2026-27 to FY 2029-30 as projected by the Petitioner.

Similarly, it is also noted that as per the LTPPA - APL 360 MW, the delivery point means "*MUL periphery in Gujarat where the electricity supplied under this agreement is received by the utility*". Since as per provision of PPA the delivery point is at MUL periphery, the Commission has not considered the inter-state losses for FY 2026-27 to FY 2029-30 as projected by the petitioner.

As per the LTPPA of 300 MW, the delivery point means "*MUL periphery in Gujarat where the electricity supplied under this agreement is received by the utility".* Since in case of 300 MW LTPPA also, the delivery point is at MUL periphery only and therefore the Commission has not considered the inter-state losses and intra-state losses even for the period from April' 2026 to June 2026 as projected by the petitioner.

As Inter & Intra State transmission losses considered in this Order for proposed power procurement arrangement are on projection basis only, the actual applicability of these losses shall be considered by the Commission at the time of true-up in accordance with the provisions of PPA and applicable Order / Regulations.

In light of foregoing, the Commission accordingly approves inter and intra state transmission losses for FY 2025-26 to FY 2029-30 and worked out energy balance for FY 2025-26 to FY 2029-30.

Based on the energy sales, Distribution Losses and Transmission Losses approved,

the Commission has computed the estimated energy requirement for MUL for FY 2025-26 to FY 2029-30 in the Table below:

Table 5-7 : Energy requirement approved for FY 2025-26 to FY 2029-30

(MUs)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Estimated Energy Sale	2,470.21	5,908.27	8,159.48	8,232.13	12,483.88
Distribution Losses (%)	2.61%	2.61%	2.61%	2.61%	2.61%
Distribution Losses (MUs)	66.20	158.34	218.67	220.62	334.56
Energy Requirement after Distribution Losses (MUs)	2,536.41	6,066.61	8,378.15	8,452.75	12,818.44
Intra-State Transmission Losses (%)	0.82%	0.40%	0.00%	0.00%	0.00%
Intra-State Transmission Losses (MUs)	20.98	24.72	0.00	0.00	0.00
Energy at Transmission Periphery (MUs)	2,557.40	6,091.32	8,378.15	8,452.75	12,818.44
Inter-State Transmission Losses (%)	0.91%	1.20%	0.87%	0.87%	1.34%
Inter-State Transmission Losses (MUs)	23.56	74.78	73.27	74.21	174.18
Total Energy required after T&D Losses (MUs)	**2,580.95**	**6,166.10**	**8,451.42**	**8,526.96**	**12,992.62**

5.5. Energy Availability, Power Purchase Cost and RPO Compliance

Petitioner's submission

MUL has considered the source-wise energy procurement based on estimated sales during the control period from FY 2025-26 to FY 2029-30. The estimated source-wise energy procurement is as below:

Table 5-8 : Source-wise Energy Procurement projected for FY 2025-26 to FY 2029-30

(MU)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
APL LTPPA – 50 MW	327.88	250.41	263.61	263.77	336.95
APL LTPP – 360 MW	1539.71	1758.97	1927.23	1926.83	2288.31
MEL LTPPA – 300 MW	-	1041.16	1437.00	1437.59	1625.57
APL LTPPA – 800 MW	-	1017.97	2768.29	2817.07	3842.52
Short Term	-	-	-	-	1784.39

AREKAL LTPPA – 12 MW	49.55	49.55	49.62	49.55	49.55
SECI LTPPA – 1070 MW	946.58	3246.17	3255.01	3246.39	3246.39
Gross Energy Available	2863.72	7364.24	9700.75	9741.20	13173.68
Less: Sale of Surplus Energy	282.76	1138.84	1170.91	1135.83	86.64
Net Energy	**2580.95**	**6225.40**	**8529.84**	**8605.37**	**13087.04**

MUL has submitted that it has considered procurement of power through its existing Thermal LTPPAs and Wind LTPPA for FY 2025-26 to FY 2029-30. The Petitioner has also considered procurement of power from short term arrangement for quantum required beyond the long-term arrangement only during FY 2029-30. It is submitted that MUL has considered purchase of power from 50 MW, 360 MW, 300 MW and 800 MW LTPPA, wherein there is provision that the Petitioner will declare the off take capacity prior to the starting of financial year to reduce the burden of capacity charges in case of any variation of newly established consumer's demand.

As regard to compliance of RPO, the Petitioner has considered PRO trajectory for FY 2025-26 to FY 2029-30 as specified in Ministry of Power (MoP) notification dated 20.10.2023. For meeting RPO compliance, the Petitioner has considered purchase of wind energy from 12 MW LTPPA with ARAKEL and purchase of wind/solar power from 1070 MW LTPPA with SECI. Further, the Petitioner has also considered the RE attributes of energy generated from Rooftop solar projects installed by its consumers and RE attributes of energy availed by its consumers from RE sources under open Access.

Further, the Petitioner submits that the actual RPO target will be considered during the Truing up for that year based on Regulations to be issued by the Commission.

Considering above projections, estimated RPO compliance for the Control Period from FY 2025-26 to FY 2029-30 is as below:

Table 5-9 : RPO Target Compliance projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
Energy Requirement	2,581	6,225	8,530	8,605	13,087

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
(MUs)					
RPO Target (%)	33.01%	35.95%	38.81%	41.36%	43.33%
RPO Target (MUs)	852	2,238	3,310	3,560	5,671
RE - Purchase	996	3,296	3,305	3,296	3,296
RE - Attribute	79	2,019	3,484	3,473	3,473
RE - Total	1,075	5,314	6,788	6,769	6,769

Petitioner submitted that the total power procurement cost for Aggregate Revenue Requirement has been worked out based on long term tie up and estimated purchase under short term arrangements.

The summary of estimated source-wise power purchase cost during FY 2025-26 to FY 2029-30 is tabulated below:

Table 5-10:Source-wise Power Purchase Cost projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
APL LTPPA – 50 MW	176.46	150.66	161.27	167.32	212.98
APL LTPP – 360 MW	980.32	1,164.94	1,223.06	1,231.48	1,353.13
MEL LTPPA – 300 MW	-	704.94	882.56	884.89	939.31
APL LTPPA – 800 MW	-	831.15	2,201.15	2,219.25	2,457.65
Short Term	-	-	-	-	994.37
AREKAL LTPPA – 12 MW	17.14	17.14	17.17	17.14	17.14
SECI LTPPA – 1070 MW	246.11	844.00	846.30	844.06	844.06
Other (Reactive, LDC, Transmission/GNA etc.	52.17	412.23	452.28	451.44	614.31
Gross Power Purchase Cost	1,472.20	4,125.07	5,783.78	5,815.59	7,432.95
Less: Sale of Surplus	73.52	296.1	304.44	295.32	22.53
Net Power Purchase Cost	**1,398.68**	**3,828.97**	**5,479.35**	**5,520.27**	**7,410.42**

Commission's analysis

The Commission has analyzed the source-wise power purchase cost estimated by the Petitioner.

With regard to RPO compliance, the Commission has issued draft RPO Regulations to bring the RPO trajectory in line with RPO trajectory specified by Ministry of Power vide notification dated 20th October, 2023, which is considered by the Petitioner in its Petition also. Accordingly, the Commission has considered RPO trajectory as per MoP notification dated 23.10.2023.

It is noted that the Petitioner has considered availability of wind energy from 12 MW LTPPA with ARAKEL and availability of wind/solar energy from 1070 MW LTPPA with SECI during control period for FY 2025-26 to FY 2029-30. Further, the Petitioner has proposed to mitigate unmet RPO target during FY 2028-29 to FY 2029-30 by utilizing RE attributes of solar energy generated from the Rooftop solar projects installed by its consumers and RE attributes of energy directly sourced by its consumer from solar projects through open Access.

The Commission has considered availability of wind energy from 12 MW LTPPA and wind and solar energy from 1070 MW LTPPA as projected by the Petitioner for RPO compliance. As regard to RE attributes considered by the Petitioner for meeting the unmet RPO of FY 2028-29 to FY 2029-30 is concerned, the Commission consider the same on provisional basis as proposed by the Petitioner. However, the Commission makes it clear that the same shall not be construed as "In-Principle" approval of the Commission. The eligibility for allowing RE attributes of energy generated/ directly procured by its consumer for off-setting RPO requirement of MUL, shall be decided by the Commission at the time of verification of respective years RPO compliance of MUL, in accordance with applicable Order/Regulation of the Commission after taking into account all relevant facts.

Table 5-11 : RPO Compliance approved for FY 2025-26 to FY 2029-30

(MU)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Energy Requirement (MUs)	2580.95	6166.10	8451.42	8526.96	12992.62
RPO Target (%)	33.01%	35.95%	38.81%	41.36%	43.33%
RPO Target (MUs)	851.97	2216.71	3280.00	3526.75	5629.70
RE - Purchase	996.13	3295.72	3304.63	3295.94	3295.94
Re Attribute	**0.00**	**0.00**	**0.00**	**230.81**	**2333.76**

It is noted that the Petitioner has estimated surplus energy during FY 2025-26 to FY

2029-30 and proposes to sale of such surplus energy at the rate of Rs. 2.60/KWh i.e. equivalent to tariff for purchase of power under 1070 MW LTPPA with SECI. In response to the query of the Commission with regard to estimation of surplus energy and consideration of rate of Rs. 2.60 per unit for sale of such energy, the Petitioner has clarified that the 1070 MW LTPPA with SECI consist of supply of energy from wind-solar-hybrid project and during solar hours there will be incident of surplus energy on overall basis even after backing down of Tied-up conventional capacity, mainly due to availability of solar energy from two sources namely 1070 MW LTPPA with SECI and solar energy availed by its consumer under open Access. The energy scheduling from 1070 SECI LTPPA is having “must run” status and cannot be curtailed. Accordingly, the Petitioner has estimated surplus energy during FY 2025-26 to FY 2029-30 arising at daytime and proposed to sale such surplus energy at SECI PPA Tariff.

Further, the Petitioner has also submitted in FY 2029-30 during peak hours, there will be peak shortage of power and therefore proposed to mitigate such peak shortfall by purchasing energy from power exchange.

Considering the aforesaid submission and clarification of the Petitioner, the Commission considers surplus energy during FY 2025-26 to FY 2029-30 estimated by the Petitioner and also consider the rate of Rs. 2.60/unit for sale of surplus energy as proposed by the Petitioner on provisional basis with stipulation that the rate of Rs. 2.60/unit shall be considered as minimum rate and actual rate and quantum of sale of surplus energy shall be considered at the time of True-up.

Further, the Commission has noted the submission of the Petitioner with regard to eventuality requiring for purchase of energy through power exchange to mitigate peak power shortage and considered the same for computing source wise power procurement.

Based on the foregoing analysis, the Commission has independently workout energy availability from various sources considering merit order principle for offtake from conventional tied up capacity and approves the source wise energy and its cost as under

Accordingly, the Commission approves the source-wise energy purchase quantum as follows:

Table 5-12 : Energy Availability approved for FY 2025-26 to FY 2029-30

(MUs)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
APL LTPPA – 50 MW	327.88	240.90	240.90	240.90	242.53
APL LTPP – 360 MW	1539.71	1734.48	1871.51	1871.28	2288.31
MEL LTPPA – 300 MW	0.00	1015.87	1437.00	1437.59	1625.57
APL LTPPA – 800 MW	0.00	1017.97	2768.29	2817.07	3842.52
Short Term purchase	-	-	-	-	1784.39
AREKAL LTPPA – 12 MW	49.55	49.55	49.62	49.55	49.55
SECI LTPPA – 1070 MW	946.58	3246.17	3255.01	3246.39	3246.39
Gross Energy Available	**2863.72**	**7304.94**	**9622.33**	**9662.78**	**13079.26**
Less: Sale of Surplus Power	282.76	1138.84	1170.91	1135.83	86.64
Energy Requirement	**2580.95**	**6166.10**	**8451.42**	**8526.96**	**12992.62**

With regard to the power purchase cost, the Commission has noted the submissions of the petitioner as detailed under:

MUL submitted that power from LTPPAs of APL-50 MW (i.e 40 MW-Mundra and 10 MW-Udupi), APL-360 MW, APL-300 MW and APL-800 MW, SECI-1070 MW as considered by the Petitioner have been approved by the Commission as under:

PPA	Case No	Order Dated
APL – 50 MW	1393/2014	11.06.2014
APL – 360 MW	2207/2023	31.05.2023
MEL – 300 MW	2380/2024	21.09.2024
APL – 800 MW	2380/2024	21.09.2024
SECI – 1070 MW	2189/2023	24.03.2023

In respect of existing LTPPA- Mundra (40 MW) and LTPPA- Udupi (10 MW), the Petitioner has considered 85% target availability as per terms of PPA for payment of fixed cost. Whereas the Energy charge is computed at Rs. 3.986/kWh to Rs. 5.068/kWh for FY 2025-26 to FY 2029-30 as per the escalation in energy charges and other terms & conditions provided in the PPAs.

With respect to LTPPA Mundra (360 MW) - The Petitioner has considered Normative Availability of 90% as per Terms & Conditions of the approved PPA wherein the Petitioner will declare the contract capacity prior to starting of financial year and accordingly, the Petitioner has computed capacity charge by considering balance energy requirement from this PPA. The Energy charge estimated as Rs. 2.675/kWh to 3.060/kWh for FY 2025-26 to FY 2029-30 as per the escalation and other terms & conditions provided in the PPA.

For LTPPA Mundra (300 MW), the Petitioner has considered 90% availability as per terms of PPA for payment of fixed cost. Whereas the Energy charge is computed at Rs. 2.316/kWh to Rs. 2.554/kWh for FY 2025-26 to FY 2029-30 as per the escalation and other terms & conditions provided in the PPA.

For LTPPA Mundra (800 MW), the Petitioner has considered 90% availability as per terms of PPA for payment of fixed cost. Whereas the Energy charge is computed at Rs. 2.103/kWh to Rs. 2.318/kWh for FY 2025-26 to FY 2029-30 as per the escalation and other terms & conditions provided in the PPA.

For LTPPA -AREKEL (12MW) wind, the Petitioner has considered rate of Rs. 3.46/kWh as per Terms & Conditions of the approved 12 MW LTPPA executed with AREKAL for non-solar RPO requirement.

For LTPPA -SECI (1070 MW), the Petitioner has considered rate of Rs. 2.60/kWh as per Terms & Conditions of the approved 1070 MW LTPPA executed with SECI. Further, the Commission also notes the submission of the Petitioner that the procurement of energy under 1070 LTPPA is eligible for concession / waiver in interstate transmission charges and factored the same while projecting the power purchase cost.

For short term power purchase requirement in FY 2029-20, petitioner has considered the purchase rate of Rs. 5.57 per unit. The Commission has independently analysed the discovery of power purchase rate in power exchange and accordingly considered rate of Rs. 4.47/unit being discovered in IEX during period from April 2024 to Feburary 2025 for purchase of power from power exchange and consider the same for computing the cost of power exchange power.

The Commission notes the above detailed submission made by the Petitioner with respect to Rate of power purchase considered from LTPPAs – Mundra and Udupi

(40MW & 10 MW), LTPPA- Mundra (360 MW), LTPPA- Mundra (300 MW), LTPPA-Mundra (800 MW), LTPPA-SECI (1070 MW) and LTPPA-AREKAL (12 MW), and considers the same for estimation of Power Purchase cost for FY 2025-26 to FY 2029-30.

As recorded earlier, the sale of surplus power has been considered at the rate projected by petitioner during the control period.

As regard to purchase of short-term power purchase in FY 2029-30 is concerns, as recorded earlier, the Commission has considered rate of Rs. 4.47/ KWh instead of Rs.5.57/ KWh proposes by the Petitioner.

Regarding the Other charges (Reactive, SLDC & Transmission Charges), the Commission has considered these charges as projected by the Petitioner. Hence the overall power purchase cost for FY 2025-26 to FY 2029-30 approved as under.

Table 5-13 : Source-wise Power Purchase Cost approved for FY 2025-26 to FY 2029-30

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
APL LTPPA – 50 MW					
Energy Purchased (MU)	327.88	240.90	240.90	240.90	242.53
Fixed/Capacity Charges (Rs. Crore)	45.76	44.64	42.89	42.03	42.22
Variable Cost (Rs. Crore)	130.70	101.99	108.17	114.42	122.91
Total Cost Approved (Rs. Crore)	176.46	146.63	151.07	156.45	165.13
Variable Rate Per Unit	3.99	4.23	4.49	4.75	5.07

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
APL LTPP – 360 MW					
Energy Purchased (MU)	1539.71	1734.48	1871.51	1871.28	2288.31
Fixed/Capacity Charges (Rs. Crore)	568.47	678.34	671.66	661.31	652.80
Variable Cost (Rs. Crore)	411.85	479.83	535.46	553.73	700.33
Total Cost Approved (Rs. Crore)	980.32	1158.17	1207.12	1215.04	1353.13
Variable Rate Per Unit	2.67	2.77	2.86	2.96	3.06

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
APL LTPPA – 300 MW					
Energy Purchased (MU)	-	1015.87	1437.00	1437.59	1625.57
Fixed/Capacity Charges (Rs. Crore)	-	463.78	538.23	529.22	524.09

Variable Cost (Rs. Crore)	-	235.30	344.33	355.67	415.22
Total Cost Approved (Rs. Crore)	-	699.08	882.56	884.89	939.31
Variable Rate Per Unit	-	2.32	2.40	2.47	2.55

Particulars	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
APL LTPPA – 800 MW					
Energy Purchased (MU)	-	1017.97	2768.29	2817.07	3842.52
Fixed/Capacity Charges (Rs. Crore)	-	617.02	1599.71	1587.08	1567.00
Variable Cost (Rs. Crore)	-	214.12	601.44	632.17	890.65
Total Cost Approved (Rs. Crore)	-	831.15	2201.15	2219.25	2457.65
Variable Rate Per Unit	-	2.10	2.17	2.24	2.32

Particulars	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
AREKAL LTPPA – 12 MW					
Energy Purchased (MU)	49.55	49.55	49.62	49.55	49.55
Fixed/Capacity Charges (Rs. Crore)	-	-	-	-	-
Variable Cost (Rs. Crore)	17.14	17.14	17.17	17.14	17.14
Total Cost Approved (Rs. Crore)	17.14	17.14	17.17	17.14	17.14
Variable Rate Per Unit	3.46	3.46	3.46	3.46	3.46

Particulars	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
SECI LTPPA – 1070 MW					
Energy Purchased (MU)	946.58	3246.17	3255.01	3246.39	3246.39
Fixed/Capacity Charges (Rs. Crore)	-	-	-	-	-
Variable Cost (Rs. Crore)	246.11	844.00	846.30	844.06	844.06
Total Cost Approved (Rs. Crore)	246.11	844.00	846.30	844.06	844.06
Variable Rate Per Unit	2.60	2.60	2.60	2.60	2.60

Accordingly, the Power purchase cost approved for MYT control period from FY 2025-26 to FY 2029-30 is as under:

Table 5-14:Power Purchase Cost approved for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
APL LTPPA – 50 MW	176.46	146.63	151.07	156.45	165.13
APL LTPP – 360 MW	980.32	1158.17	1207.12	1215.04	1353.13
MEL LTPPA – 300 MW	0.00	699.08	882.56	884.89	939.31
APL LTPPA – 800 MW	0.00	831.15	2201.15	2219.25	2457.65
Short Term DAM rate	-	-	-	-	797.62
AREKAL LTPPA – 12 MW	17.14	17.14	17.17	17.14	17.14
SECI LTPPA – 1070 MW	246.11	844.00	846.30	844.06	844.06
Gross Power Purchase Cost	**1420.03**	**3696.18**	**5305.37**	**5336.84**	**6574.04**
Less: Sale of Surplus	(73.52)	(296.10)	(304.44)	(295.32)	(22.53)
Net Power Purchase Cost	**1346.51**	**3400.08**	**5000.93**	**5041.53**	**6551.52**
Other (Reactive, LDC, Transmission/GNA etc.	52.17	412.23	452.28	451.44	614.31
Total Power Purchase Cost	**1398.68**	**3812.31**	**5453.21**	**5492.97**	**7165.83**
Power Purchase Rate (Rs./KWh)	**5.42**	**6.18**	**6.45**	**6.44**	**5.52**

5.6. Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

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

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

MUL has submitted that it has endeavored its best to estimate CAPEX for FY 2025-26 to 2029-30 based on principles set in Distribution Code. MUL has considered following assumptions for projecting the CAPEX during FY2025-26:

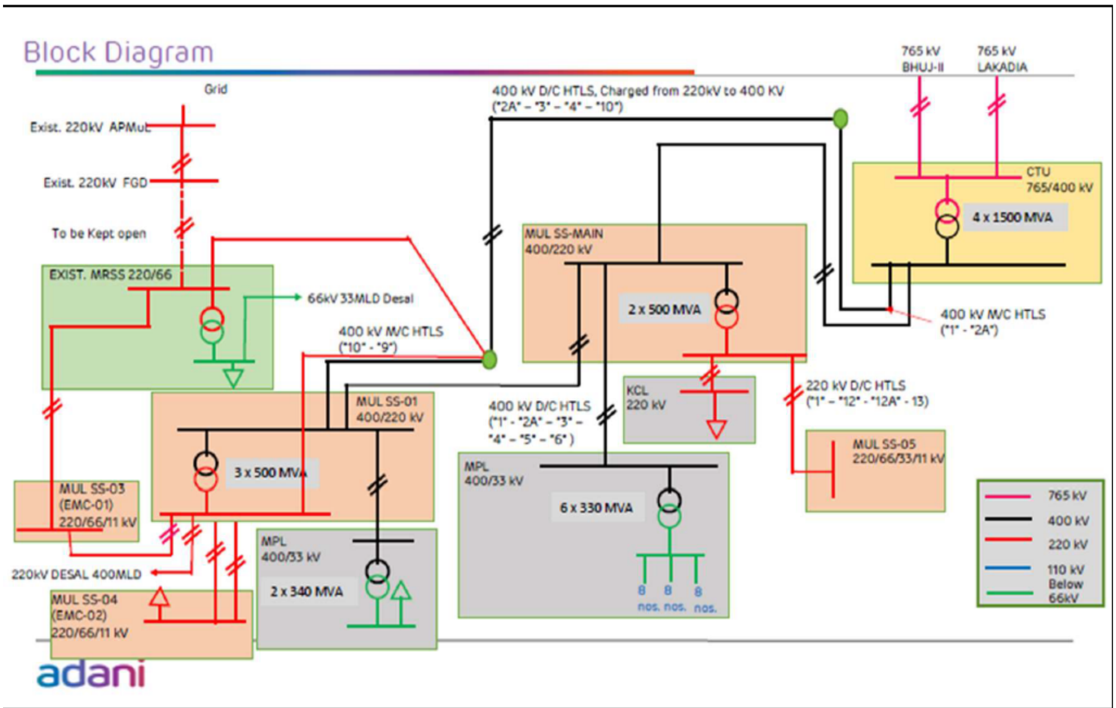
- The hybrid i.e. combination of overhead line and underground cable has been considered for EHV network at 400 kV, 220 kV, 66 kV level.
- GIS type EHV substations at 400 KV, 220 KV, 66 KV voltage level

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

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

The Petitioner submitted that the below-mentioned infrastructure was proposed in its Petition in Case No. 2177 of 2023 & 2326 of 2024 and same has been approved by the Hon'ble Commission vide its Order dated 31.03.2023 & 01.06.2024 respectively. The Petitioner was submitted that the infrastructure of as proposed will be developed in phase wise manner, based on demand forecast in order to optimally utilize the network and optimizing the cost of the infrastructure by keeping development plan in tandem to the power demand in upcoming years as this shall take time to build up. Accordingly, aforesaid infrastructure approved by the Commission.

MUL has further provided the block diagram of the infrastructure to be developed with future demand is as below.



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

MUL has submitted that the demand in various pockets shall require strengthening of existing infrastructure and therefore, the Petitioner has considered augmentation of 66 KV existing to fulfill power demand with desirable reliability to the consumers.

Therefore, the Petitioner has considered capacity augmentation of existing 66 kV Transmission cable along with associated switchgears and strengthening of protection system for 66 kV Ring Network.

The Petitioner has also considered the augmentation of existing 220 kV Substation including addition of power transformers and associated switchgears. MUL has submitted that it has considered to set up a Central Control Room for monitoring & operation of networks through SCADA, Energy Management System and Geographical

Information System and also considered to set-up a Central Office and a Central Store for effective operation of the infrastructure and management of the consumer services as demand growth in the licensee area is potentially high and majority of them are continuous process industries, which require reliable and redundant power supply.

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

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

MUL has further submitted that it has considered EHV substations along with associated EHV Transmission Lines at 400 KV & 220 KV voltage level and transformation of 400KV / 220 KV / 66 KV / 33 KV / 11 KV to cater the power requirement of upcoming industries in the licensee area.

MUL has projected addition of few retail consumers during the Control Period, and it is expected that consumer base would reach to 116 nos. with arithmetic sum of contract demand up to 2,530 MVA during the Control Period which will be eventually reaching 4,980 MVA.

MUL submitted that project cost has been worked out at present rate without considering price variation and escalation factor for overall development plan, the civil cost has been worked out based on primary survey reports available and it may change based on detailed soil investigation and therefore, request the Commission to allow the revision during approval of truing up for respective year. Based on above, MUL has submitted the summarized statement of proposed capital expenditure during FY 2025-26 to FY 2029-30 as shown in below table:

Table 5-15 : Capital Expenditure projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Sn	Particular	2025-26	2026-27	2027-28	2028-29	2029-30
A	**EHV**					
	Transmission line	162.91	0.64	18.42	39.92	3.07
	Transmission cable	21.17	-	-	85.14	56.76
	Substation	222.95	13.48	269.32	594.03	51.89
	Land cost	31.09	-	65.87	142.72	10.98
	Civil cost	-	-	-	-	-
	Total	**438.12**	**14.12**	**353.61**	**861.82**	**122.71**
B	**HT NETWORK**					
	33 kV HT cable network	0.18	-	-	-	-
	11 kV HT cable network	0.66	2.93	-	-	-
	33 / 11 kV HT substation	-	-	-	-	-
	Land cost	-	-	-	-	-
	Civil cost	-	-	-	-	-
	Total	**0.84**	**2.93**	-	-	-
C	**Others**					
	Automation & SCADA	15.55	7.77	-	-	-
	Testing and measuring equipment	-	-	-	-	-
	IT, Meters & AMR	7.70	0.20	0.20	0.50	0.20
	Miscellaneous	1.55	0.87	0.80	-	-
	Buildings & other work	43.76	21.88	-	-	-
	Total	**68.56**	**30.72**	**1.00**	**0.50**	**0.20**
D	**Grand Total**	**507.52**	**47.77**	**354.61**	**862.32**	**122.91**

MUL has submitted the proposed scheme-wise Capitalization for FY 2025-26 to FY 2029-30 as under:

Table 5-16 : Proposed scheme-wise Capitalization for FY 2025-26 to FY 2029-30

(Rs. Crore)

Sn	Project Code	Project Title	Amount
FY 2025-26			
1	EHV Network	400 kV Transmission Line	74.46
2	EHV Network	220 kV Transmission Line	60.32
3	EHV Substation	400 kV Substation	161.28
4	EHV Substation	220 kV Substation	185.50
5	EHV Substation	Expansion of 220 kV Substation	22.21

6	EHV Network	66 kV Underground Cable	19.64
7	Other	Energy Management System & Geographical Information System	24.01
8	EHV Network	66 kV Underground Cable	9.73
9	EHV Network	66 kV Underground Cable	16.85
10	EHV Network	400 kV Transmission Line	72.13
11	EHV Substation	400 kV Substation	22.46
12	HT Network	33 kV Network	3.69
13	LT Network	LT Network	0.66
14	Other	Transformer – Real Time Moisture Removal	0.32
15	Other	66 kV Substation - Pressurized Air Conditioning System	0.37
16	Other	220 kV Substation - Pressurized Air Conditioning System	0.62
17	Other	66 kV Substation - Pressurized Air Conditioning System	0.25
18	Other	IT, Meters & AMR	0.20
19	IT	Website & Mobile Application	0.30
Total (FY2025-26)			**675.01**
FY2026-27			
1	EHV Network	400 kV Transmission Line	6.45
2	EHV Substation	400 kV Substation	44.93
3	Other	Office & Store Building	41.93
4	Other	Central SCADA and Automation System	56.91
5	HT Network	11 kV Network – Central Zone	0.82
6	HT Network	11 kV Network – East Zone	0.80
7	HT Network	11 kV Network – Chemical Zone	0.78
8	HT Network	11 kV Network – South Zone	0.53
9	Other	66 kV Substation - Pressurized Air Conditioning System	0.25
10	Other	220 kV Substation - Pressurized Air Conditioning System	0.62

11	Other	IT, Meters & AMR	0.20
Total (FY2026-27)			**154.21**
FY2027-28			
1	Other	EV Vehicles	0.80
2	Other	IT, Meters & AMR	0.20
Total (FY2027-28)			**1.00**
FY2028-29			
1	Other	IT, Meters & AMR	0.50
Total (FY2028-29)			**0.50**
FY2029-30			
1	EHV Substation	Expansion of 400 kV Substation	264.80
2	EHV Network	400 kV Transmission Line	61.42
3	EHV Substation	400 kV Substation	852.50
4	EHV Network	220 kV Underground Cable	141.91
5	EHV Substation	Expansion of 220 kV Substation	17.52
6	Other	IT, Meters & AMR	0.20
Total (FY2029-30)			**1,338.34**

Accordingly, MUL has proposed Capital expenditure & Capitalization for FY 2025-26 to FY 2029-30 as per below table:

Table 5-17 : Capital Expenditure and Capitalization projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Capital Expenditure	507.52	47.77	354.61	862.32	122.91
Capitalization	675.01	154.21	1.00	0.50	1338.34

MUL has proposed to fund part of the Capitalization for FY 2025-26 to FY 2029-30 from SLC and balance through normative debt: equity in the ratio of 70:30. The funding of capitalization as projected by the Petitioner as per table below:

Table 5-18 : Funding of projected Capitalization for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particular	2025-26	2026-27	2027-28	2028-29	2029-30
Opening GFA	247.68	922.69	1,076.89	1,077.89	1,078.39
Addition to GFA	675.01	154.21	1.00	0.50	1,338.34
Deletion from GFA	-	-	-	-	-
Closing GFA	922.69	1,076.89	1,077.89	1,078.39	2,416.73
SLC Contribution	216.10	2.25	0.40	0.32	438.73
Capitalization for Debt:Equity	458.91	151.96	0.60	0.18	899.61
Normative Debt (70%)	321.24	106.37	0.42	0.13	629.73
Normative Equity (30%)	137.67	45.59	0.18	0.05	269.88

Commission's analysis

The Commission sought the details of DPR for the proposed Capex for FY 2025-26 to FY 2029-30 in terms of GERC (MYT) Regulation, 2024. In response to the Commission's query, the Petitioner submitted that the details about the proposed infrastructure including development scheme have already been considered in case no. 2177/2023 & 2326/2024 in the matter of determination of ARR and Tariff for FY 2023-24 and FY 2024-25 respectively. The proposed capex is majorly for network development to serve the power demand forecast based on principles set in Distribution Code. Accordingly, the proposed infrastructure was in-principally approved by the Commission vide its order dated 31.03.2023 & 01.06.2024 in case no. 2177/2023 & 2326/2024 respectively. The proposed infrastructure was approved by Commission, on the basis of development to be undertaken in phase manner, based on demand forecast in order to optimally utilize the network and optimize cost of the infrastructure by keeping development plan in tandem to the power demand in upcoming years as this shall take time to build up. Hence, the proposed infrastructure is only a spill over to the next financial years in the benefit of the consumers. In view of the above, Petitioner request the Commission to approve the capital expenditure and capitalization as proposed for MYT Control Period. It is submitted that the Petitioner will submit the DPR in case new capex is required for FY 2026-27 and onward as & when required.

It is to note that the Regulations 29 and 30 of GERC (MYT) Regulations, 2024 provides for admission of the capital cost and capitalization to be incurred for the Control Period to form the basis for determination of Tariff. Further, Regulations 29.8 of GERC (MYT) Regulations, 2024 states that the Commission has specified the Guidelines for approval of Capital Investment Schemes as provided in Annexure III to the Regulations, whereby the Petitioner is required to make an application to the Commission for obtaining prior approval for schemes involving major investments as per criteria specified in these Guidelines, as such the DPR as submitted by petitioner shall be the basis for approval of the CAPEX and Capitalization during the Control Period.

However, considering that only limited period was available to the Petitioner before filing of present Petition for preparation of DPR for capex to be undertaken during control period from FY 2025-26 to FY 2029-30 and get it approved from the Commission, the Commission provisionally considers the amount of CAPEX and capitalization proposed by the Petitioner during the control period with specific direction to the petitioner to submit the DPR containing details of the scheme details, justification for the work, capitalization schedule, capital structure and cost benefit analysis (wherever applicable) as provided under guidelines at Annexure II to GERC (MYT) Regulation, 2024 based on which the schemes will be approved by the Commission subject to prudence check.

The Commission is also of the view that in order to meet the load growth, system demand and to provide reliable quality supply, the Capex planned by MUL though appears on higher side, is required and accordingly the Commission provisionally considers the Capex as submitted by petitioner with a direction to submit the DPR as per the provisions of GERC (MYT) Regulations, 2024 and get it approved from the Commission. It is also clarified that the Capex and other particulars as approved in the DPR shall be the basis for True-up of the respective year of the control period.

Accordingly, the Commission has considered the approved closing GFA for FY 2023-24 of Rs. 214.50 Crore as approved in this Order and net addition of assets of Rs. 33.18 Crore as approved in the Tariff Order dated 1st June, 2024 for FY 2024-25 to work out the closing GFA for FY 2024-25. Accordingly, the closing balance of GFA for FY 2024-25 has been considered as opening balance of GFA for FY 2025-26. The asset capitalization considered for FY 2025-26 to FY 2029-30 have been discussed earlier in this Section is envisaged to be partly funded from consumer contribution (SLC) and the balance has been considered as funded through Debt: Equity in the ratio of 70:30 in terms of GERC (MYT) Regulations 2024.

Accordingly, the Capitalization and funding approved by the Commission for FY 2025-26 to FY 2029-30 are given in the Table below.

Table 5-19 : Capital Expenditure, Capitalization and Funding of Capex approved for FY 2025-26 to FY 2029-30

(Crore)

Particular	2025-26	2026-27	2027-28	2028-29	2029-30
Opening GFA	247.68	922.69	1076.89	1077.89	1078.39
Addition to GFA	675.01	154.21	1.00	0.50	1338.34
Deletion from GFA	0.00	0.00	0.00	0.00	0.00
Closing GFA	922.69	1076.89	1077.89	1078.39	2416.73
SLC Contribution	216.10	2.25	0.40	0.32	438.73
Capitalization for Debt: Equity	458.91	151.96	0.60	0.18	899.61
Normative Debt (70%)	321.23	106.37	0.42	0.13	629.73
Normative Equity (30%)	137.67	45.59	0.18	0.05	269.88

5.7. Operations and Maintenance Expenses

Petitioner's submission

MUL submitted that it has derived Operation & Maintenance expenses on the basis of the average of actual Operation & Maintenance expenses for the past ten years ending 31.03.2024 as per GERC (MYT) Regulations, 2024.

The Petitioner has considered above average Operation & Maintenance expenses for the financial year ending 31.03.2019 and escalated year on year at escalated rate computed for each year by considering (WE_{WPI}) weightage to the average yearly inflation derived based on monthly Wholesale Price Index of the respective financial year as per the Office of Economic Advisor, Ministry of Commerce and Industry, Government of India and (WE_{CPI}) weightage to the average yearly inflation derived based on monthly Consumer Price Index for Industrial Workers (all India) of the respective financial year as per Labour Bureau, Government of India, to arrive the Operation & Maintenance expenses for the base year ending 31.03.2024.

Further, the Petitioner has derived the Operation & Maintenance expenses for each year of the Control Period based on formula provided as per the provisions of the Regulations 104.2 of GERC (MYT) Regulations, 2024.

The Petitioner submitted that above expenses are derived based on the formula provided in the GERC (MYT) Regulations, 2024. However, the Petitioner would like to bring to the notice of the Commission that R&M, Employee and A&G expenses are continuously increasing along with expansion of network, increase in quantum of supply over and above inflationary expenses. As per formula, increase in R&M is linked with increase in Gross Fixed Asset by allowing escalation with constant "K" whereas for Employee and A&G expenses, only inflationary increase is provided without providing any escalation due to increase in distribution network and sales quantum. With the increase in asset base and quantum of sales, there is a requirement to increase the employee base & administrative set-up.

Further, the Petitioner submitted that the above methodology is suitable for licensee, having stable or marginally growth of the load and infrastructure. Whereas, in this particular case there is substantial growth in the Licence area of the Petitioner and hence, huge infrastructure needs to be developed and maintained to deliver reliable power to the consumers to fulfill overall service obligation. Hence, for deriving the O&M cost based on inflationary formula considering the average actual expanses of last ten years is not a practicable for the licensee like us, particularly case there is substantial growth in terms of increase of infrastructure as well as huge sales growth

The increase in Operation & Maintenance expenses in the formula is only addressing inflationary increase. However, it is not addressing the issue of escalation in Operation & Maintenance expenses due to increase in scale of distribution operation which is beyond the control of the distribution licensee.

Moreover, the license area falls in the saline atmosphere, therefore actual O&M expenses may vary from the above projections.

The estimated Operation & Maintenance costs for the Control Period from FY 2025-26 to FY 2029-30 have been tabulated below:

Table 5-20 : Operation and Maintenance Cost projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Employee Expenses	4.10	4.28	4.45	4.62	4.80
R&M Expenses	4.74	13.73	15.74	15.74	15.75
A&G Expenses	8.07	8.42	8.75	9.09	9.45
Total O&M Expenses	**16.92**	**26.42**	**28.93**	**29.46**	**30.01**

Commission's analysis

Regulation 92.1 and 104.1 of MYT Regulation 2024 provides that the O&M expense shall be derived on the basis of the average of the actual audited O&M expense for the past ten years ending March 31, 2024. Further, it also provides that the average of ten years audited O&M expense shall be considered as O&M expense for March 31, 2019 and shall be escalated at the respective escalation rate of FY 2019-20, FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 to arrive at the O&M expense for the base year ending March 2024. Further, the same shall be escalated with the weighted average ratio of CPI and WPI index to work out the O&M expenses for Control period.

Based on the above principle of Regulations, the base O&M expenses as on 31st March, 2019 is independently worked out by the commission as outlined below:

Table 5-21 : Base O&M Expenses as on 31st March, 2019 approved

(Rs. Crore)

Particulars	Amount
Employee Expenses	2.78
A&G Expenses – Total	5.49
R&M Expenses	1.41
O&M for FY 2018-19	**9.68**

The O&M Expenses arrived as on 31st March, 2019 are escalated based on WPI: CPI Rate of the respective year with the weightage of the expenses as derived above whereby

Employee is linked to CPI and A&G as well as R&M is linked to WPI to compute O&M expenses for FY 2023-24 which is later on escalated @ 3.76% year-on-year to arrive at O&M Expenses for FY 2024-25 to FY 2029-30.

With respect to R&M expenses, K factor of 1.40% has been derived based on last ten years average of R&M Expenses with Gross Fixed Assets and the same is considered to project the R&M Expenses for FY 2025-26 to FY 2029-30.

The O&M Expenses is considered as Uncontrollable while carrying out True-up exercise.

Accordingly, the Commission approves the O&M Expenses for FY 2025-26 to FY 2029-30 as shown in the Table below:

Table 5-22 : Operation and Maintenance Expenses approved for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Employee Expenses	3.85	4.00	4.15	4.31	4.47
R&M Expenses	3.60	13.39	15.63	15.65	15.65
A&G Expenses	7.61	7.90	8.20	8.51	8.83
Total O&M Expenses	**15.06**	**25.29**	**27.98**	**28.46**	**28.95**

5.8. Depreciation

Petitioner's submission

MUL has submitted the following details related to fixed assets and depreciation for FY 2025-26 to FY 2029-30.

Table 5-23 : Depreciation projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Opening Gross Block	247.68	922.69	1076.89	1077.89	1078.39
Closing Gross block	922.69	1076.89	1077.89	1078.39	2416.73
Depreciation	8.82	35.23	37.69	37.73	76.84

MUL has submitted that it has computed the depreciation of the Gross Fixed Assets based on straight line method as prescribed in GERC (MYT) Regulations, 2024.

Commission's analysis

The Commission has considered the approved closing GFA for FY 2023-24 of Rs. 214.50 Crore as approved in this Order and net addition of assets of Rs. 33.18 Crore in FY 2024-25 as approved in the Tariff Order dated 1st June 2024 for FY 2024-25 to work out the closing GFA for FY 2024-25. Accordingly, the closing balance of GFA for FY 2024-25 has been considered as opening balance of GFA for FY 2025-26. The additional capitalization for FY 2025-26 to FY 2029-30 has been considered as approved by the Commission in previous section of Capital expenditure and capitalization.

Further, as per Regulations 37.6 of GERC (MYT) Regulations, 2024, Depreciation shall be computed separately for assets added up to 31st March, 2025 and assets added on or after 1st April, 2025. Accordingly, Commission has worked out separate depreciation on assets added up to 31st March, 2025 and assets added on or after 1st April, 2025.

Moreover, the Commission has considered the rate of depreciation on assets added upto 31st March, 2025 as per the rate claimed by MUL and for new asset addition post 1st April, 2025, the depreciation rate is considered as per Annexure I of GERC (MYT) Regulations, 2024. Further, the rate of depreciation on SLC is considered as per petitioner submission and accordingly computed the depreciation for FY 2025-26 to FY 2029-30 as given in the table below:

Table 5-24 : Depreciation approved for FY 2025-26 to FY 2029-30 on assets Capitalized upto 31st March 2025

(Rs. Crore)

Particulars	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
Opening GFA	247.68	247.68	247.68	247.68	247.68
Closing GFA	247.68	247.68	247.68	247.68	247.68
Depreciation on GFA	12.41	12.41	12.41	12.41	12.41
Less: Depreciation on opening SLC Contribution	6.33	6.33	6.33	6.33	6.33
Depreciation after SLC Contribution	**6.08**	**6.08**	**6.08**	**6.08**	**6.08**

Table 5-25:Depreciation approved on assets added on and after 1st April 2025 for the FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
Opening Balance	0.00	675.01	829.22	830.22	830.72
Additions During the Year	675.01	154.21	1.00	0.50	1338.34
Deletions During the Year	0.00	0.00	0.00	0.00	0.00
Closing Balance Of GFA	675.01	829.22	830.22	830.72	2169.06
Depreciation During the Year	6.63	40.65	43.15	43.22	105.49
Depreciation on SLC Contribution	3.89	11.50	11.55	11.57	34.73
Depreciation after SLC Contribution	**2.73**	**29.14**	**31.60**	**31.65**	**70.76**

Accordingly, the Commission approves the Depreciation for FY 2025-26 to FY 2029-30 as under:

Table 5-26 Total Depreciation approved for FY 2025-26 TO FY 2029-30

(Rs. Crore)

Particulars	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
Depreciation on assets upto 31st March,2025	6.08	6.08	6.08	6.08	6.08
Depreciation assets on or after 1st April,2025	2.73	29.14	31.60	31.65	70.76
Total Depreciation	**8.82**	**35.23**	**37.69**	**37.73**	**76.84**

5.9. Interest and Finance charges

Petitioner's submission

MUL submitted that it has considered the debt-equity in 70:30 ratio indicated in GERC (MYT) Regulations, 2024 excluding unutilized / recovered Service Line Contribution (SLC). The Petitioner has considered the expected normative loan outstanding as on 01.04.2025 to derive the interest on loan. The Petitioner has deducted the projected repayment during the Control Period from FY 2025-26 to FY 2029-30 which is equal to the depreciation allowed for that year, attributable towards the asset put to use prior to 01.04.2025

The Petitioner has approached various banks for funding CAPEX requirement for development of infrastructure considering growth in the license area of the Petitioner. The Process for the funding has already been deliberated with various banks and the same is on the verge of closure. The Petitioner is under negotiation for the interest rate which shall be applicable to the loan granted. Based on deliberation with various banks, it is envisaged that the interest rate would nearly be 10.50% excluding bank charges and therefore, the Petitioner has considered actual weighted average rate of interest for one-year SBI MCLR during FY 2023-24 plus 150 basis points i.e.10.07% (8.57% + 1.5%), to calculate interest expenses for the Control Period from FY 2025-26 to FY 2029-30. However, the Petitioner requests Commission to consider actual interest rate for that year at the time of true-up. The capitalization and borrowings based on these assumptions for assets put to use prior to 01.04.2025 are summarized as below:

Table 5-27 : Interest on loan projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Opening balance of Normative Loans	41.80	35.72	29.64	23.55	17.47
Less: Reduction in Normative Loan	-	-	-	-	-
Addition of Normative Loan	-	-	-	-	-
Repayment of Normative Loan	6.08	6.08	6.08	6.08	6.08
Closing balance of Normative Loan	35.72	29.64	23.55	17.47	11.39
Average balance of Normative Loan	38.76	32.68	26.59	20.51	14.43
Interest Rate (%)	10.07%	10.07%	10.07%	10.07%	10.07%
Interest Expenses	**3.90**	**3.29**	**2.68**	**2.07**	**1.45**
Finance Charges	-	-	-	-	-
Total Interest & Finance Charges	**3.90**	**3.29**	**2.68**	**2.07**	**1.45**

Commission's analysis

The Commission has considered the closing balance of Normative Loan of Rs. 22.81 Crore for FY 2023-24 as approved in this Order and the addition of Normative Loan of Rs. 23.23 Crore for FY 2024-25 (after considering the NIL SLC during FY 2024-25) and repayment of loan of Rs. 8.89 Crore during FY 2024-25 as per Tariff Order dated 1st June 2024. Accordingly, the closing balance of Normative Loan of Rs 37.15 Crore for FY 2024-25 thus worked out, has been considered as opening balance of Normative Loan for FY 2025-26 as per Regulations 32.1 of GERC (MYT) Regulations, 2024.

As per Regulation 33.1 of GERC (MYT) Regulation, 2024, the above Normative opening balance of loan for FY 2025-26 shall be considered as gross Normative loan attributable to assets put to use prior to 1st April 2025 for calculation of interest on loan and repayment equivalent to depreciation as approved for FY 2025-26 to FY 2029-30 attributable towards the assets put to use prior to 1st April 2025 as per Regulation 33.3 of GERC (MYT) Regulation 2024 have been considered.

As regards to the weighted average rate of interest, MUL has considered the interest rate of 10.07% for FY 2025-26 to FY 2029-30. The fifth proviso of Regulation 33.5 of GERC (MYT) Regulation 2024, Provided that if there is no actual loan, corresponding to the regulated business, for a particular year but normative loan is still outstanding, one-year SBI MCLR (or any replacement thereof declared by SBI from time to time being in effect applicable for 1 year period) plus 50 basis points shall be considered.

As there was no actual loan portfolio during FY 2023-24, therefore, to compute the interest on loan, the Commission has considered one year SBI MCLR plus 50 Basis Points i.e. interest rate of 9.15% as the one year SBI MCLR (8.65%) plus 50 basis points as per 5th proviso of Regulation 33.5 of GERC (MYT) Regulation 2024. Accordingly, the Commission approves the Interest on loan as shown in the Table below:

Table 5-28 : Interest on Loan approved for assets Capitalized upto 31st March 2025 for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particular	2025-26	2026-27	2027-28	2028-29	2029-30
Opening balance of Normative Loans	37.15	31.07	24.99	18.91	12.83
Repayment of Normative Loan	6.08	6.08	6.08	6.08	6.08
Closing balance of Normative Loan	31.07	24.99	18.91	12.83	6.75
Average balance of Normative Loan	34.11	28.03	21.95	15.87	9.79
Interest Rate (%)	9.15%	9.15%	9.15%	9.15%	9.15%
Interest Expenses	**3.12**	**2.56**	**2.01**	**1.45**	**0.90**
Finance Charges	0.00	0.00	0.00	0.00	0.00
Total Interest & Finance Charges	**3.12**	**2.56**	**2.01**	**1.45**	**0.90**

5.10. Interest on Security Deposit

Petitioner's submission

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

MUL has submitted that it has made projections about interest payable on security deposit, considering only those consumers whose amount of security deposit would have been less than Rs. 25 lakhs. The Petitioner submitted that the security deposit payable by addition of consumer seems to be more than Rs. 25 lakhs and therefore, available security deposit at 31.03.2024 has been considered to calculate the interest on security deposit for the Control Period. The Petitioner requests Commission to consider actual expenses paid by the licensee for that year during true-up.

The Petitioner has computed the interest expenses on proposed security deposit for FY 2025-26 to FY 2029-30 as per the RBI bank rate of 6.75% on 1st April 2024 as per GERC (Multi Year Tariff) Regulations, 2024 is as below:

Table 5-29 : Interest on Security Deposit projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Amount Proposed as Security deposits	10.64	10.64	10.64	10.64	10.64
Interest Rate (%)	6.75%	6.75%	6.75%	6.75%	6.75%
Interest on Security deposits	**0.72**	**0.72**	**0.72**	**0.72**	**0.72**

Commission's analysis

The Commission has accepted the amount of consumer security deposits projected by the Petitioner for FY 2025-26 to FY 2029-30 as the Petitioner is in better position to estimate the amount held as security deposit as the Petitioner has submitted that many consumers are providing security deposit in Bank Guarantee form. The Commission has considered the RBI Bank Rate on 1st April 2024 @ 6.75% per annum for allowing interest on security deposit.

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

Table 5-30 : Interest on Security Deposit approved for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Average Security Deposit	10.64	10.64	10.64	10.64	10.64
Interest Rate	6.75%	6.75%	6.75%	6.75%	6.75%
Interest on Security deposits	**0.72**	**0.72**	**0.72**	**0.72**	**0.72**

5.11. Interest on Working Capital

Petitioner's submission

MUL has submitted that the interest on working capital has been worked out as per the GERC (MYT) Regulations, 2024. The following have been considered for determining working capital in a year.

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

MUL has considered interest on working capital as SBI Marginal Cost of Funds Based Lending Rate (MCLR) as on 01.04.2024 plus 200 basis points @ 10.65% (8.65%+2.00) as per GERC (Multi Year Tariff) Regulations, 2024.

The Interest on Working Capital is computed as per the GERC (MYT) Regulations, 2024, is provided in the Table below:

Table 5-31 : Interest on Working Capital projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
O&M Expense	1.41	2.20	2.41	2.45	2.50
Maintenance Spares	2.48	9.23	10.77	10.78	10.78
Receivables	119.82	303.81	426.38	429.87	632.23
Working Capital Requirement	**123.71**	**315.24**	**439.56**	**443.10**	**645.52**
Less: Average Security Deposit from Customers	10.64	10.64	10.64	10.64	10.64
Total Working Capital	**113.07**	**304.61**	**428.92**	**432.47**	**634.88**
Interest Rate (%)	10.65%	10.65%	10.65%	10.65%	10.65%
Interest on working Capital	**12.04**	**32.44**	**45.68**	**46.06**	**67.61**

Commission's analysis

The Commission has computed the components of working capital, in line with the methodology as specified in the GERC (MYT) Regulations, 2024 using the component as approved in preceding sections of this Order. The Commission has noted that MUL has considered revenue from sale of power at existing tariff for calculation of working capital requirement.

The Commission has considered approved Aggregate Revenue Requirement for calculation of working capital requirement. The rate of interest on working capital has been considered as 10.65% considering SBI MCLR as on 01.04.2024 (8.65 % plus 200 basis points) as per the GERC (MYT) Regulations, 2024. The interest on working capital has been computed as per the provisions of the GERC (MYT) Regulations, 2024.

The normative interest on working capital approved by the Commission for FY 2025-26 to FY 2029-30 is shown in the Table below:

Table 5-32 : Interest on Working Capital approved for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
O&M Expense	1.26	2.11	2.33	2.37	2.41
Maintenance Spares	2.48	9.23	10.77	10.78	10.78
Receivables	120.12	327.90	465.45	468.59	615.90
Working Capital Requirement	**123.85**	**339.24**	**478.55**	**481.74**	**629.10**
Less: Average Security Deposit from Customers	10.64	10.64	10.64	10.64	10.64
Total Working Capital	**113.21**	**328.60**	**467.91**	**471.10**	**618.46**
Interest Rate (%)	10.65%	10.65%	10.65%	10.65%	10.65%
Interest on working Capital	**12.06**	**35.00**	**49.83**	**50.17**	**65.87**

5.12. Return on Equity

Petitioner's submission

MUL has submitted that it has projected paid up equity capital with 70:30 debt: equity ratio on the assets put to use as per the GERC (MYT) Regulations, 2024.

The Petitioner has considered a regulated return at the base rate of 13% to derive Base

Return on Equity as per GERC (MYT) Regulations, 2024. The Petitioner has not considered an additional rate of return for Additional Return on Equity linked to actual performance and therefore, the Petitioner requests Commission to consider additional rate of return at the time of truing up for that year during the Control Period based on actual performance as per GERC (MYT) Regulations, 2024.

The Petitioner has paid MAT as per latest Assessment Order at the rate of 17.472% and therefore, estimated Rate of Return for the Control Period from FY 2025-26 to FY 2029-30 has been grossed up with effective tax rate based on latest available Assessment Order issued by Income Tax Authority under provision of Income Tax Act 1961. Accordingly, rate of return has been considered at 15.752% (Base RoE – 13% / MAT – 17.472% = Pre-Tax RoE – 15.752%) to calculate the Return on Equity. The Petitioner requests to consider actual Tax paid by the licensee during the Control Period for that year at the time of true-up to calculate Pre-Tax Return on Equity.

Table 5-33 : Return on Equity projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Regulatory Equity at the Beginning of the Year	37.69	37.69	37.69	37.69	37.69
Equity portion of Capitalization during the Year	-	-	-	-	-
Regulatory Equity at the end of the Year	37.69	37.69	37.69	37.69	37.69
Average Equity	37.69	37.69	37.69	37.69	37.69
Rate of Pre-Tax RoE	15.75%	15.75%	15.75%	15.75%	15.75%
Total Return on Equity	**5.94**	**5.94**	**5.94**	**5.94**	**5.94**

Commission's analysis

The Commission has considered the closing balance of Equity of Rs. 27.74 Crore for FY 2023-24 as approved in this Order and the addition of Equity of Rs. 9.95 Crore as approved in Tariff Order dated 1st June, 2024 for FY 2024-25 for computing the closing balance for FY 2024-25. Accordingly, the closing balance of Equity of Rs. 37.69 Crore so arrived for FY 2024-25 has been considered as opening balance of Normative Equity for FY 2025-26 and subsequent years of control period as per Regulation 32.1 of GERC

(MYT) Regulations, 2024.

Also, as per Regulation 35.2 of GERC (MYT) Regulations, 2024, Base Return on Equity of 13% p.a. is to be allowed and Regulation 35.1 of GERC (MYT) Regulations 2024 specifies that Additional Return on Equity shall be Trued up for respective year based on actual performance substantiated by documentary evidence, after prudence check by the Commission. Accordingly, the Base RoE of 13% has been grossed up with the income tax rate of 17.47% as per Regulations 39.2 and 39.3 of GERC (MYT) Regulations, 2024.

With respect to the new asset approved to be capitalised during MYT Control Period of FY 2025-26 to FY 2029-30, Return on Capital Employed is calculated as per Regulation 36 of GERC (MYT) Regulations, 2024.

Accordingly, the Commission has approved the Return on equity for FY 2025-26 to FY 20290-30 as per GERC (MYT) Regulations, 2024 as shown in the Table below

Table 5-34 : Return on Equity for assets capitalized upto 31st March 2025 approved for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particular	2025-26	2026-27	2027-28	2028-29	2029-30
Opening Equity	37.69	37.69	37.69	37.69	37.69
Closing Equity	37.69	37.69	37.69	37.69	37.69
Average Equity	37.69	37.69	37.69	37.69	37.69
Base Rate (Gross Up with MAT)	15.75%	15.75%	15.75%	15.75%	15.75%
Total Return on Equity	**5.94**	**5.94**	**5.94**	**5.94**	**5.94**

5.13. Additional Rate of Return on Equity

Further, as per Regulation 35.11 (e) and Regulation 35.12 of GERC (MYT) Regulations 2024, the Commission is required to identify certain specified target performance parameters for Wire and Supply Business respectively in MYT Orders, which will be linked to additional Rate of Return on Equity to be provided to the licensee for achieving such performance. Based on said provision in GERC (MYT) Regulations 2024, following Target Performance Parameter and additional RoE for achieving those parameters is outlined below for the Licensee to achieve:

Wires Business

Table 5-35: Performance Parameters for Additional RoE for Wire Business

Particulars	Ceiling limit of Additional RoE
Wires Availability	0.5%
Distribution Loss	0.5%
Feeder/DT Smart Metering	0.25%
Geo-Tagging of Assets	0.5%
Automated Data Capture	0.25%
Maximum Allowable Rate of RoE	**2.00%**

1. **Wires Availability:**

- The Target Wires Availability for recovery of Base RoE has been set at 96.00% for state government owned Distribution Licensees and 97.00% for other Distribution Licensees.
- An additional RoE of 0.25% shall be allowed for every 0.50% over-achievement in wires availability, subject to 0.50% ceiling rate of RoE. Where the wires availability shall be calculated as per following formula:

Wires availability calculation = (1 - (SAIDI / 8760)) x 100

Where, System Average Interruption Duration Index (SAIDI) shall be calculated in accordance with the definition specified in GERC (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2005, as amended from time to time.

2. **Distribution Loss:**

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.50% to Distribution Licensees for reducing distribution loss levels beyond loss trajectory provided by the Commission as per the following schedule:
  a) Additional RoE of 0.50%, for reducing loss by more than 10.00% of target loss.
  b) Additional RoE of 0.30%, for reducing loss by more than 5.00% & up to 10.00% of target loss.
  c) Additional RoE of 0.10%, for reducing loss up to 5.00% of target loss.

3. Feeder / DT Smart Metering:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.25% to Distribution Licensees for installation of Feeder / DT Smart Meters as per the following schedule:

  a) Additional RoE of 0.10%, for achieving installation of Smart Meters on 100% of 11 kV/ 33 kV feeders as on date of filing of True up Petition for respective year.
  b) Additional RoE of 0.25%, for achieving installation of Smart Meters on 100% of DTs as on date of filing of True up Petition for respective year.

- DISCOM to ensure that post achievement of 100% smart metering, only smart meters shall be allowed to be installed for new DTs and Feeders. DISCOM will also prepare Energy Audit Reports on an annual basis for each DT and Feeder and keep it for the record, as and when sought by the Commission.

4. Automated Data Capture:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.25% to Distribution Licensees for capturing data directly from the feeder monitoring system or a suitable system to capture data for a ring main system without any manual intervention, as per Regulation 5.3 of the GERC (Standards of Performance of Distribution Licensees) Regulations, 2023.

5. Geo-tagging of assets:

- An additional rate of Return on Equity of 0.5% shall be allowed to the Distribution Licensees for achieving geo-tagging of assets as per the following schedule:
  a) Additional RoE of 0.5% in the first year of the MYT Control period, for initiating the work of geo-tagging which shall be evaluated by successful implementation of steps like calling of an NIT, issuing of tender and awarding of contract.
  b) Additional RoE of 0.5% in the second year of the MYT Control period, for completion of geo-tagging on 25% of the distribution network.

c) Additional RoE of 0.5% in the third year of the MYT Control period, for completion of geo-tagging on 50% of the distribution network.

d) Additional RoE of 0.5% in the fourth year of the MYT Control period, for completion of geo-tagging on 75% of the distribution network.

e) Additional RoE of 0.5% in the fifth year of the MYT Control period, for completion of geo-tagging on 100% of the distribution network.

Supply Business

Table 5-36:Performance Parameter for Additional RoE for Supply Business

Particulars	Ceiling limit of Additional RoE
Percentage of Assessed Bills over Total Bills	0.75%
Collection Efficiency	0.75%
CGRF Performance	0.40%
Setting up CRM Centres	0.30%
Reduction in DSM/UI	0.20%
Meeting RPO Trajectory Targets	0.10%
Maximum Allowable Rate of RoE	**2.50%**

1. **Percentage of Assessed Bills:**

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.75% to Distribution Licensees for reduction in percentage of assessed bills (due to reasons beyond unmetered & inaccessible connection) over total bills as per the following schedule:

a) Additional RoE of 0.25%, for %age of assessed bills between 3% to 5%.

b) Additional RoE of 0.50%, for %age of assessed bills between 1% to 3%.

c) Additional RoE of 0.75%, for %age of assessed bills less than 1%.

2. **Collection Efficiency**

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.75% to Distribution Licensees for Collection Efficiency measured as percentage of the amount collected by the Licensee to the total amount billed as per the following schedule:

a) Additional RoE of 0.25%, for %age of Collection Efficiency between >95% and <=96.5%.

b) Additional RoE of 0.50%, for %age of Collection Efficiency between >96.5% and <=98%.

c) Additional RoE of 0.75%, for %age of Collection Efficiency >98%.

3. CGRF Performance:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.40% to Distribution Licensees for efficacy in dispute resolution / complaint handling as per the following schedule:

a) Additional RoE of 0.20%, if %age of disputes resolved within 30 days of application is more than 95%.

b) Additional RoE of 0.20%, if %age of disputes where decision of CGRF / Ombudsman is timely implemented (within stipulated time in the respective Order) is more than 95%.

Data for above both parameters as certified by the Electricity Ombudsman shall be considered by the Commission for allowing additional RoE for the True up years.

4. CRM System:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.3% to Distribution Licensees for providing all services through a common Customer Relation Manager (CRM) System with all provisions, as per Regulation 3.6 of the GERC (Standards of Performance of Distribution Licensees) Regulations, 2023.

5. Meeting RPO Trajectory Targets

- An additional rate of Return on Equity shall be allowed at 0.10% to Distribution Licensees for achieving RPO Trajectory as stipulated in the RPO Regulations from time to time.

6. Reduction in DSM/UI:

- An additional rate of Return on Equity of 0.20% shall be allowed to Distribution Licensees for maintaining the DSM/ UI in terms of energy upto maximum of 3.00% MUL would be entitled for additional RoE for Wire and Supply business as specified in the table aforesaid based on achieving the specified targets at the time of true-up of the respective Financial year of the Control Period. This shall be assessed every year starting from the true up of first year of the MYT Control Period.

MUL to provide the supporting / justification to claim such additional Rate of Return on equity which will be allowed by the Commission subject to prudence check.

5.14. Return on Capital Employed

Petitioner's submission

With regard to return on Capital Employed Petitioner has submitted that it has considered projected paid-up equity capital with 70:30 debt / equity ratio on the asset put to use as per GERC (MYT) Regulations, 2024.

The Petitioner has considered projected assets to be capitalized on or after 01.04.2025 to calculate the Return on Capital Employed. The Regulated Rate Base has been used to calculate the total capital employed which includes the Original Cost of Fixed Assets capitalized on or after 01.04.2025.

The Petitioner has approached various banks for funding CAPEX requirement for development of infrastructure considering growth in the license area of the Petitioner. The Process for the funding has already been deliberated with various banks and the same is on the verge of closure. The Petitioner is under negotiation for the interest rate which shall be applicable to the loan granted. Based on deliberation with various banks, it is envisaged that the interest rate would nearly be 10.50% excluding bank charges and therefore, the Petitioner has considered actual weighted average rate of interest for one-year SBI MCLR during FY 2023-24 plus 150 basis points i.e. 10.07% (8.57% + 1.5%), for the purpose to derive Weighted Average for the Control Period from FY 2025-26 to FY 2029-30.

For deriving Weighted Average Cost of Capital, the Petitioner has considered a regulated return at the base rate of 13% to calculate Base Return on Equity as per GERC (MYT) Regulations, 2024. The Petitioner has not considered an additional rate of return for calculation of Additional Return on Equity linked to actual performance and therefore, the Petitioner requests Hon'ble Commission to consider additional rate of return at the time of truing up for that year during the Control Period based on actual performance as per GERC (MYT) Regulations, 2024. Further, the Petitioner has considered MAT rate of 17.472% as paid by the Petitioner as per latest Assessment Order and therefore, estimated Rate of Return for the Control Period from FY 2025-26 to FY 2029-30 has been grossed up with effective tax rate based on latest available Assessment Order issued by Income Tax Authority under provision of Income Tax Act 1961. Accordingly, rate of return has been considered at 15.752% (Base RoE – 13% / MAT – 17.472% = Pre-Tax RoE – 15.752%) as Rate of Pre-Tax Return on Equity for the purpose of deriving Weighted Average Cost of Capital. The Petitioner requests Commission to consider actual Tax paid by the licensee during the Control Period for that year at the time of true-up to calculate Pre-Tax Return on Equity.

Table 5-37:Return on Capital Employed projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
RRB Opening	-	456.17	578.99	547.98	516.51
RRB Closing	456.17	578.99	547.98	516.51	1345.36
RRB Average	**228.09**	**518.95**	**579.42**	**563.99**	**978.50**
WACC (%)	11.77%	11.77%	11.77%	11.77%	11.77%
Return on Capital Employed	**26.86**	**61.10**	**68.22**	**66.41**	**115.21**

Commission's analysis

It is observed that as per Regulation, 36 of the GERC (MYT) Regulations, 2024 for asset being capitalized on or after April 01, 2025, Return on Capital Employed (RoCE) approach shall be used to provide a return to the Distribution Licensee and shall cover all financing costs except expenses for availing the loans, without providing separate allowances for interest on loans.

In line with the provisions of Regulation 36 of the GERC (MYT) Regulations, 2024, the Commission has determined the Regulated Rate Base (RRB) to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) capitalized on or after 01st April, 2025.

Based on the Pre-Tax Return on Equity of 15.75% and Interest rate of 9.15%, the Weighted Average Cost of Capital (WACC) approved is 11.13% which is applied on RRB to compute Return on Capital Employed. The Commission based on the formula as specified in GERC (MYT) Regulations, 2024 allows the RoCE as outlined below:

Table 5-38:Return on Capital Employed approved for FY 2025-26 to FY 2029-30

Particular	2025-26	2026-27	2027-28	2028-29	2029-30
RRB Opening	-	456.18	578.99	547.99	516.51
RRB Closing	456.18	578.99	547.99	516.51	1345.36
RRB Average	**228.09**	**517.58**	**563.49**	**532.25**	**930.94**
WACC (%)	11.13%	11.13%	11.13%	11.13%	11.13%
Return on Capital Employed	**25.39**	**57.61**	**62.72**	**59.24**	**103.62**

5.15. Contingency Reserve

Petitioner's submission

Petitioner has not considered any contingency reserve during FY 2025-26 to FY 2029-30

Commission's analysis

The Commission approves contribution to contingency reserve at Nil for FY 2025-26 to FY 2029-30.

5.16. Non-Tariff Income

Petitioner's submission

Petitioner has projected Non-Tariff Income by considering supervision charges payable by consumer for connection for FY 2025-26 and NIL for FY 2026-27 to FY 2029-30:

Table 5-39 : Non-Tariff Income projected for FY 2025-26 to FY 2029-30

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Non-Tariff Income	26.78	-	-	-	-

Commission's analysis

The Commission has considered the Non-tariff income of Rs 26.78 Crore for FY 2025-26 as claimed by the Petitioner, the Commission approves Non-Tariff income as projected by the Petitioner for FY 2025-26 to FY 2029-30 as shown in the Table below subject to true- up based on actuals.

Table 5-40 : Non-Tariff Income approved for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Non-Tariff Income	26.78	-	-	-	-

5.17. Income From Wheeling Charges

Petitioner's submission

Petitioner has submitted that it has projected Income from wheeling charges for FY 2025-26 to FY 2029-30 as shown in the table below:

Table 5-41:Income from Wheeling Charges projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Income From Wheeling Charges	1.57	39.82	54.75	53.56	57.83

Commission's analysis

The Commission has considered the wheeling charges For FY 2025-26 to FY 2029-30 as claimed by the Petitioner as shown in the Table below:

Table 5-42:Income from Wheeling Charges approved for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Income From Wheeling Charges	1.57	39.82	54.75	53.56	57.83

5.18. Aggregate Revenue Requirement

Petitioner's submission

Petitioner has submitted the ARR for FY 2025-26 based on above as under:

Table 5-43 : ARR Projected for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Power Purchase Expenses	1,398.68	3,828.97	5,479.35	5,520.27	7,410.42
O&M Expenses	16.92	26.42	28.93	29.46	30.01
Depreciation	8.82	35.23	37.69	37.73	76.84
Interest and Finance Charges	3.90	3.29	2.68	2.07	1.45
Interest on Security Deposits	0.72	0.72	0.72	0.72	0.72
Interest on Working Capital	12.04	32.44	45.68	46.06	67.61
Provision for bad debts	-	-	-	-	-
Contingency Reserve	-	-	-	-	-
Total Revenue Expenditure	**1,441.08**	**3,927.07**	**5,595.04**	**5,636.31**	**7,587.05**
Return on Equity Capital	5.94	5.94	5.94	5.94	5.94
Return on Capital Employed	26.86	61.10	68.22	66.41	115.21
Aggregate Revenue Expenditure	**1,473.87**	**3,994.11**	**5,669.20**	**5,708.65**	**7,708.21**
Less: Non-Tariff Income	26.78	-	-	-	-
Less: Income from Wheeling Charges	1.57	39.82	54.75	53.56	57.83
Aggregate Revenue Requirement	**1,445.52**	**3,954.29**	**5,614.46**	**5,655.09**	**7,650.38**

MUL has requested the Commission to consider ARR mentioned above for determination of Tariff for FY 2025-26.

Commission's analysis

Considering the foregoing analysis, the Commission approves the ARR for FY 2025- 26 to FY 2029-30 are as shown below:

Table 5-44 : ARR approved for FY 2025-26 to FY 2029-30

(Rs. Crore)

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30
Power Purchase Expenses	1398.68	3812.31	5453.21	5492.97	7165.83
O&M Expenses	15.06	25.29	27.98	28.46	28.95
Depreciation	8.82	35.23	37.69	37.73	76.84
Interest and Finance Charges	3.12	2.56	2.01	1.45	0.90
Interest on Security Deposits	0.72	0.72	0.72	0.72	0.72
Interest on Working Capital	12.06	35.00	49.83	50.17	65.87
Provision for bad debts	-	-	-	-	-
Contingency Reserve	-	-	-	-	-
Return on Equity Capital	5.94	5.94	5.94	5.94	5.94
Return on Capital Employed	25.39	57.61	62.72	59.24	103.62
Less: Non-Tariff Income	26.78	-	-	-	-
Less: Income from Wheeling Charges	1.57	39.82	54.75	53.56	57.83
Aggregate Revenue Requirement	**1441.43**	**3934.83**	**5585.35**	**5623.12**	**7390.82**

5.19. Revenue at Existing Tariff and Gap/ (Surplus) Analysis

Petitioner's submission

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

MUL has submitted that the projected revenue for FY 2025-26 at existing tariff works out to Rs. 1437.85 Crore, against the projected ARR of Rs. 1445.52 Crore. The consolidated Revenue Surplus including carrying cost of FY 2023-24 is Rs. 50.84 Crore. In view of the above, the Revenue Gap for FY 2025-26, considering consolidated Revenue Surplus of FY 2023-24 along with Carrying Cost on Revenue surplus for FY 2023-24, is given in the Table below:

Table 5-45 : Revenue Gap / (Surplus) with Existing Tariff as claimed for FY 2025-26

(Rs. Crore)

Sr. No.	Particulars	Claimed
1	Projected ARR for FY 2025-26	1,445.52
2	Add: Consolidated Revenue Gap/(Surplus) for FY 2023-24	(49.30)
3	Add: Consolidated Carrying/(Holding) Cost for FY 2023-24	(1.54)
4	Estimated Revenue from existing tariff for FY 2025-26	1,437.85
5	**Revenue Gap / (Surplus) for FY 2025-26**	**(43.17)**

Commission's analysis

Regulation 16.7 (c) of the GERC MYT Regulations, 2024 specifies that the carrying cost is computed on simple interest basis using the weighted average SBI MCLR for the relevant year. The Commission follows the concept of simple interest without carrying the interest amount forward to the carrying cost calculations of subsequent financial years.

Accordingly, the Commission computed the revenue Gap/(Surplus) for FY 2025-26 as given in the table below:

Table 5-46 : Revenue Gap / (Surplus) with Existing Tariff as claimed and allowed for FY 2025-26

(Rs. Crore)

Sr. No.	Particulars	Claimed	Approved
1	Projected ARR for FY 2025-26	1,445.52	1,441.43
2	Add: Consolidated Revenue Gap/(Surplus) for FY 2023-24	(49.30)	(51.31)
3	Add: Consolidated Carrying/(Holding) Cost for FY 2023-24	(1.54)	(8.80)
4	Estimated Revenue from existing tariff for FY 2025-26	1,437.85	1,437.85
5	**Revenue Gap / (Surplus) for FY 2025-26**	**(43.17)**	**(56.52)**

Accordingly, the Commission has approved a cumulative Revenue Surplus of Rs. 56.52 Crore for FY 2025-26.

6. Compliance of Directives

6.1. Existing directives

The Commission had issued following directives in the Tariff Order dated 1st June 2024 in case no. 2326 of 2024 and its compliance as filed by the Petitioner is follows:

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

Compliance submitted by MUL

The Petitioner submitted that as per Revamped Distribution Sector Scheme, private sector is not permitted to avail the benefits under the scheme. However, the Petitioner has planned to implement the SMRD (Smart Meter Reading Device) in FY 2024-25 in the license area of the Petitioner.

Commission View:

The Commission has noted the submission of the Petitioner. Further, the Commission notes that the project for installation of smart meters is under progress. The Petitioner has to expedite the process of installation of pre-paid smart meters and submit the plan with tentative timeline and quarterly status for the same.

Directive 2: Charging Infrastructure for Electric Vehicles

Compliance submitted by MUL

The Petitioner has submitted that it is having distribution license of the area, which is under development stage and currently, domestic electrical vehicles could not be located in the Petitioner license area. The Petitioner based on the discussion with the developer of the Mundra area have been planned to create the facility for heavy vehicle charging facility in the license area. The Petitioner along with developers have identified two nos of location for EV charging station at HT level. The One charging station has already been developed by the developer and MUL has provided the connection as HT – Electric Vehicle (EV) Charging Station as approved by the Commission.

Commission View:

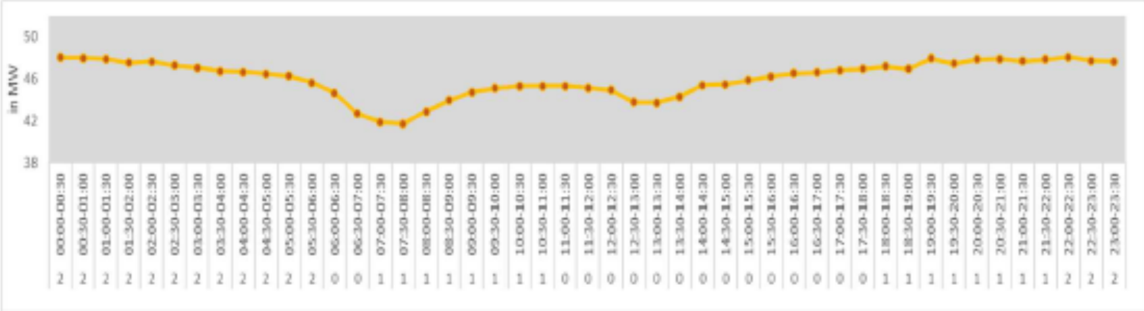
The Commission has noted the submission of the Petitioner. Further, the Commission notes that the Petitioner has identified 2 Nos of locations for EV charging stations at HT Level. The Petitioner is directed to submit quarterly status of CAPEX and Capitalization for the same. The Petitioner is also directed to keep separate accounts for expenses and revenue for EV Charging activities and submit the same along with every year Tariff Petition.

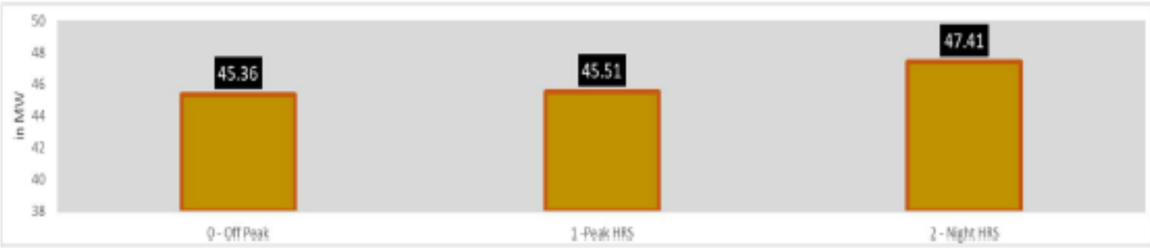
Directive 3: Time of Use Charges

Compliance submitted by MUL

The Petitioner has submitted the study report for FY 2022-23 during tariff petition vide case no. 2326 of 2024 wherein it had been observed that there is no significant variation during off-peak, peak & night hours during the year. The Hon'ble Commission noted the submission made by Petitioner in its order dated 01.06.2024 and directed the Petitioner to continuously study the consumption / load pattern of consumers for ascertaining the feasibility for implementing TOD charges.

In view of the above, the Petitioner has carried out the study of the load pattern for FY 2023-24. The aggregated average load of the consumers was recorded 76 MW wherein average load during off-peak, peak & night were recorded 77 MW, 78 MW & 77 MW respectively during the FY 2023-24. Thus, there is no significant variation during off-peak, peak & night hours. The aggregated half-hourly load pattern and Time slot wise load of the license area is as below.





Moreover, the majority of the consumers are of continuous process industries. Thus, they may not be able to reshuffle their load even in case tariff benefits to be provided to the consumers based on Time of Use. There may be unnecessary increase the complication for consumers to understand the calculation of the electricity bill without significant benefits in case implementation of Time of Use. In view of the above, the Petitioner is in the opinion that the implementation of Time of Use should be deferred for the time being in the license area of the Petitioner.

Commission View:

The Commission has noted the submission of the Petitioner. The Petitioner is directed to continuously study the consumption/ Load pattern of consumers for ascertaining the feasibility for implementing TOD Charges and submit the report of such study to the Commission along with the Petition.

Compliance to fresh directives issued in the order dated 01.06.2024

Directive: RPO

The Petitioner is directed to ensure fulfillment of RPO compliances in accordance with the RPO targets as may be notified by the Commission for FY 2025-26 and onwards.

Compliance submitted by MUL

The Petitioner submits that it has made all efforts to fulfil its RPO compliance in accordance with the RPO targets by the Commission through its GERC (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022 and subsequent amendments from time to time. The quarterly reports on the status of the same have been submitted by the Petitioner.

Commission View:

The Commission noted the submission of the Petitioner. The status of verification of the RPO compliance will be undertaken by the Commission in accordance with RPO Regulations as applicable. However, the Petitioner is required to strictly follow the RPO trajectory stipulated in the applicable Regulations and achieve the same.

Directive 5: CAPEX and Capitalization

The Petitioner is directed to ensure for optimum utilization of its existing assets before planning for new capital expenditure and estimate the capital expenses in a prudent manner in the petition for approval of ARR. The Petitioner is directed to submit the quarterly status report on the CAPEX & Capitalization as against approved by the Commission.

Compliance submitted by MUL

The Petitioner submits that the development of infrastructure has been undertaken in a phased manner, based on demand forecasts, in order to optimally utilize the network and optimize the cost of the infrastructure while keeping development plan aligned. The Petitioner has submitted a quarterly status report on the CAPEX approved by the Commission.

Commission View:

The commission notes the submission of the Petitioner in this regard.

Directive: Supervision Charges

In the true-up of FY 2023-24, it is observed that Petitioner has earned Revenue towards ‘Income in respect of Services rendered’, which pertains to recovery of 15%

supervision charges on infrastructure developed by the Developer / Co- developer and said Asset is in the Books of respective Developer / Co-Developer. The Commission directs the Petitioner to maintain a separate Asset Register for the Assets developed through supervision charges and submit the same to the Commission along with the Tariff Petitions. Further the Petitioner shall ensure that no capital expenditure for such assets is claimed by the Petitioner in the Tariff Petitions. The Petitioner shall be allowed to claim only O & M expenses on such assets.

Compliance submitted by MUL

The Petitioner submits that the separate Asset Register for the assets developed by Developer / Co-Developer through supervision charges is maintained by the Petitioner. The details of assets have been provided by the Petitioner. The Petitioner humbly submits that no capital expenditure & capitalization for the said assets is claimed in the Tariff Petitions. It is also to clarify that such an amount has neither been shown in Audited Accounts nor considered in the Gross Fixed Asset for the purpose of capitalization in the books of the Petitioner. However, the asset value is considered to derive the O &M expenses as allowed by the Commission vide its true-up order for FY 2022-23.

Commission View:

The commission notes the submission of the Petitioner in this regard.

6.2. Fresh Directives

1) The Commission directs MUL to get ESG disclosure done within FY 2025-26 and submit the report to the Commission.

7. Fuel and Power Purchase Adjustment Surcharge

7.1. Fuel and Power Purchase Adjustment Surcharge

Petitioner's submission

The petitioner submitted that GERC (MYT) Regulations, 2024, provided formula for calculation of FPPAS charges.

FPPAS Formula

Monthly FPPAS for Nth Month (%)

= [(A – B) * C + (D – E)] / [{Z * (1 – Distribution Loss in %/100)} * ABR]

Whereas,

(i) Nth Month = the month in which billing of FPPAS component is done. This FPPAS is due to changes in tariff for the power supplied in (n-2)th month.

(ii) A = is total unit procured in (n-2)th month (in kWh) from all source including Long term, Medium-term and Short-term Power purchases (To be taken from the bills issued to Distribution Licensees).

(iii) B = is bulk sale of power from all Sources in (n-2)th Month. (in kWh) = (to be taken from provisional accounts to be issued by State Load Dispatch Centre by the 10th day of each month).

(iv) C = is incremental Average Power Purchase Cost (including the change of fuel cost) = Actual average Power Purchase Cost (PPC) from all Sources in (n-2) month (Rs. / kWh) (computed) - Projected average Power Purchase Cost (PPC) from all Sources (Rs. / kWh)- (from tariff order).

(v) D = Actual Inter-state and Intra-State Transmission Charges in the (n-2)th Month, (From the bills by Transco's to Discom) (in Rs).

(vi) E = Base Cost of Transmission Charges for (n-2)th Month. = (Approved Transmission Charges/12) (in Rs).

(vii) Z = [{Actual Power purchased from all the sources outside the State in (n-2) th Month. (in kWh) * (1 – Interstate transmission losses in % /100) + Power purchased from all the sources within the State (in kWh)} * (1 – Intra-State losses in %) – B] /100 in kWh.

(viii) ABR = Average Billing Rate for the year as approved by the Commission (in Rs/kWh).

(ix) Distribution Losses (in %) = Target Distribution Losses as approved by the Commission

Commission View:

In connection with the 'Fuel and Power Purchase Adjustment Surcharge', the GERC (Multi-Year Tariff) Regulations, 2024 provides that

Computation of FPPAS:

(a) For these Regulations "Fuel and Power Purchase Adjustment Surcharge" (FPPAS) means the increase in cost of power, supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the Commission.

(b) FPPAS shall be calculated and billed to consumers, automatically, without going through regulatory approval process, on a monthly basis, according to the formula, prescribed by the Commission in these Regulations, subject to true up, on an annual basis:

Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these Regulations;

Provided further that the Distribution Licensee shall make quarterly submissions of the detailed FPPAS computations, duly supported by the documentary evidences, justifying such computations, along with details its charging and recovery from the consumers.

(c) FPPAS shall be computed and charged by the Distribution Licensee, in (n+2)th month, on the basis of actual variation, in cost of fuel and power purchase and Interstate Transmission Charges for the power procured during the nth month. For example, the FPPAS on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year:

Provided that in case the Distribution Licensee fails to compute and charge FPPAS within this time line, except in case of any force majeure condition, its right for recovery of costs on account of FPPAS shall be forfeited and in such cases, the right to recover the FPPAS determined during true-up shall also be forfeited.

(d) The Distribution Licensee may decide, FPPAS or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to consumers, but the carry forward of FPPAS shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total FPPAS for a Billing Month, including any carry forward of FPPAS over the previous month exceeds twenty per cent of variable component of approved tariff.

(e) The carry forward shall be recovered within one year or before the next tariff cycle whichever is earlier and the money recovered through FPPAS shall first be accounted towards the oldest carry forward portion of the FPPAS followed by the subsequent month.

(f) In case of carry forward of FPPAS, the carrying cost calculated on simple interest basis at the rate of one year SBI MCLR or any replacement thereof by SBI from time to time being in effect applicable for 1 year period, as applicable prevailing during the relevant year shall be allowed till the same is recovered through tariff and this carrying cost shall be trued up in the year under consideration.

(g) Depending upon quantum of FPPAS, the automatic pass through shall be adjusted in such a manner that,

i. If FPPAS ≤ 5%, 100% cost recoverable of FPPAS by Distribution Licensee shall be levied automatically using the formula.

ii. If FPPAS > 5%, 5% FPPAS shall be recoverable automatically as per item (i) of sub-paragraph (g) above. 90% of the balance FPPAS shall be recoverable automatically using the formula and the differential claim shall be recoverable after approval by the Commission during true up.

(h) The revenue recovered on account of pass through FPPAS by the Distribution Licensee, shall be trued up later for the year under consideration and the true up for any financial Year shall be completed by 30th June of the next financial year.

(i) In case of excess revenue recovered for the year against the FPPAS, the same shall be recovered from the Distribution Licensee at the time of true up along with its carrying cost to be charged at 1.20 times of the carrying cost rate approved by the Commission and the under recovery of FPPAS shall be allowed during true up, to be billed along with the automatic FPPAS amount.

Explanation: For example in the month of July, the automatic pass through component for the power supplied in May and FPPAS, if any, recoverable after true up for the month of April in the previous financial year, shall be billed.

(j) The Distribution Licensee shall submit such details, in the stipulated formats, of the variation between expenses incurred and FPPAS recovered, and the detailed computations and supporting documents, as required by the Commission, during true up of the normal tariff.

(k) To ensure smooth implementation of the FPPAS mechanism and its recovery, the Distribution Licensee shall ensure that its billing system is updated to take this into account and a unified billing system shall be implemented to ensure that there is a uniform billing system irrespective of the billing and metering vendor through interoperability or use of open source software as available.

(l) The Distribution Licensee shall publish all details including the FPPAS formula, calculation of monthly FPPAS and recovery of FPPAS (separately for automatic and approved portions) on its website and archive the same through a dedicated web address.

(m) Formula for Computation of FPPAS:

$$\text{Monthly FPPAS for Nth Month (\%)} = \frac{(\mathrm{A} - \mathrm{B}) * \mathrm{C} + (\mathrm{D} - \mathrm{E})}{\{\mathrm{Z} * (1 - \text{ Distribution losses in\%}/100)\} * \mathrm{ABR}}$$

Where,

Nth month means the month in which billing of FPPAS component is done. This FPPAS is due to changes in tariff for the power supplied in (n-2)th month

A is Total units procured in (n-2)th Month (in kWh) from all Sources including Long-term, Medium-term and Short-term Power purchases (To be taken from the bills issued to Distribution Licensees)

B is bulk sale of power from all Sources in (n-2)th Month. (in kWh) = (to be taken from provisional accounts to be issued by State Load Dispatch Centre by the 10th day of each month).

C is incremental Average Power Purchase Cost (including the change of fuel cost) = Actual average Power Purchase Cost (PPC) from all Sources in (n-2) month (Rs./ kWh) (computed) - Projected average Power Purchase Cost (PPC) from all Sources (Rs./ kWh)- (from tariff order)

D = Actual inter-state and Intra-State Transmission Charges in the (n-2)th Month, (From the bills by Transcos to Discom) (in Rs)

E = Base Cost of Transmission Charges for (n-2)th Month. = (Approved Transmission Charges/12) (in Rs)

Z = [{Actual Power purchased from all the sources outside the State in (n-2) th Month. (in kWh)*(1 – Interstate transmission losses in % /100) + Power purchased from all the sources within the State(in kWh)}*(1 – Intra-State losses in %) – B]/100 in kWh

ABR = Average Billing Rate for the year as approved by the Commission (in Rs/kWh)

Distribution Losses (in %) = Target Distribution Losses as approved by the Commission

Inter-state transmission Losses (in %) as approved by the Commission

Note:

The Power Purchase Cost shall exclude any charges on account of Deviation Settlement Mechanism.

Other charges which include Ancillary Services and Security Constrained Economic Despatch shall not be included in Fuel and Power Purchase Adjustment Surcharge and adjusted though the true-up approved by the Commission."

Computation of FPPAS for the FY 2025-26:

It is required to compute and bill monthly FPPAS in accordance with the above formula. Further for the computation of monthly FPPAS during FY 2025-26, it is required to consider -

Particular	MOU	FY 2025-26
Projected Energy Requirement	MUs	2580.95
Approved Power Purchase Cost (Excluding Transmission Charges)	Crore	1346.51
Approved average Power Purchase Cost (PPC)	Per unit	5.22
Base Cost of Transmission Charges (Monthly)	Crore	4.35
Distribution Losses	%	2.61%
Average Billing Rate for the Year	Per unit	5.82
Inter-State and Intra-State Transmission Losses		As actual

Monthly FPPAS computed in %, in accordance with the MYT Regulations shall be applicable to Energy Charge + Base FPPAS and Fixed/ Demand Charge (Not on Excess Demand Charges, ToU Charges or other rebate/penalties).

8. Wheeling Charges and Cross Subsidy Surcharge

8.1. Wheeling Charges

Regulation 98 of the GERC (MYT) Regulations, 2024, stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in its ARR and Tariff Order. Accordingly, the Commission has reviewed submission of MUL in this regard and accordingly determined the wheeling charges at HT and LT levels, for long term (LT), medium term (MT) and short term (ST) open access consumers.

Petitioner's submission

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

Table 8-1 : Allocation Matrix for segregation to Wires and Retail Supply Business claimed for FY 2025-26

(%)

Cost Component	Wire Business (%)	Retail Supply Business (%)	Total
Power Purchase Expenses	0%	100%	100%
Intra-State Transmission Charges	0%	100%	100%
SLDC Fees & Charges	0%	100%	100%
Employee Expenses	60%	40%	100%
Administrative & General Expenses	50%	50%	100%
Repairs & Maintenance Expenses	90%	10%	100%
Depreciation	90%	10%	100%
Interest on long term Loans Capital	90%	10%	100%
Interest on WC and Security Deposit	10%	90%	100%
Bad Debts Written off	0%	100%	100%
Contribution to Contingency Reserve	100%	0%	100%
Return on Equity	90%	10%	100%
Return on Capital Employed	90%	10%	100%
Non-Tariff Income	10%	90%	100%

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

Table 8-2 : Allocation Matrix for segregation to Wires and Retail Supply Business claimed for FY 2025-26

(Rs. Crore)

Particulars	Wire Business (Rs. Cr.)	Retail Supply Business (Rs. Cr.)
Power purchase expenses	-	1,398.68
O&M expenses	**10.77**	**6.15**
Employee expenses	2.46	1.64
R& M expenses	4.27	0.47
A&G expenses	4.04	4.04
Depreciation	7.93	0.88
Interest on long term loans	3.51	0.39
Interest on Security Deposit	0.07	0.65
Interest on working capital	1.20	10.84
Provision for bad debts	-	-
Contingency reserve	-	-
Revenue expenditure	**23.49**	**1,417.59**
Return on equity	5.34	0.59
Return on Capital Employed	24.17	2.69
Less: Non-tariff income	2.68	24.10
ARR	**50.32**	**1,396.77**

a. ARR of Wire Business: Rs. 50.32 Crore
b. ARR of Retail Supply Business: Rs. 1396.77 Crore

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

Commission's analysis

The Commission, in order to compute the Wheeling Charges and Cross-Subsidy Surcharge, has considered the allocation matrix between the Wheeling and Retail Supply Business as specified in Regulations 94.1 of the GERC (MYT) Regulations, 2024. However, the Commission would like to state that as per Regulations 94.1 of the GERC (MYT) Regulations, 2024, the wheeling charges is required to be segregated on the basis of segregated accounts of Distribution Wires Business and Retail Supply Business. Accordingly, the Petitioner is directed to maintain separate books of accounts for the Distribution Wire Business and Retail Supply Business from the second year of Control Period, the failure of which will result in penalty as per Regulation 35.13 of GERC (MYT)

Regulations, 2024. Further, the Guidelines as specified in Annexure V of GERC (MYT) Regulations, 2024 needs to be considered for the segregation of Wire and Supply business.

However, FY 2025-26 being the first year of the MYT Control Period and the direction to maintain separate account is applicable from second year of the Control Period, the Commission has considered the allocation matrix thereof as provided in the GERC (MYT) Regulation, 2024 and has approved the ARR for Wires and Retail Supply Business for FY 2025-26 is shown in the Table below:

Table 8-3 : Allocation Matrix for segregation to Wires and Retail Supply Business as per the GERC (MYT) Regulations, 2024

(%)

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

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

Table 8-4 : Allocation Matrix for segregation to Wires and Retail Supply Business approved for FY 2025-26

(Rs. Crore)

Particular	Wire Wireiss (%)	Retail Supply Retail Business (%)
Power Purchase Expenses	0.00	1398.68
Employee Expenses	2.31	1.54
A&G Expenses	3.81	3.81
R&M Expenses	3.24	0.36

Particular	Wire Wireiss (%)	Retail Supply Retail Business (%)
Depreciation	7.93	0.88
Interest and Finance Charges	2.81	0.31
Interest on Working Capital and Consumer Security Deposit	1.28	11.50
Provision for Bad Debts	-	-
Contingency Reserve	-	-
Return on Equity Capital	5.34	0.59
Return on Capital Employed	22.85	2.54
Less: Non-Tariff Income	2.68	24.10
Less: Income from Wheeling Charges	0.16	1.41
Aggregate Revenue Requirement	**46.73**	**1394.70**

8.2. Determination of Wheeling Charges

Petitioner's submission

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

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

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

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

The GFA of the Petitioner at the end of year FY 2023-24 is Rs. 214.50 Crore. The Petitioner has segregated GFA of FY 2023-24 among HT level (11 kV and above) and LT Voltage level to arrive voltage level wise Wheeling charges.

The consumer's demand & consumption is more at 11 kV and above, while there are very few at LT level in the license area of Petitioner. Hence, the GFA segregated at 11 kV and above is 99%, whereas it is only 1% at LT Level which is shown in the below table:

Table 8-5 : Voltage level wise GFA Ratio

Particular	GFA (Rs. In Crore)	GFA (%)
HT level (11 KV & Above)	212.66	99.00%
LT level	1.84	1.00%
Total	214.50	100.00%

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

The Petitioner submitted that expected system peak demand for its Supply Area for the year FY 2025-26 is 527.31 MVA. The contract demand of HT and LT consumers is 521.44 MVA and 5.87 MVA, respectively for the year 2025-26. Hence, 99% of the contract demand of HT consumers contributes to the system peak demand.

Table 8-6 : Peak Demand contribution

	Peak Demand (MVA)	Peak Demand (%)
System Peak Demand	527.31	100.00%
HT (11 KV & Above) consumer	521.44	99.00%
LT consumer	5.87	1.00%

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

Table 8-7 : Wheeling Charges as claimed for FY 2025-26

Particular	Wheeling Charge
First Level Segregation of ARR (Rs. Cr.)	
HT Voltage Level	49.77
LT Voltage Level	0.56
Total ARR	50.32
Second Level Segregation of ARR (Rs. Cr.)	
HT Voltage Level	49.21

Particular	Wheeling Charge
LT Voltage Level	1.11
Total ARR	50.32
Wheeling Charges in Rs. / kWh	
HT Voltage Level	0.20
LT Voltage Level	2.76

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

Table 8-8 : Wheeling Losses as claimed for FY 2025-26

(%)

Particular	Wheeling Losses (%)
HT Voltage Level	2.50 %
LT Voltage Level	6.00%

Commission's analysis

The Commission has determined the ARR of the Wires Business for FY 2025-26 in earlier Section, as Rs. 46.73 Crore. The ARR is first apportioned between the HT and LT Voltage level in the ratio of 99:1, as claimed by the Petitioner based on the respective GFA. MUL has submitted that HT consumers contribute to 99% of the system peak demand, hence, the HT ARR is further apportioned in the ratio of 99:1. To determine the Wheeling Charges for the HT and LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Based on the above, the wheeling charges are approved as given in the Table below:

Table 8-9 : Wheeling Charges as approved for FY 2025-26

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	46.33
LT Voltage	0.40
Total	46.73
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	45.82
LT Voltage	0.92
Total	46.73
Wheeling Charges in Rs. / kWh	

Particulars	
HT Voltage	**0.19**
LT Voltage	**2.27**

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

Table 8-10 : Wheeling Losses of FY 2025-26 as approved by the Commission

(%)

Particulars	**Wheeling Losses**
HT Category	2.50%
LT Category	6.00%

8.3. Cross Subsidy Surcharge

Petitioner's submission

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

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

Where:

S is the Surcharge

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

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

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

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

R is the per unit cost of carrying regulatory asset:

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

Table 8-11 : Cross subsidy surcharge claimed for FY 2025-26

(Rs. /kWh)

S. No.	Particular	HT Category
1	T – Tariff for HT category	5.82
2	C - PPC: Average cost of power Purchase	5.42
3	D- Wheeling charges for HT category	0.20
4	L – Loss for HT category (%)	2.50%
5	S= Cross subsidy surcharge	0.06

Commission's analysis

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

S = T – [C / (1 - L/100) + D + R] Where,

S is the surcharge

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

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

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

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

R is the per unit cost of carrying regulatory assets

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

Table 8-12 : Cross Subsidy Surcharge approved for FY 2025-26

(Rs./kWh)

S. No.	Particulars	HT Category
1	T – Tariff for HT category	5.83
2	C – Wt. Average cost of power Purchase	5.42
3	D - Wheeling charges for HT category	0.19
4	L – Aggregate T&D Loss (%)	2.50%

5	**S = Cross subsidy surcharge**	**0.09**

S= 5.83- (5.42/(1-2.50%)+0.19+0)

Thus, CSS as per Tariff policy is Rs. 0.09/kWh.

According to Rule 13 of the Electricity (Amendment) Rules, 2022 notified by Ministry of Power, Government of India, the surcharge determined by the State Commission shall not exceed 20% of the Average Cost of Supply. The Cross Subsidy Surcharge

worked out as per above, is well below the 20% of the Average Cost of Supply.

Accordingly, the Commission approves Cross Subsidy Surcharge at Rs. 0.09 per kWh for FY 2025-26.

9. Tariff Philosophy and Tariff Proposals

9.1. Introduction

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and the GERC (MYT) Regulations, 2024 notified by the Commission.

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

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

9.2. MUL's Tariff Proposal

MUL submitted that the sales for FY 2025-26 would be 2470 MUs and the projected ARR for FY 2025-26 would be Rs. 1445.52 Cr. The revenue surplus and carrying cost of the previous year as on FY 2025-26 comes to Rs. 50.84 Cr. Thus, the total projected ARR for FY 2025-26 comes to Rs. 1394.68 Cr. After considering the revenue surplus of the previous year. The estimated revenue at existing tariff would be Rs. 1437.85 Crore. Thus, the final revenue gap of FY 2025-26 will be Rs. 43.17 Crore.

In view of above scenario, the Petitioner has proposed to continue with the existing tariff for FY 2025-26. Any shortfall will be considered at the time of true-up for FY 2025-26.

9.3. Commission's analysis

As discussed in the previous sections, the Commission has approved a cumulative Revenue Surplus of Rs. 56.52 Crore at existing tariff. Thus, the Commission has decided to continue with the existing tariff for FY 2025-26. Any deviation will be considered at the time of true-up for FY 2025-26. However, in line with approach followed in the previous Tariff Order, the rate for optional Green Tariff has been considered as per the Tariff Orders of State-owned Distribution Licensees. Further, detailed conditions are mentioned in the General Term and Conditions section.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for MPSEZ Utilities Ltd. (MUL) for FY 2025-26, as shown in the Table below:

ARR approved by the Commission for FY 2025-26

(Rs. Crore)

Particulars	FY 2025-26
Power Purchase Expenses	1398.68
O&M Expenses	15.06
Depreciation	8.82
Interest and Finance Charges	3.12
Interest on Security Deposits	0.72
Interest on Working Capital	12.06
Provision for Bad Debts	-
Contingency Reserve	-
Total Revenue Requirement	**1438.46**
Return on Equity Capital	5.94
Return on Capital Employed	25.39
Aggregate Revenue Requirement	**1469.78**
Less: Non-Tariff Income	26.78
Less: Income from Wheeling Charges	1.57
Net Aggregate Revenue Requirement	**1441.43**

The Retail Supply Tariffs for MUL determined by the Commission are annexed to this Order and it shall come into force with effect from 1st April, 2025.

The rate shall be applicable for the electricity consumption from 1st April, 2025 onwards.

-Sd-	-Sd-	-Sd-
S. R. PANDEY	**MEHUL M. GANDHI**	**ANIL MUKIM**
Member	**Member**	**Chairman**

Place: Gandhinagar
Date: 29/03/2025

ANNEXURE: TARIFF SCHEDULE

Tariff Schedule for license area of MPSEZ Utilities Ltd. (MUL) Effective from 1st April, 2025

General Conditions

1. This tariff schedule is applicable to all the consumers of MUL in License area of Mundra SEZ.
2. All these tariffs for power supply are applicable to only one point of supply.
3. The energy bills shall be paid by the consumer within 10 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date of bill to the date of payment of bill.
4. The power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
5. The various provisions of the GERC (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, 2005 except Meter Charges, will continue to apply.
6. The charges specified in the tariff are on monthly basis, MUL shall adjust the rates according to billing period applicable to consumer.
7. Conversion of Ratings of electrical appliances and equipment from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
8. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo-Watt (HP or kW) as the case may be.
9. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).
10. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.
11. Contract Demand shall mean the maximum KVA for the supply which MUL undertakes to provide facilities to the consumer from time to time.

12. For computation of Fixed Charges, they will be computed on 85 % of Contract Demand at Unity Power Factor or Actual whichever is higher on monthly basis.
13. Maximum Demand in a month means the highest value of average KVA delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.
14. Payment of penal charges for usage in excess of contract demand/load for any billing period does not entitle the consumer to draw in excess of contract demand/load as a matter of right. The levy of penal charge is in addition to other rights of MPSEZ Utilities Limited under the provisions of the Electricity Act, 2003 and Regulations notified there under.
15. The Fixed Charges, Minimum Charges, Demand Charges and the slabs of consumption of energy for Energy Charges mentioned shall not be subject to any adjustment on account of existence of any broken period within Billing Period arising from consumer supply being connected or disconnected any time within the duration of Billing Period for any reason.
16. The Fuel and Power Purchase Adjustment Surcharge shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.
17. These rates are exclusive of Electricity Duty, Tax on sale of electricity, Customs Duty, Taxes and other charges levied / may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk / retail supplies from time to time in which are payable by consumers, in addition to the charges levied as per the tariff.
18. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and MUL shall be entitled to take any other action deemed necessary and authorized under the Act.
19. Green Power Tariff
    - Green Power Tariff of Rs 0.90 / kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting

for meeting their demand of green energy.

- All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
- This option can be exercised by consumer giving billing cycle notice to the Distribution Licensee in writing before commencement of billing period.

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

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

1. **RATE: Residential**

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

1.1. FIXED CHARGE

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

For BPL household consumers*

Fixed Charges	Rs. 5 per month per installation

1.2. ENERGY CHARGE

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

For BPL household consumers*

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

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

1.3. MINIMUM BILL

Payment of fixed charges as specified in 1.1 above.

2. **RATE: Commercial (Non Demand)**

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

2.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per month per installation

2.2. ENERGY CHARGE

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

2.3. MINIMUM BILL

Payment of fixed charges as specified in 2.1 above.

3. <u>RATE: Commercial (Demand)</u>

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

3.1. FIXED CHARGE

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

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

B) For Billing Demand in excess of the Contract Demand

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

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

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. Six kVA

3.2 ENERGY CHARGE

A flat rate of	370 Paisa per Unit

3.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

3.4. MINIMUM BILL

Payment of fixed charges as specified in 3.1 above.

4. RATE: Industrial (Non- Demand)

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

4.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per Month per installation

4.2. ENERGY CHARGE

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

4.3. MINIMUM BILL

Payment of fixed charges as specified in 4.1 above.

5. RATE: Industrial (Demand)

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

5.1 FIXED CHARGE

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

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

B) For Billing Demand in excess of the Contract Demand

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

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

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. Six kVA

5.2 ENERGY CHARGE

A flat rate of	370 Paisa per Unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

5.4. MINIMUM BILL

Payment of fixed charges as specified in 5.1 above.

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

Applicable to lighting systems for illumination of public roads

6.1. ENERGY CHARGE

A flat rate of	420 Paise per Unit

7. RATE: Temporary

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

7.1 FIXED CHARGE

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

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

B) For Billing Demand in excess of the Contract Demand

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

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

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand.

7.2 ENERGY CHARGE

A flat rate of	445 Paise per unit

7.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

7.4. MINIMUM BILL

Payment of fixed charges as specified in 7.1 above.

8. RATE: LT-Electric Vehicle (EV) Charging Stations

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

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

8.1 FIXED CHARGE

Rs. 25 per month per installation

PLUS

8.2 ENERGY CHARGE

Energy Charge	415 Paise per Unit

PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

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

9. <u>RATE: HTMD - 1</u>

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

9.1 FIXED CHARGE

A) For the Billing Demand of customer having

a. Contract demand up to 500 kVA

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

b. Contract demand above 500 kVA

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

B) For Billing Demand in excess of the Contract Demand

a. Contract demand up to 500 kVA

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

b. Contract demand above 500 kVA

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

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

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA.

9.2 ENERGY CHARGE

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

9.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

9.4 REBATE FOR SUPPLY AT EHV

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

9.5. MINIMUM BILL

Payment of fixed charges as specified in 9.1 above.

10. <u>RATE: HTMD - II</u>

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

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

10.1 FIXED CHARGE

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

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

B) For Billing Demand in excess of the Contract Demand

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

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

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA

10.2 ENERGY CHARGE

A flat rate of	545 Paise per unit

10.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

10.4 REBATE FOR SUPPLY AT EHV

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

10.5. MINIMUM BILL

Payment of fixed charges as specified in 10.1 above.

11. <u>RATE: HTMD – III</u>

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

11.1 FIXED CHARGE

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

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

B) For billing demand in excess of the contract demand

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

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

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

OR

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

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

11.2 ENERGY CHARGE

A flat rate of	370 Paise per unit

11.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

11.4 Rebate for Supply at EHV

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

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

11.5 MINIMUM BILL

Payment of fixed charges as specified in 11.1 above.

12. <u>RATE: HTMD-IV</u>

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

12.1 FIXED CHARGE

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

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

B) For billing demand in excess of the contract demand

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

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

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

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

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

12.2 ENERGY CHARGE

A flat rate of	370 Paise per unit

12.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

12.4 Rebate for Supply at EHV

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

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

12.5 MINIMUM BILL

Payment of fixed charges as specified in 12.1 above.

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

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

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

13.1 FIXED CHARGE

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

PLUS

13.2 ENERGY CHARGE

Energy Charge	410 Paise per Unit

14 RATE: Railway Traction

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

14.1 FIXED CHARGE

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

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

B) For billing demand in excess of the contract demand

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

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

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

14.2 ENERGY CHARGE

For all unit consumed during the	590 Paise

14.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

For each 1% decrease in the power factor below 90%	Penalty of 3.00 Paise per unit

14.4 Rebate for Supply at EHV

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

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

14.5 MINIMUM BILL

Payment of fixed charges as specified in 14.1 above.