

**GUJARAT ELECTRICITY REGULATORY COMMISSION
(GERC)**



Tariff Order

Truing up for FY 2024-25,
Approval of Revised ARR for FY 2026-27 and
Determination of Tariff for FY 2026-27

For

**MPSEZ Utilities Limited
(MUL)**

Case No. 2589 of 2025

25th March, 2026

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सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

GANDHINAGAR

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ABBREVIATIONS

A&G	Administrative and General
AMR	Automated Meter Reader
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Control Period	The period from FY 2025-26 to FY 2029-30
CSS	Cross-Subsidy Surcharge
CTU	Central Transmission Utility
CWIP	Capital Work In Progress
DISCOM	Distribution Company
DPC	Delayed Payment Charges
EA 2003	Electricity Act, 2003
EHT	Extra High Tension
EHV	Extra High Voltage
FPPAS	Fuel and Power Purchase Adjustment Surcharge
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
MU	Million Units (Million kWh)
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi-Year Tariff
NRGP	Non-Residential General Purpose
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



MPSEZ Utilities Limited
Truing up for FY 2024-25, Approval of Revised ARR for FY 2026-27 and Determination of
Tariff for FY 2026-27

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. 2489 of 2025

Date of the Order: 25th March, 2026

CORAM

Pankaj Joshi, Chairman

Hiren Shah, Member

Jatin N. Thakkar, Member

ORDER



1. Background and Brief History

1.1. About MPSEZ Utilities Limited (MUL)

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.

The Commission issued Distribution Licence No. 6 of 2016 to MPSEZ Utilities Private Limited in pursuance to Order dated 17.08.2015 in Suo-Motu Petition No. 1446/2014.

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 Licence 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 for 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. 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.

1.3. Commission’s Order for Truing up for FY 2023-24, Approval of Multi-Year ARR for FY 2025-26 to FY 2029-30 and Determination of Tariff for FY 2025-26

The Petitioner had filed its Petition for Truing up for FY 2023-24, determination of ARR for MYT Control Period from FY 2025-26 to FY 2029-30 and determination of Tariff for FY 2025-26 on 30.11.2024. The Petition was registered on 16.12.2024 (as Case No. 2430 of 2024). The Commission vide Order dated 29.03.2025 approved the Truing up for FY 2023-24, determined the ARR for MYT Control Period from FY 2025-26 to FY 2029-30, and determined the Tariff for FY 2025-26.

1.4. Background of the present Petition

The Gujarat Electricity Regulatory Commission (hereinafter referred to as ‘GERC’ or the ‘Commission’) notified the GERC (Multi-Year Tariff) Regulations, 2016 (hereinafter referred to as “GERC (MYT) Regulations, 2016”) for the Control Period from FY 2016-17 to FY 2020-21. Subsequently, the Commission vide Orders dated 24/09/2021, 20/10/2022 and 05/12/2023 in Suo Motu Petitions 1995/2021, 2140/2022 and 2264/2023, respectively, extended the applicability of these Regulations 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 notified the GERC (Multi-Year Tariff) Regulations, 2024 (hereinafter referred to as “GERC (MYT) Regulations, 2024”) for the Control Period from FY 2025-26 to FY 2029-30. Regulation 16.3.6 of the GERC (MYT) Regulations, 2024 provides that the Truing up for FY 2024-25, or for any financial year prior to FY 2024-25 for which truing up is yet to be completed, shall be carried out in accordance with the GERC (MYT) Regulations, 2016.



Further, determination of revised ARR and Tariff for FY 2026-27 is based on the principles and methodology as provided in the GERC (MYT) Regulations, 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 GERC (MYT) Regulations, 2016 for the True up for FY 2024-25 and the GERC (MYT) Regulations, 2024 for the approval of Revised ARR and Tariff Determination for FY 2026-27.

1.5. Registration of the Current Petition and Public Hearing

The Petitioner submitted the current Petition for approval of the Truing up for FY 2024-25, determination of Revised ARR and Tariff for FY 2026-27 on 29.11.2025. The Petition was registered on 10.12.2025 (as Case No. 2589 of 2025) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016 and Regulation 25.1 of GERC (MYT) Regulations, 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	17/12/2025
2	Katch Uday (Gandhidham Edition)	Gujarati	17/12/2025

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 17/01/2026. 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 order 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	12/02/2026
2	Divya Bhaskar	Gujarati	12/02/2026
3	Sandesh	Gujarati	12/02/2026

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 on 24/02/2026.

1.6. Approach of this Order

The GERC (MYT) Regulations, 2016 and GERC (MYT) Regulations, 2024 provides for Truing up for FY 2024-25 in accordance with the provisions of GERC (MYT) Regulations, 2016 and determination of Revised ARR and Tariff for FY 2026-27 in accordance with GERC (MYT) Regulations, 2024.

MUL has approached the Commission with the present Petition for the Truing up for FY 2024-25 and approval of Revised ARR and determination of Tariff for FY 2026-27.

The Commission has undertaken the Truing up for FY 2024-25 in accordance with the provisions of GERC (MYT) Regulations, 2016, considering the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2024-25, based on the Annual Accounts and ARR for FY 2024-25 approved in the Tariff Order dated 1.06.2024 in Case No. 2326 of 2024.

For Truing up of FY 2024-25, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved in the Tariff Order dated 01.06.2024, 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 2024-25 has been considered and carried out in accordance with the principles and methodologies laid down in the GERC (MYT) Regulations, 2016.

Approval of Revised ARR for FY 2026-27 and determination of Tariff for FY 2026-27 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 the Truing up for FY 2024-25.
5. The **Fifth Chapter** deals with Approval of Revised ARR for FY 2026-27 and Determination of Tariff for FY 2026-27.
6. The **Sixth Chapter** deals with the Fuel and Power Purchase Adjustment Surcharge.
7. The **Seventh Chapter** deals with Determination of the Wheeling Charges and Cross-Subsidy Surcharge for FY 2026-27.
8. The **Eighth Chapter** deals with Compliance of Directives.
9. The **Nine Chapter** deals with the Tariff Philosophy and Tariff Proposal.



2. Summary of MUL's Petition

2.1. Introduction

This Chapter deals with highlights of the Petition as submitted by MUL for Truing up for FY 2024-25, Approval of Revised ARR for FY 2026-27 and Determination of Tariff for FY 2026-27.

2.2. True-up for FY 2024-25

A summary of the ARR claimed in Truing-up for FY 2024-25 compared with the ARR approved for FY 2024-25 in Order dated 1.06.2024 is presented in the Table below along with the item-wise Gain/(Loss) computations as submitted by MUL:

Table 2-1 : True-up ARR claimed for FY 2024-25

(Rs. Crore)

Particulars	FY 2024-25				
	Approved	Actual	Under (+) / Over (-) Recovery	Gain/(Loss) s) due to Controlla ble Factor	Gain/(Loss) due to Uncontrollable factor
Power purchase expenses	1,194.07	489.91	704.16	-	704.16
O & M expenses	13.18	15.80	(2.62)	-	(2.62)
Depreciation	8.89	4.59	4.30	-	4.30
Interest on LT loans & Finance Charges	6.79	2.39	4.40	-	4.40
Interest on security deposit	0.52	0.50	0.02	-	0.02
Interest on working capital	10.83	4.41	6.42	-	6.42
Bad Debts Written off	-	0.45	(0.45)	-	(0.45)
Contribution to Contingency Reserves	-	-	-	-	-
Total Revenue Expenditure	1,234.29	518.06	716.23	-	726.23
Return on Equity Capital	7.61	3.93	3.69	-	3.69
Income Tax	5.87	1.76	4.11	-	4.11
Aggregate Revenue Requirement	1,247.77	523.74	724.03	-	724.03
Less: Non-tariff income	10.93	8.79	2.14	-	2.14
Aggregate Revenue Requirement	1,236.84	514.95	721.88	-	721.88



2.3. Revenue Surplus/(Gap) for FY 2024-25

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

Table 2-2 : True up for FY 2024-25 as claimed by MUL

Sr. No.	Particular	Claimed (Rs. Crore)
1	ARR Approved as per the Tariff Order dated 1.06.2023 (A)	1,236.84
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)	721.88
4	Trued-up ARR for FY 2024-25, D= (A-B-C)	514.95

MUL submitted that the trued up ARR for FY 2024-25 is Rs. 514.95 Crore after sharing of gains and losses and the revenue from sales of power is Rs. 548.50 Crore. Thus, Revenue Surplus for FY 2024-25 works out to Rs. 33.55 Crore. The Commission in its Tariff Order dated 1.06.2024 had approved consolidated Revenue Surplus of Rs. 20.90 Crore for FY 2022-23 and holding cost of Rs. 3.26 Crore on Revenue Surplus of FY 2022-23 for FY 2023-24 and 2024-25 as per the 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 2024-25:

Table 2-3 : Consolidated Revenue Surplus/(Gap) claimed for FY 2024-25

Particulars	Actual Claimed (Rs. Crore)
Aggregate Revenue Requirement	514.95
Revenue from sale of power	548.50
Net Revenue Surplus/(Gap) for FY 2024-25	33.55
Add: Approved Consolidated Surplus/(Gap) for FY 2022-23	20.90
Add: Holding/(Carrying) cost on revenue surplus/(gap) of FY 2022-23 for FY 2023-24 & FY 2024-25	3.26
Consolidated Revenue Surplus/(Gap) for FY 2024-25	57.71

2.4. Revised Aggregate Revenue Requirement (ARR) for FY 2026-27

MUL has sought approval for Revised Aggregate Revenue Requirement for FY 2026-27 estimated as under:



Table 2-4 : Revised ARR proposed for FY 2026-27

Particulars	Approved	Revised
Power Purchase Expenses	3,812.31	3,150.80
O&M Expenses	25.29	25.29
Depreciation	35.23	34.04
Interest and Finance Charges	2.56	1.36
Interest on Security Deposits	0.72	0.66
Interest on Working Capital	35.00	26.84
Provision for bad debts	-	-
Contingency Reserve	-	-
Total Revenue Expenditure	3,911.11	3,239.00
Return on Equity Capital	5.94	4.47
Return on Capital Employed	57.61	63.84
Aggregate Revenue Expenditure	3,974.65	3,307.31
Less: Non-Tariff Income	-	-
Less: Income from Wheeling Charges	39.82	42.92
Aggregate Revenue Requirement	3,934.83	3,264.38

2.5. Revenue Surplus/(Gap) for FY 2026-27

Based on the Revised ARR for FY 2026-27 given in the Table above, the estimated Revenue Gap for FY 2026-27 at existing tariff is shown in the following Table.

Table 2-5 : Estimated Revenue Surplus/(Gap) for FY 2026-27

Sr. No.	Particulars	Actual Claimed
1	Projected ARR for FY 2026-27	3,264.38
2	Less: Consolidated Revenue Surplus/(Gap) for FY 2024-25	54.45
3	Less: Consolidated Holding/(Carrying) Cost up to FY 2024-25	3.26
4	Estimated Revenue from existing tariff for FY 2026-27	2,920.09
5	Revenue Surplus/(Gap) for FY 2026-27	(286.58)

2.6. Tariff proposal for FY 2026-27

The Petitioner submitted that its Licence area is currently under the development stage, wherein several industrial consumers have commenced the construction of their respective Units. The Petitioner, in coordination with the developer of the Zone, is continuously engaging with these upcoming Units and monitoring the anticipated commissioning of their Unit. Accordingly, the Petitioner is aligning their infrastructure development. Hence, the revised ARR and anticipated revenue for FY 2026-27 are



contingent upon the pace of establishment and operationalization of these consumers. In view of the above, the Petitioner proposed to continue with the existing tariff. Any Gap or Surplus shall be worked out at the time of Truing up and appropriately adjusted in subsequent years, once load demand of major consumers stabilizes.

2.7. Prayers of MUL

- a). Admit the Petition for the Truing up of ARR for FY 2024-25 as per the GERC (MYT) Regulations, 2016 and revised ARR for FY 2026-27 and Determination of Tariff for FY 2026-27 as per the GERC (MYT) Regulations, 2024;
- b). Approve the True-up for FY 2024-25 and allow sharing of gains / losses as proposed by the Petitioner for FY 2024-25 as per the GERC (MYT) Regulations, 2016;
- c). Approve revised Aggregate Revenue Requirement for FY 2026-27;
- d). Approve consolidated revenue gap / surplus for FY 2024-25;
- e). Approve the estimates and gap/surplus for FY 2026-27 and carry forward the same;
- f). Approve wheeling ARR and corresponding charges for wheeling of power with effect from 01.04.2026;
- 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 issued and the Public Hearing conducted for inviting objections / suggestions on the Petition filed by MUL for Truing up for FY 2024-25 under the GERC (MYT) Regulations, 2016 and Approval of Revised ARR for FY 2026-27 Determination of Tariff for FY 2026-27 under the GERC (MYT) Regulations, 2024, no objections / suggestions were received from any stakeholder.



4. Truing up for FY 2024-25

4.1. Introduction

This Chapter deals with the Truing up for FY 2024-25 of MUL. The Commission has analyzed each of the components of the ARR for FY 2024-25 in the following paragraphs.

4.2. Energy Sales

Petitioner's submission

MUL has submitted the actual energy sales for FY 2024-25 as shown in the Table below.

Table 4-1 : Energy Sales claimed for FY 2024-25

Particulars	FY 2024-25	
	Approved	Actual
HT Category		
HTMD-I (Commercial)	264.20	207.07
HTMD-I (Industrial)	1,713.78	697.40
HTMD-II	56.76	7.97
HTMD-III	8.28	5.32
HTMD-IV	1.94	2.15
HTMD-EV Charging Station	-	6.92
Traction	53.61	14.96
Low Voltage Category		
Residential	-	-
Commercial (Non-Demand)	-	-
Commercial (Demand)	3.00	2.99
Industrial (Non-Demand)	-	-
Industrial (Demand)	0.16	0.21
Street Lights	0.42	0.43
Temporary	-	0.07
LT-EV Charging Stations	-	-
Total Sales	2,102.15	945.48

MUL submitted that the deviation in energy sales was primarily due to variation in demand from consumers. Due to delays in the commissioning of certain Units and lower production than anticipated, the growth in demand and sales was lower than



projected.

Commission's analysis

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

The energy sales have also been verified and confirmed from the Audited Accounts for FY 2024-25 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 2024-25 are approved as shown in the Table below:

Table 4-2 : Energy Sales approved for FY 2024-25

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Energy Sales	2,102.15	945.48	945.48

(MU)

Accordingly, the Commission approves the energy sales of 945.48 MU in the Truing up for FY 2024-25.

4.3. Distribution Losses

Petitioner's submission

MUL submitted the actual Distribution Losses for FY 2024-25 as shown in the Table below.

Table 4-3 : Distribution Losses claimed for FY 2024-25

Particulars	Approved in the Tariff Order	Actual claimed
Distribution Losses	2.94%	2.32%

MUL submitted that it has considered the Distribution Losses as uncontrollable, as the network of the Petitioner is not yet optimally utilized.



Commission’s analysis

The distribution network in the licence area of MUL is yet to be fully established and the consumer load is also yet to stabilize. Hence, the actual Distribution Losses of MUL are considered uncontrollable:

Table 4-4 : Distribution Losses approved for FY 2024-25

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Distribution Losses	2.94%	2.32%	2.32%

Accordingly, the Commission approves the Distribution Losses of 2.32% in the Truing up for FY 2024-25.

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 2024-25

(MU)

Particulars	Approved in the Tariff Order	Actual claimed
Energy Sales	2,102.15	945.48
Distribution Losses (%)	2.94%	2.32%
Distribution Losses	63.59	22.44
Energy Requirement at MUL Periphery	2,165.74	967.92
Transmission Losses (%)	1.28%	0.50%
Transmission Losses	27.99	4.90
Total Energy Requirement	2,193.73	972.82

Commission’s analysis

The actual Energy Requirement claimed by the Petitioner for FY 2024-25, along with Energy Requirement approved in the Tariff Order dated 01.06.2024, has been examined and verified by the Commission. The Commission observed that there is a reduction of 1,220.91 MU in the Energy Requirement for MUL against the quantum of 2,193.73 MU approved in the Tariff Order. The actual Energy Requirement is lower



than that approved in the Tariff Order dated 01.06.2024, due to lower actual sales, transmission losses and distribution losses.

The Commission sought the details of energy input as per the State Energy Accounts certified by the SLDC. In response, MUL submitted the reconciliation of the same. The Commission has verified the reconciliation and found it to be in order.

The actual Energy Requirement, being the sum of Energy Sales and Transmission and Distribution Losses, works out to 972.82 MU for FY 2024-25.

Accordingly, the Commission approves the Energy Requirement at 972.82 MU for the truing up for FY 2024-25, as shown in the Table below:

Table 4-6 : Energy Requirement approved for FY 2024-25 (MU)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Energy Sales	2,102.15	945.48	945.48
Distribution Losses (%)	2.94%	2.32%	2.32%
Distribution Losses	63.59	22.44	22.44
Energy Requirement	2,165.74	967.92	967.92
Transmission Losses (%)	1.28%	0.50%	0.50%
Transmission Losses	27.99	4.90	4.90
Total Energy Requirement	2,193.73	972.82	972.82

4.5. Energy Availability

Petitioner's submission

The Petitioner has submitted the source-wise energy purchased for FY 2024-25, as shown in the Table below:

Table 4-7 : Energy Availability as claimed for FY 2024-25 (MU)

Particular	Approved in the Tariff Order	Actual Claimed
LT PPA 50 MW	372.30	347.52
LT PPA 360 MW	1,360.39	515.60
Short Term – Power Exchange	-	14.92
UI/DSM	-	(7.13)
RPO – Solar	244.86	31.33



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Particular	Approved in the Tariff Order	Actual Claimed
RPO – Wind	195.28	68.03
RPO – Others	20.91	2.56
Total Energy Available	2,193.73	972.82

Commission’s analysis

The Commission notes that a significant portion of the energy quantum was procured through Long-Term Power Purchase Agreements (LTPPA). MUL’s power procurement portfolio for FY 2024-25 includes supply from APL – Mundra (40 MW LTPPA), APL – Udipi (10 MW LTPPA), APL – Mundra (360 MW LTPPA), and 12 MW AREKEL Wind (LTPPA). Balance demand was met through the purchase of power from the GDAM/GTAM/DAM segments of the Power Exchange.

The Commission has examined and verified the actual Energy Requirement and power purchase quantum claimed by the Petitioner for FY 2024-25 against the figures reported in the Audited Accounts and found them to be in order. Based on the submissions regarding Energy Sales, Transmission and Distribution Losses, the Commission approves the Energy Requirement as submitted by MUL.

Regarding the UI/DSM, the Commission observed that the Petitioner claimed (7.13) MU for FY 2024-25. The same has been verified with the Audited Accounts. The Commission also sought the weekly DSM bills issued by the SLDC for verifying the DSM quantum claimed by MUL for FY 2024-25. In response, MUL submitted the weekly bills issued by the SLDC along with the reconciliation of the same. The Commission has verified the same and found it to be in order. Accordingly, the Commission accepts the UI/DSM quantum claimed by MUL.

The Commission has verified the Petitioner’s power purchase quantum against the details provided in the audited accounts. Accordingly, the Commission approves the source-wise power purchase and energy quantum as shown in the table below:



Table 4-8 : Energy Availability approved for FY 2024-25

Particular	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
LT PPA 50 MW	372.30	347.52	347.52
LT PPA 360 MW	1,360.39	515.60	515.60
Short Term – Power Exchange	-	14.92	14.92
UI/DSM	-	(7.13)	(7.13)
RPO – Solar	244.86	31.33	31.33
RPO – Wind	195.28	68.03	68.03
RPO – Others	20.91	2.56	2.56
Total Energy Available	2,193.73	972.82	972.82

(MU)

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 2024-25

Particulars	Approved in the Tariff Order	Actual claimed
LT PPA 50 MW	191.96	179.18
LT PPA 360 MW	708.58	278.26
Short Term – Power Exchange	-	6.77
UI/DSM	-	(7.16)
RPO – Solar (Power Exchange)	142.90	9.79
RPO – Wind (LTPPA-Bilateral & Power Exchange)	103.22	21.70
RPO – Others (Power Exchange)	12.20	0.92
RPO – REC (RE Attributes of MSW Generation)	-	0.27
Other (Reactive, SLDC & Transmission Charges)	35.21	0.19
Net Power Purchase Cost	1,194.07	489.91

(Rs. Crore)

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

- The variation in power purchase cost is attributable to variation in sales as well as variation in the actual cost with respect to the base rate during the year and the source of supply, which are uncontrollable in nature.
- The Petitioner has also considered REC expenditure of Rs. 0.03 Crore as contribution as per Para 14 of Gujarat Waste to Energy Policy – 2016 and the



GERC Order No. 4 of 2016.

Further, MUL submitted that the Commission has classified power purchase cost as an uncontrollable factor under Regulation 22.1 (c) of the GERC (MYT) Regulations, 2016. Accordingly, the Petitioner requested the Commission to treat 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 2024-25, wherein the power purchase cost has been reported as Rs. 483.34 Crore after excluding the rebate of Rs. (6.57) Crore on early payments from the power purchase cost.

The Commission verified the power purchase costs from the Audited Accounts and undertook reconciliation with break-up of bilateral and other costs provided by MUL. The Power purchase cost as per Audited Accounts is as under:

Table 4-10 : Power Purchase Cost Reconciliation with Audited Accounts for FY 2024-25

Particular	Amount (Rs. Crore)
Power Purchase	490.31
Reactive Energy Charges	0.15
UI charges	(7.16)
SLDC	0.04
Total	483.34
Add: Prompt payment rebate	6.57
Total Power Purchase expenses	489.91

The Commission has observed that the UI/DSM charges of Rs. (7.16) Crore reported in the Audited Accounts and claimed by the Petitioner for FY 2024-25 include the following components:

- UI/DSM Charges – Rs. (6,61,92,516)



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- Difference of provisions – Rs. (1,98,82,212)
- RTDA Charges – Rs. 3,92,010
- Congestion Charges – Rs. 1,56,712 and
- NLDC Legacy Fees – Rs. 1,39,32,154

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

Accordingly, the Commission approves the power purchase cost for FY 2024-25 as shown in the Table below:

Table 4-11 : Source-wise Power Purchase Cost approved for FY 2024-25

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
LT PPA 50 MW	191.96	179.18	179.18
LT PPA 360 MW	708.58	278.26	278.26
Short Term – Power Exchange	-	6.77	6.77
UI/DSM	-	(7.16)	(7.16)
RPO – Solar (Power Exchange)	142.90	9.79	9.79
RPO – Wind (LTPPA-Bilateral & Power Exchange)	103.22	21.70	21.70
RPO – Others (Power Exchange)	12.20	0.92	0.92
RPO – REC (RE Attributes of MSW Generation)	-	0.27	0.27
Other (Reactive, SLDC & Transmission Charges)	35.21	0.19	0.19
Net Power Purchase Cost	1,194.07	489.91	489.91

Considering the approved power purchase cost of Rs. 489.91 Crore for the approved energy procurement of 972.82 MU in this Order, the per unit power purchase cost works out to Rs. 5.04/kWh.

As regards the RPO compliance for FY 2024-25, it is observed that the Petitioner has procured 149.75 MU of renewable energy against a target of 201.37 MU for FY 2024-25. The Commission shall address the issue related to RPO compliance for FY 2024-25



separately in a dedicated Order pertaining to the approval of RPO compliance for the said year.

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

Table 4-12 : Gains / (Losses) on account of Power Purchase Cost for FY 2024-25

Particulars	Approved in MYT Order	Approved in Truing up	Deviation + / (-)	(Rs. Crore)	
				Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable Factor
Power Purchase Cost	1,194.07	489.91	704.16	-	704.16

4.7. Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

The Petitioner submitted that it has incurred a gross capital expenditure of Rs. 40.29 Crore against the capital expenditure of Rs. 466.27 Crore for FY 2024-25 approved in Order dated 01.06.2024.

The Petitioner further submitted that the capital expenditure during the year is significantly lower considering the demand requirement and in order to ensure optimal utilization of the network as well as optimization of infrastructure costs by aligning the development plan with the demand growth. The Petitioner further submitted that the balance capital expenditure has been planned in the subsequent years so as to align with the demand forecast in its licence area, as directed by the Commission, and the same is presently under progress.

The Petitioner submitted that it has capitalized Rs. 8.56 Crore against the capitalization of Rs. 33.18 Crore approved for FY 2024-25. The actual amount of SLC received from the customers is Rs. 6.53 Crore. The following details have been submitted in respect



of the capitalization incurred during FY 2024-25:

Table 4-13 : Capitalization claimed for FY 2024-25

(Rs. Crore)

Sr. No.	Particulars	FY 2024-25	
		Capitalization	
		Approved in the Tariff Order	Actual claimed
1	EHV (220 kV & 66 kV)	29.08	5.31
2	HT (33 kV & 11 kV) & LT NETWORK	1.92	0.23
3	Automation, IT & Others	2.18	3.01
4	Total	33.18	8.56

MUL has submitted the details of capitalization and funding for truing-up for FY 2024-25 as shown in Table below:

Table 4-14 : Capitalization and Funding of Capitalization for Truing up for FY 2024-25
(Rs. Crore)

Particulars	FY 2024-25	
	Approved	Claimed
Opening GFA	250.37	214.50
Addition to GFA	33.18	8.56
Deletion from GFA	-	-
Closing GFA	283.55	223.06
SLC Contribution for FY 2024-25	-	6.53
Net Capitalization (for Debt: Equity)	33.18	2.02
Normative Debt - 70%	23.23	1.42
Normative Equity -30%	9.95	0.61

Commission's analysis

The Commission observed that the Petitioner has claimed capitalization of Rs. 8.56 Crore as against Rs. 33.18 Crore approved by the Commission in the Tariff Order dated 01.06.2024. The Commission notes that the Petitioner has consciously slowed down the progress of capital expenditure and capitalization in FY 2024-25 to align the network infrastructure with the actual progress at the prospective consumers' end, so as to avoid imposing unnecessary financial burden on the existing consumers. The Commission has verified the capitalization claimed by the Petitioner for FY 2024-25 with the amount reported in the Audited Accounts and finds the same to be in order.



Further, the Commission notes that in the previous Tariff Order dated 29.03.2025, it has directed the Petitioner to maintain a separate Asset Register for the Assets developed by Developer/Co-Developer through supervision charges and to submit the same to the Commission along with every Tariff Petition. Accordingly, the Commission sought the details of the same as part of Data Gaps Set-I. In response, the Petitioner submitted the details of the assets developed by the Developer/Co-Developer through supervision charges up to FY 2024-25, as shown in the Table below:

Table 4-15 : Details of Assets developed by Developer/Co-Developer through Supervision Charges up to FY 2024-25

Asset Description	Asset Value (Rs. Crore)
220 kV AIS Bay	7.59
220/66/11 kV GIS Substation	71.67
66 kV Cable	7.06
Expansion of 220/66 kV GIS Substation	22.03
11 kV Switchgear	0.67
11 kV Network	2.41
Total	111.43

The Commission takes note of the submission of the Petitioner that it has not claimed any capitalization for the said assets in the Tariff Petition, and such amount is neither reflected in the Audited Accounts, nor forms part of the GFA for the purpose of capitalization in the books of the Petitioner.

In terms of value submitted by the Petitioner, the Commission has scrutinized the Audited Accounts for FY 2024-25 and observed that the actual capital expenditure works out to Rs. 40.29 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 4-16 : Capex worked out by Commission for FY 2024-25

Sr.	Particulars	Value as per Audited Accounts (Rs. Crore)
A	Opening CWIP	10.54
B	Closing CWIP	42.27
C	Gross Fixed Assets added	8.56
D	Capex [C+(B-A)]	40.29



The Commission has considered the utilization of SLC towards funding of the capital expenditure, which is in line with the approach followed for capital expenditure and capitalization in previous Orders. The Commission notes that the Petitioner has adjusted an amount of Rs. 6.53 Crore towards SLC contributions received from consumers during FY 2024-25 against the capitalization of Rs. 8.56 Crore during FY 2024-25 to arrive at the net capitalization for the year to be funded through debt and equity.

Considering the foregoing analysis, the Commission has approved the following capital expenditure, capitalization and funding of capex as shown in the Table below:

Table 4-17 : Capital Expenditure, Capitalization and Funding of Capex approved for FY 2024-25

Particulars	FY 2024-25		
	Approved in the Tariff Order	Claimed in the Petition	Approved in Truing up
Opening GFA	250.37	214.50	214.50
Addition to GFA	33.18	8.56	8.56
Deletion from GFA	-	-	-
Closing GFA	283.55	223.06	223.06
SLC Contribution for FY 2023-24	-	6.53	6.53
Capitalization for Debt: Equity	33.18	2.02	2.02
Normative Debt - 70%	23.23	1.42	1.42
Normative Equity -30%	9.95	0.61	0.61

Thus, the Commission approves a capital expenditure of Rs. 40.29 Crore, capitalization of Rs. 8.56 Crore and net Capitalization of Rs. 2.02 Crore after considering utilization of SLC of Rs. 6.53 in the True-up for 2024-25.

4.8. Operation and Maintenance Expenses

Petitioner's submission

The Operations and Maintenance (O&M) Expenses comprise Employee cost, Administration & General (A&G) Expenses and Repairs and Maintenance (R&M) expenditure. The actual O&M Expenses furnished by MUL are given in the Table below:



Table 4-18 : Operation and Maintenance Expenses claimed for FY 2024-25

(Rs. Crore)			
Particulars	Approved in the Tariff Order	Actual claimed	Deviation +/-(-)
O&M Expenses	13.18	15.80	(2.62)

The Petitioner submitted that it has not considered expenses amounting to Rs. 0.50 Crore under the head of Charity and Donations while claiming the A&G expenses in the truing up for FY 2024-25.

Further, the Petitioner submitted that it has considered O&M expenses as uncontrollable and requested the Commission to approve the same as uncontrollable. The Petitioner submitted that its O&M expenses depend upon the addition of new substations and the expansion of the distribution system with development of SEZ area and addition of new Units within the SEZ. Further, the O&M expenses are also dependent on age of the assets, which are not within the control of the Petitioner.

Moreover, the Petitioner submitted that there are various challenges related to R&M of electrical network / system in coastal areas, such as saline weather conditions affecting equipment exposed to air and a high-water table impacting network infrastructure laid below ground level. These factors are beyond the control of the Petitioner and lead to variations in the 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. 4.33 Crore, A&G expenses of Rs. 8.59 Crore, and R&M expenses of Rs. 2.88 Crore.

As regards the Employee Expenses, the Commission has verified the same from the Audited Accounts for FY 2024-25. The Commission has also verified the R&M Expenses of Rs. 2.88 Crore from the Audited Accounts and found them to be in line with the amount claimed by the Petitioner.

The break-up of R&M Expenses claimed for FY 2024-25 is as follows:



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- Plant and Machinery – Rs. 1.95 Crore
- Buildings – Rs. 0.02 Crore
- Others – Rs. 0.49 Crore and
- Stores, Spares, and Consumables – Rs. 0.41 Crore

Further, it is noted that the A&G Expenses as per the Audited Accounts are Rs. 8.79 Crore. Accordingly, the Commission asked the Petitioner to reconcile its claim of A&G Expenses with the Audited Accounts. In response, the Petitioner submitted a reconciliation and clarified that it has excluded an amount of Rs. 0.50 Crore towards Charity and donations from the A&G Expenses and included the Interest portion of the lease obligation amounting to Rs. 0.30 Crore (being the actual lease payment). Thus, the A&G Expenses works out to Rs. 8.59 Crore (i.e., Rs. 8.59 Crore as per Audited Accounts minus Rs. 0.50 Crore towards Charity & donations plus Rs. 0.30 Crore lease payment).

The Commission also sought the details of 'Miscellaneous Expenses' amounting to Rs. 0.33 Crore, forming part of the A&G Expenses claimed for FY 2024-25. In response, the Petitioner submitted the break-up of 0.33 Crore towards 'Miscellaneous Expenses' as follows:

- Housekeeping, Pest Control, Pantry Services, etc. – Rs. 13.84 Lakh
- Printing & Stationery Expenses – Rs. 0.31 Lakh
- Postage & Courier – Rs. 0.04 Lakh
- Water Expenses – Rs. 8.97 Lakh
- Horticulture Expenses - Rs. 9.74 Lakh and
- Safety Expenses - Rs. 0.16 Lakh

Accordingly, the Commission approves the O&M Expenses for FY 2024-25 as shown in the Table below:

Table 4-19 : Operation and Maintenance Expenses approved for FY 2024-25

	(Rs. Crore)		
Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Employee Expenses	3.39	4.33	4.33
Repairs & Maintenance Expenses	1.94	2.88	2.88
Administration & General Expenses	7.85	8.59	8.59
Total O&M Expenses	13.18	15.80	15.80

Therefore, the Commission approves the O&M Expenses of Rs. 15.80 Crore in the Truing up for FY 2024-25.

Further, as per the GERC (MYT) Regulations, 2016, the variation in O&M Expenses is to be considered as controllable, except in cases of change in law and wage revision. However, in view of 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 has decided 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 4-20 : Gains / (Losses) on account of O&M Expenses for FY 2024-25
(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	13.18	15.80	(2.62)	-	(2.62)

4.9. Depreciation

Petitioner's submission

The Petitioner submitted the following details related to fixed assets and depreciation for the purpose of Truing up for FY 2024-25.



Table 4-21 : Depreciation claimed for FY 2024-25
(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed
Gross block at the beginning of the Year	250.37	214.50
Addition during the Year	33.18	8.56
Gross block at the end of the Year	283.55	223.06
Depreciation of Asset	13.30	11.11
Amortization of SLC	4.41	6.52
Depreciation	8.89	4.59

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

Further, it is submitted that the amount of depreciation is lower than the amount approved by the Commission for FY 2024-25 due to lower net capitalization claimed for the said year.

The Petitioner has deducted the amortization of service line contribution amounting to Rs. 6.52 Crore and, accordingly, claimed depreciation of Rs. 4.59 Crore. MUL has requested the Commission to treat the variation in depreciation amount compared to the approved amount as uncontrollable.

Commission's analysis

For the computation of depreciation for FY 2024-25, the Commission has considered the opening balance of GFA for FY 2024-25 as equal to the closing balance of GFA for FY 2023-24, as approved by the Commission in the Order dated 29.03.2025. The addition of assets during the year is considered equal to the capitalization approved in this Order. Further, the Commission has considered the average depreciation rate of 5.08%, as claimed by the Petitioner. This rate has been applied to the average GFA for the year to compute the depreciation for FY 2024-25. Additionally, amortization of SLC amounting to Rs. 6.52 Crore has been deducted from the depreciation to arrive at the net depreciation for FY 2024-25.

The Commission has verified the depreciation from the Audited Annual Accounts for



FY 2024-25. The reconciliation of depreciation claimed in the Petition to the amount reported in the Audited Accounts is shown in the Table below:

Table 4-22 : Reconciliation of Depreciation reported in the Audited Accounts for FY 2024-25

Particulars	FY 2024-25 (Rs. Crore)
Depreciation of tangible assets (as per Note 5(a))	10.71
Depreciation of right of use assets (as per Note 5(b))	0.33*
Depreciation of intangible assets (as per Note 5(d))	0.07
Total Depreciation	11.11
Less: Amortization of SLC	6.52
Depreciation for FY 2024-25	4.59

* After excluding Rs. 12.36 Lakh depreciation against right of use assets created in accordance with IND-AS 116.

Accordingly, net depreciation works out Rs. 4.59 Crore for FY 2024-25.

The Commission approves the Depreciation of Rs. 4.59 Crore for the purpose of Truing up for FY 2024-25 as shown in the Table below:

Table 4-23 : Depreciation approved for FY 2024-25

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up (Rs. Crore)
Gross block of Assets at the beginning of Year	250.37	214.50	214.50
Addition during the Year	33.18	8.56	8.56
Gross block of Assets at the end of the Year	283.55	223.06	223.06
Depreciation on Assets	13.30	11.11	11.11
Amortization of SLC	4.41	6.52	6.52
Depreciation for the year	8.89	4.59	4.59

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



Table 4-24: Gains/(Losses) on account of Depreciation for FY 2024-25

(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	8.89	4.59	4.30	-	4.30

4.10. Interest and Finance Charges

Petitioner's submission

The Petitioner submitted that it has calculated the Interest Expenses on the basis of the actual weighted average interest rate charged by the bank for the previous loan portfolio, in accordance with the GERC (MYT) Regulations, 2016, as there was no actual loan portfolio available during FY 2024-25.

Further, the Petitioner has submitted that it has paid interest to the bank at a weighted average interest rate of 11.25% during FY 2019-20, which was approved by Commission in its Order dated 1st April, 2021.

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

Table 4-25 : Interest and Finance Charges Claimed for FY 2024-25

(Rs. Crore)		
Particulars	Approved in the Tariff Order	Actual claimed
Interest on Normative Loan		
Opening Loans	70.44	22.81
Addition of Loan due to Capitalization during the Year	23.23	1.42
Less: Repayment	8.89	4.59
Closing Loan	84.78	19.63
Average Loan	77.61	21.22
Rate of Interest (%)	8.75%	11.25%
Interest on Normative Loan	6.79	2.39
Bank & Finance Charges	-	-
Total Interest and Finance Charges	6.79	2.39



Commission's analysis

The Commission has considered the normative opening loan for FY 2024-25 as equal to the normative closing loan approved in the Truing up for FY 2023-24. The loan addition has been considered in line with the normative loan addition approved in the previous section on Capex and Capitalization. The repayment has been considered equal to the net depreciation approved in this Order.

As per the first proviso to 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 for FY 2024-25, 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 the claimed weighted average interest rate for FY 2024-25 is significantly higher compared to other distribution licensees. Further, the Commission, in the truing-up for FY 2023-24 in Case No. 2430 of 2024 vide Order dated 29.03.2024, had invoked Regulation 7 of GERC (MYT) Regulations, 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 abuse of the process of the Commission.

Accordingly, the Commission has considered the RBI Bank Rate plus 200 basis points as the rate of interest for the purpose of allowing interest on the normative loan, in line with the last proviso to Regulation 38.5 of the GERC Tariff Regulations, 2016. The average RBI bank rate for FY 2024-25 was 6.71%. The Commission has added 200 basis points to 6.71% and arrived at the interest rate of 8.71% (i.e., 6.71% + 2.00%), which has been used to compute the interest on normative loan.

Based on the foregoing analysis, the Commission approves the Interest and Finance Charges of Rs. 1.85 Crore, as shown in the Table below:



Table 4-26 : Interest and Finance Charges approved in the Truing-up for FY 2024-25

(Rs. Crore)			
Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Interest on Normative Loan			
Opening Loan	70.44	22.81	22.81
Addition of Loan due to Capitalization during the Year	23.23	1.42	1.42
Less: Repayment	8.89	4.59	4.59
Closing Loan	84.78	19.63	19.63
Average Loan	77.61	21.22	21.22
Rate of Interest (%)	8.75%	11.25%	8.71%
Interest on Normative Loan	6.79	2.39	1.85
Bank & Finance Charges	-	-	-
Total Interest and Finance Charges	6.79	2.39	1.85

Therefore, the Commission approves the Interest and Finance Charges of Rs. 1.85 Crore in the Truing up for FY 2024-25.

Variation in Interest Expenses is considered uncontrollable as per the GERC (MYT) Regulations, 2016. Accordingly, the Commission has approved the Gains/ (Losses) on Interest and Finance Charges as shown in the Table below:

Table 4-27 : Gains / (Losses) on account of Interest and Finance Charges for FY 2024-25

(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 and Finance Charges	6.79	1.85	4.94	-	4.94

4.11. Interest on Security Deposit

Petitioner's submission

The Petitioner submitted that the contribution to the security deposit depends on the addition of new consumers and the growth in their load from time to time, as projected in the ARR Petition for FY 2024-25. Since there are new consumers as well as existing



customers expanding their load demand in the Petitioner’s area, the security deposits collected are higher than the amount approved by the Commission.

Further, the Petitioner submitted that the RBI Bank Rate as on 01.04.2024, was 6.75%. Accordingly, the amount of interest on security deposits was paid to the consumers at the Bank Rate applicable as on 01.04.2024, as shown in the Table below:

Table 4-28 : Interest on Security Deposit claimed for FY 2024-25
 (Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Deviation
Security Deposit	7.77	10.41	
Interest Rate (%)	6.75%	6.75%	
Interest on Security Deposit	0.52	0.50	0.02

The Petitioner 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. 0.50 Crore, as claimed in the Petition. Accordingly, the Commission approves the Interest on Security Deposits for FY 2024-25 at actuals, as shown in the Table below:

Table 4-29 : Interest on Security Deposit approved for FY 2024-25
 (Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Average Deposit	7.77	10.41	10.41
Interest on Security Deposit	0.52	0.50	0.50

Therefore, the Commission approves the Interest on Security Deposit of Rs. 0.50 Crore in the Truing up for FY 2024-25.

The factors affecting Security Deposit is the number of consumers as well as sales; therefore, Security Deposit is considered uncontrollable. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:



Table 4-30 : Gains / (Losses) on account of Interest on Security Deposit for FY 2024-25

(Rs Crore)					
Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on Security Deposit	0.52	0.50	0.02	-	0.02

4.12. Interest on Working Capital

Petitioner's submission

The Petitioner submitted that it has computed the Interest on Working Capital for FY 2024-25 in accordance with the GERC (MYT) Regulations, 2016, as shown in the Table below:

Table 4-31 : Interest on Working Capital claimed for FY 2024-25
(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed
Working Capital Requirement		
O&M Expenses	1.10	1.32
Maintenance Spares at 1% of GFA	2.50	2.15
Receivables	102.62	45.71
Sub-total	106.23	49.17
Less: Security Deposit	7.77	10.41
Normative Working Capital	98.45	38.76
Interest Rate (%)	11.00%	11.38%
Interest on Working Capital	10.83	4.41

The working capital computed as per the GERC (MYT) Regulations, 2016 works out to Rs. 49.17 Crore, which is higher than the average security deposit amount of Rs. 10.41 Crore. The Petitioner has considered interest on working capital at the weighted average one-year SBI Marginal Cost of Funds Based Lending Rate (MCLR) for FY 2024-25 plus 250 basis points, in accordance with the GERC (MYT) Regulations, 2016. Accordingly, interest on working capital has been considered at 11.38% (8.88%+2.50%) for FY 2024-25.



Commission's analysis

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

As regards the rate of interest on working capital, the Commission, vide notification No.7 of 2016 dated 2nd December, 2016, amended Regulation 40.4 (b) of the GERC (MYT) Regulations, 2016, as reproduced below:

“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 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 8.88% prevailing during the FY 2024-25, plus 250 basis points. Accordingly, the rate of interest on working capital works out to 11.38%.

The details of Interest on Working Capital approved for FY 2024-25 is shown in the Table below:

Table 4-32 : Interest on Working Capital approved for FY 2024-25

Particulars	(Rs. Crore)		
	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Working Capital Requirement			
O&M Expenses (1 month)	1.10	1.32	1.32
Spares (1% of GFA)	2.50	2.15	2.15
Receivables (1 month of revenue)	102.62	45.71	45.71



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Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
at existing tariffs)			
Sub-total	106.23	49.17	49.17
Less: Security Deposit	7.77	10.41	10.41
Normative Working Capital	98.45	38.76	38.76
Interest Rate	11.00%	11.38%	11.38%
Interest on Working Capital	10.83	4.41	4.41

Therefore, the Commission approves the Interest on Working Capital of Rs. 4.41 Crore in the Truing up for FY 2024-25.

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 4-33 : Gains / (Losses) on account of Interest on Working Capital for FY 2024-25

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	(Rs Crore)	
				Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on Working Capital	10.83	4.41	6.42	-	6.42

4.13. Return on Equity

Petitioner's submission

The Petitioner submitted that the equity addition for FY 2024-25 has been considered as 30% of the amount of net capitalization 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 equity balances for FY 2024-25, in accordance with Regulation 37 of the GERC (MYT) Regulations, 2016, as shown in the Table below:

Table 4-34 : Return on Equity claimed for FY 2024-25

Particulars	(Rs. Crore)	
	Approved in the Tariff Order	Actual Claimed
Opening Equity	49.39	27.74



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Particulars	Approved in the Tariff Order	Actual Claimed
Equity portion of Capitalization during the year	9.95	0.61
Closing Balance of Equity	59.34	28.35
Average Return on Equity	54.37	28.04
Rate of ROE	14.00%	14.00%
Total Return on Equity	7.61	3.93

The Petitioner requested the Commission to allow the same for the purpose of Truing-up for FY 2024-25.

Commission's analysis

The Commission has considered the closing equity approved in the truing-up for FY 2023-24 in the Order dated 29.03.2025 as the opening equity for FY 2024-25. The equity addition during FY 2024-25 has been considered as approved in the previous section on Capex and Capitalization of this Order. The rate of return has been considered at 14%, in accordance with the GERC (MYT) Regulations, 2016, to compute the Return on Equity for FY 2024-25, as shown in the Table below:

Table 4-35 : Return on Equity approved for FY 2024-25

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Opening Equity	49.39	27.74	27.74
Addition to Equity	9.95	0.61	0.61
Closing Equity	59.34	28.35	28.35
Average Equity	54.37	28.04	28.04
Rate of RoE	14.00%	14.00%	14.00%
Total Return on Equity	7.61	3.93	3.93

Therefore, the Commission approves the Return on Equity of Rs. 3.93 Crore in the Truing up for FY 2024-25.

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 capitalization are uncontrollable in nature, as noted in the preceding sections. Accordingly, the Commission approves the Gains / (Losses) on account of Return on Equity in the truing-up for FY 2024-25, as shown in the Table below:



Table 4-36 : Gains / (Losses) on account of Return on Equity for FY 2024-25

(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	7.61	3.93	3.69	-	3.69

4.14. Bad Debts Written Off

Petitioner's submission

The Petitioner has submitted that it has written off bad debts amounting to **Rs. 0.45 Crore** in FY 2024-25. The Petitioner further submitted that it had filed a Civil Suit against one of its consumers for recovery of bad debt. Owing to the huge amount of outstanding financial debt, NCLT proceedings were initiated by the respective bank against the said consumer, pursuant to which, IRP was appointed.

As a result of the NCLT proceedings, the recovery suit could not proceed further in accordance with the provisions of IBC Code of 2016. The Liquidator has treated the electricity dues in accordance with Section 53(1) of the IBC, 2016.

In view of the above, the Petitioner submitted that it had undertaken all reasonable efforts to recover the bad debt; however, the recovery was beyond its control and constrained by statutory provisions. Therefore, the Petitioner requested the Commission to treat the said bad debt as an uncontrollable parameter.

Commission's analysis

The Commission notes that the Petitioner had written-off bad debts amounting to Rs. 0.45 Crore in FY 2024-25. The same has been verified from the Audited Accounts and found to be in order. The Commission sought the documentary evidence for the bad debts written-off in FY 2024-25. In response, the Petitioner submitted the documentary evidence in support of the same.

Accordingly, the Commission approves the Bad Debt Written-off amounting to Rs. 0.45 Crore, as claimed by the Petitioner as shown in the Table below:



Table 4-37 : Bad Debts Written-off for FY 2024-25

	(Rs. Crore)		
Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Bad Debts Written-off	-	0.45	0.45

The Commission observed that M/s Ashapura Garments Limited, a consumer of MUL, had defaulted in paying its debts and NCLT proceedings were initiated by the respective bank, pursuant to which Insolvency Resolution Professional (IRP) was appointed.

The Commission notes that the Petitioner's recovery efforts were rendered infructuous upon initiation of NCLT proceedings under the Insolvency and Bankruptcy Code, 2016 (IBC), which imposed a statutory moratorium, staying all civil recovery suits and placing the matter beyond Petitioner's control.

Further, the Commission notes that the appointment of an IRP transferred control of the defaulting consumer's assets to a statutory authority, thereby extinguishing the Petitioner's independent legal recourse to pursue electricity dues outside the IBC framework.

The Commission observes that under Section 53(1) of the IBC, 2016, the extent of recovery of electricity dues is governed by the statutory waterfall mechanism and availability of residual assets upon liquidation, which are factors not under the control of the Petitioner.

The relevant extract of the Insolvency and Bankruptcy Code, 2016 (IBC) is reproduced as under:

“Section 53(1), Notwithstanding anything to the contrary contained in any law enacted by the Parliament or any State Legislature for the time being in force, the proceeds from the sale of the liquidation assets shall be distributed in the following order of priority and within such period and in such matter as may be specified, namely:

(a) the insolvency resolution process costs and the liquidation costs paid in full;



- (b) the following debts which shall rank equally between and among the following:*
- (i) workmen's dues for the period of twenty-four months preceding the liquidation commencement date; and*
 - (ii) debts owned to a secured creditor in the event such secured creditor has relinquished security in the manner set out in Section 52;*
- (c) wages and any unpaid dues owned to employees other than workmen for the period of twelve months preceding the liquidation commencement date;*
- (d) financial debt owned to unsecured creditors;*
- (e) the following dues shall rank equally between and among the following:-*
- (i) any amount due to the Central Government and the State Government including the amount to be received on account of the Consolidated Fund of India and the Consolidated Fund of a State, if any, in respect of the whole or any part of the period of two years preceding the liquidation commencement date;*
 - (ii) debts owned to a secured creditor for any amount unpaid following the enforcement of security interest;*
- (f) any remaining debts and dues;***
- (g) preference shareholders, if any; and*
- (h) equity shareholders or partners, as the case may be.”(emphasis added)*

It is observed that the liquidator has considered the dues payable to MUL for electricity charges to fall under the category of “any remaining debts and dues” under clause (f) of the Section 53(1) of IBC, 2016. Further, the liquidator has submitted to the Petitioner that there will be no amount payable towards these debts, as no amount will remain after distribution to the creditors mentioned in clause (a) to (e) of Section 53 (1) of IBC, 2016. Accordingly, the amount payable to MUL under the Liquidation waterfall mechanism as per Section 53 (1) of the IBC, 2016 is **Nil**.

Based on the foregoing analysis, the Commission is of the opinion that the extent of recovery of electricity dues is governed by the statutory waterfall mechanism and availability of residual assets upon liquidation, which are factors wholly beyond the



control of the Petitioner. Accordingly, the Commission treats the Bad Debts Written-off for FY 2024-25 as uncontrollable.

Accordingly, the Commission approves the Gains / (Losses) on account of Bad Debts Written-off in the truing-up for FY 2024-25, as shown in the Table below:

Table 4-38 : Gains / (Losses) on account of Return on Bad Debts Written-off for FY 2024-25

(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
Bad Debts Written-off	-	0.45	(0.45)	-	(0.45)

4.15. Income Tax

Petitioner's submission

The Petitioner submitted that it has claimed the Income Tax applicable to the regulated business and has not considered the Income Tax on other income related to parent Company. Accordingly, the Petitioner has claimed the Income Tax of Rs. 1.76 Crore against Rs. 5.87 Crore approved in the Tariff Order, as shown in the Table below:

Table 4-39 : Income Tax claimed for FY 2024-25

(Rs. Crore)			
Particulars	Approved in the Tariff Order	Actual Claimed	Deviation +/-
Income Tax	5.87	1.76	4.11

The Petitioner requested the Commission to consider the variation in Income Tax and allow the variation as uncontrollable for the purpose of Truing up for FY 2024-25.

Commission's analysis

It is observed that the Petitioner has claimed Income Tax of Rs. 1.76 Crore, whereas the amount reported in the Audited Accounts is Rs. 3.44 Crore. Therefore, the Commission sought a reconciliation of the Income Tax claimed in the Petition with the



amount reported in the Audited Accounts. In response, the Petitioner submitted that the Income Tax amount reported in the Audited Accounts is inclusive of Income Tax paid for other businesses of the parent Company, and that only the Income Tax relating to the regulated business has been considered in the Petition.

To support its claim, the Petitioner submitted a CA Certificate certifying that the Income Tax paid for the power business is Rs. 1.76 Crore, as claimed in the Petition. Accordingly, the Commission has decided to consider the Income Tax of Rs. 1.76 Crore as claimed in the Petition. The effective tax rate works out to 17.472%.

The details of the Income Tax approved in the Truing up for FY 2024-25 is shown in the Table below:

Table 4-40 : Income Tax approved for FY 2024-25

Particulars	Approved in the Tariff Order	Actual Claimed	(Rs. Crore)
			Approved in Truing Up
Income Tax	5.87	1.76	1.76

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) on Income Tax, as shown in the Table below:

Table 4-41 : Gains / (Losses) on account of Income Tax for FY 2024-25

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	(Rs. Crore)	
				Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Income Tax	5.87	1.76	4.11	-	4.11

4.16. Contribution to Contingency Reserve

Petitioner's submission

The Petitioner has submitted that it has not considered any amount towards contribution to contingency reserve during FY 2024-25.



Commission's analysis

The Commission approves the contribution to contingency reserve at **Nil** in the Truing up for FY 2024-25.

4.17. Non-Tariff Income

Petitioner's submission

The Petitioner submitted that the Commission had approved the Non-Tariff Income of Rs. 10.93 Crore in the Tariff Order dated 01.06.2024. However, the actual Non-Tariff Income for FY 2024-25 is Rs. 8.79 Crore, as shown in the Table below:

Table 4-42 : Non-Tariff Income claimed for FY 2024-25

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Deviation +/-(-)
Non-Tariff Income	10.93	8.79	2.14

The Petitioner submitted that the variation in Non-Tariff Income is on account of consideration of rebate on prompt payment for power procurement. Further, the Petitioner submitted that the Non-Tariff Income also includes supervision charges recovered from the consumers for providing connectivity.

The Petitioner requested the Commission to allow the variation in Non-Tariff Income as uncontrollable for the purpose of Truing-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 the Non-Tariff Income claimed for FY 2024-25 comprises the following:

- Prompt Payment Rebate – Rs. 6.57 Crore
- Connection/Reconnection Fees – Rs. 0.05 Crore
- Income in respect of supervision charges – Rs. 0.83 Crore



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- Income in respect of Open access charges – Rs. 0.03 Crore
- Delayed Payment Charges – Rs. 0.07 Crore
- Sale of Scrap – Rs. 0.69 Crore and
- Miscellaneous Income – Rs. 0.56 Crore

Accordingly, the Commission approves Non-Tariff Income of Rs. 8.79 Crore in the Truing up for FY 2024-25 as shown in the Table below:

Table 4-43 : Non-Tariff Income approved for FY 2024-25

	(Rs. Crore)		
Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing Up
Non-Tariff Income	10.93	8.79	8.79

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

Table 4-44 : Gains / (Losses) on account of Non-Tariff Income for FY 2024-25

	(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	10.93	8.79	2.14	-	(2.14)

4.18. Revenue from Sale of Power to Consumers

MUL has claimed revenue of Rs. 548.50 Crore from sale of power to consumers for FY 2024-25. The Commission observes that the revenue reported in the Audited Accounts is also Rs. 548.50 Crore.

Accordingly, the Commission approves the Revenue of Rs. 548.50 Crore from sale of power to consumers in the Truing up for FY 2024-25.



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

Petitioner's submission

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

Table 4-45 : Controllable & Uncontrollable Variations as claimed for FY 2024-25

(Rs. Crore)						
Sr. No.	Particulars	Approved in the Tariff Order	True-up Claim	Under (+)/ Over (-) Recovery	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power purchase expenses	1,194.07	489.91	704.16	-	704.16
2	O & M expenses	13.18	15.80	(2.62)	-	(2.62)
3	Depreciation	8.89	4.59	4.30	-	4.30
4	Interest on LT loans & Finance Charges	6.79	2.39	4.40	-	4.40
5	Interest on security deposit	0.52	0.50	0.02	-	0.02
6	Interest on working capital	10.83	4.41	6.42	-	6.42
7	Bad Debts Written off	-	0.45	(0.45)	-	(0.45)
8	Contribution to Contingency Reserves	-	-	-	-	-
9	Total Revenue Expenditure	1,234.29	518.06	716.22	-	716.22
10	Return on Equity Capital	7.61	3.93	3.68	-	3.68
11	Income Tax	5.87	1.76	4.11	-	4.11
12	Aggregate Revenue Requirement	1,247.77	523.74	724.02	-	724.02
13	Less: Non-tariff income	10.93	8.79	2.14	-	2.14
14	Aggregate Revenue Requirement	1,236.84	514.95	721.88	-	721.88

MUL has identified all the expenditure heads under controllable and uncontrollable categories. The Gains / (Losses) arising as a result of the truing-up for FY 2024-25 shall be suitably passed through in the tariff as per the mechanism stipulated by the Commission.



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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 is treated as uncontrollable. The variations in Depreciation, Interest on Long Term Loan, Interest on Security Deposit, Interest on Working Capital, Bad Debts Written-off, Income Tax and Non-Tariff Income have also been treated as uncontrollable.

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

Table 4-46 : Sharing of Gains & Losses as claimed for FY 2024-25

(Rs. Crore)			
Particulars	Pass through by Adjustment of Tariff	To be Retained/Absorbed	Total
Controllable Gain/(Losses)	-	-	-
Uncontrollable Gain/(Losses)	721.88	-	721.88
Total	721.88	-	721.88

As per the above Table, Total gain of Rs. 721.88 Crore shall be passed through to the consumers.

Following is the summary of Trued-up ARR of 2024-25 to be recovered by MUL after incorporation of sharing of Gains / (Losses).

Table 4-47 : Trued-up ARR as claimed for FY 2024-25

(Rs. Crore)		
Sr. No.	Particular	Actual Claimed
1	Approved as per the Tariff Order dated 01.06.2024 (A)	1,236.84
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)	721.88
4	Trued-up ARR for FY 2024-25, D= (A-B-C)	514.95

Commission's analysis

The Commission has undertaken the truing-up exercise under Regulation 21 of the GERC (MYT) Regulations, 2016, with reference to the Audited Annual Accounts for FY 2024- 25 and other details submitted by the Petitioner. The Commission has computed



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the sharing of Gains and Losses for FY 2024-25 based on the truing up for each of the components discussed in the above paragraphs.

The ARR approved for FY 2024-25 in the Tariff Order dated 01.06.2024 and the ARR computed in the truing-up in accordance with the GERC (MYT) Regulations, 2016 are given in the Table below:

**Table 4-48 : ARR approved for FY 2024-25 along with impact of Controllable/
Uncontrollable factors**

(Rs. Crore)						
Particular	Approved in the Tariff Order	True-up claim	Approved in Truing up	Deviation +/-	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Power Purchase Expenses	1,194.07	489.91	489.91	704.16	-	704.16
Operation & Maintenance Expenses	13.18	15.80	15.80	(2.62)	-	(2.62)
Depreciation	8.89	4.59	4.59	4.30	-	4.30
Interest & Finance Charges	6.79	2.39	1.85	4.94	-	4.94
Interest on Security Deposit	0.52	0.50	0.50	0.02	-	0.02
Interest on Working Capital	10.83	4.41	4.41	6.42	-	6.42
Bad Debts Written off	-	0.45	0.45	(0.45)	-	(0.45)
Contribution to Contingency Reserves	-	-	-	-	-	-
Total Revenue Expenditure	1,234.29	518.06	517.52	716.76	-	716.76
Return on Equity Capital	7.61	3.93	3.93	3.69	-	3.69
Income Tax	5.87	1.76	1.76	4.11	-	4.11
Aggregate Revenue Requirement	1,247.77	523.74	523.20	724.56	-	724.56
Less: Non-tariff income	10.93	8.79	8.79	2.14	-	(2.14)
Aggregate Revenue Requirement	1,236.84	514.95	514.41	722.42	-	722.42

Summary of Trued-up ARR for FY 2024-25 to be recovered by MUL after incorporation of sharing of Gains/ Losses is as detailed in the Table below:

Table 4-49 : Trued-up ARR approved for FY 2024-25

(Rs. Crore)		
Sr. No.	Particular	Approved in Truing up
1	Approved in the Tariff Order dated 01.06.2024 (A)	1,236.84
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)	722.42



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Sr. No.	Particular	Approved in Truing up
4	Trued-up ARR for FY 2024-25, D=(A-B-C)	514.41

4.20. Net revenue Surplus/(Gap)

Petitioner's submission

The Net Revenue Surplus/(Gap) claimed by the Petitioner for FY 2024-25 is shown in the Table below:

Table 4-50 : Revenue Surplus/(Gap) claimed for FY 2024-25

(Rs. Crore)

Sr. No.	Particulars	Approved	Actual Claimed
1	Annual Revenue Requirement (Trued up)	1,236.84	514.95
2	Revenue from Sale of Power	1,231.49	548.50
3	Net Revenue Surplus/(Gap) for FY 2024-25	(5.36)	33.55

The Petitioner submitted that the Commission, in its Tariff Order dated 01.06.2024, had approved a consolidated Revenue Surplus of Rs. 20.90 Crore for FY 2022-23 and holding cost of Rs. 3.26 Crore on Revenue Surplus of FY 2022-23 for FY 2023-24 and 2024-25, in accordance with the GERC (MYT) Regulations, 2016. Accordingly, the Petitioner has submitted its Consolidated Revenue Surplus/(Gap) claim for FY 2024-25 as shown in the Table below:

Table 4-51 : Consolidated Revenue Surplus/ (Gap) claimed for FY 2024-25

(Rs. Crore)

Particulars	Approved	Actual Claimed
Net Revenue Surplus / (Gap) of FY 2024-25	(5.36)	33.55
Add: Approved Consolidated Surplus/(Gap) for FY 2022-23	20.90	20.90
Add: holding/(carrying) cost on Revenue Surplus/(Gap) of 2022-23 for FY 2023-24 & FY 2024-25	3.26	3.36
Consolidated Revenue Surplus/(Gap) for FY 2024-25	18.80	57.71



Commission’s analysis

The Net Revenue Surplus/(Gap) approved by the Commission for FY 2024-25 is shown in the Table below:

Table 4-52 : Approved Revenue Surplus/(Gap) for FY 2024-25

Sr. No.	Particulars	Actual Claimed	Approved in Truing-up
1	Annual Revenue Requirement (Trued up)	514.95	514.41
2	Revenue from Sale of Power	548.50	548.50
3	Standalone Revenue Surplus/(Gap) for FY 2024-25 (2-1)	33.55	34.09

The workings of the consolidated Revenue Surplus/ (Gap) for FY 2024-25 approved by the Commission is shown below:

Table 4-53 : Consolidated Revenue Surplus/ (Gap) for FY 2024-25

Sr. No.	Particulars	Approved in Truing up
1	Approved Standalone Revenue Surplus/ (Gap) for FY 2024-25 (a)	34.09
2	Approved Consolidated Surplus/(Gap) for FY 2022-23 (as approved in Order dated 01.06.2024) (b)	20.90
3	Consolidated Revenue Surplus/(Gap) for FY 2024-25 (c) = (a) + (b)	54.99
4	Add: Consolidated Holding/(Carrying) Cost for FY 2022-23 (as approved in Order dated 01.06.2024) (d)	3.26
5	Net Revenue Surplus/ (Gap) for FY 2024-25 to be carried forward to FY 2026-27 (e) = (c) + (d)	58.25

Accordingly, the Commission approves the Trued-up consolidated Revenue Surplus of Rs. 58.25 Crore for FY 2024-25. This Trued-up Surplus is considered by the Commission for Determination of Tariff for FY 2026-27.

The Commission has dealt with the Holding/(Carrying) cost for FY 2024-25 in the next Chapter, while deciding the Tariff for FY 2026-27.



5. Approval of Revised Aggregate Revenue Requirement for FY 2026-27 and Determination of Tariff for FY 2026-27

5.1. Introduction

The Commission had approved the ARR for FY 2026-27 in the MYT Order dated 29 March 2025. This chapter deals with the determination of revised ARR and Tariff for FY 2026-27 in accordance with the GERC (MYT) Regulations, 2024.

5.2. Energy Sales

Petitioner's submission

The Petitioner submitted that the sales envisaged at the time of MYT filing have been impacted due to slowdown in construction activities at the consumers' end in the licence area. The progress of the projects envisaged at the time of MYT filing is slower than planned. Hence, it is necessary to furnish revised projections for FY 2026-27 based on the likely changes.

Further, the Petitioner submitted that the licence area is undergoing a rapid development phase, as new industries and associated infrastructure are envisaged in the near future. Thus, a substantial increase in load demand is expected in the licence area, based on discussions with various existing and prospective consumers. The licence area of the Petitioner is an industrial hub, and development is mainly dependent on overall economic conditions, government incentives and policies. Hence, it is very difficult to carry out demand and sales projections accurately for the licence area.

The Petitioner has considered the revised projections provided by industrial and commercial Units already established in the licence area, as well as those proposing to establish Units. These projections are based on details obtained from the respective consumers. The Petitioner has exercised due diligence to arrive at realistic projections of energy sales and has also obtained inputs from existing and prospective Units for the same. The revised sales projections for FY 2026-27 are as follows:



Table 5-1 : Revised Energy Sales projected for FY 2026-27

Particulars	Approved in the MYT Order	Revised Projections
(MU)		
HT Category		
HTMD-I	5,774	4,568
HTMD-II	-	7
HTMD-III	8	13
HTMD-IV	2	2
HTMD-EV Charging Station	11	30
Traction	109	71
Low Voltage Category		
Residential	-	-
Commercial (Non-Demand)	-	-
Commercial (Demand)	3	3
Industrial (Non-Demand)	-	-
Industrial (Demand)	0.26	0.10
Street Lights	0.42	0.41
Temporary	-	-
LT-EV Charging Stations	-	-
Total Sales	5,908	4,695

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

Based on inputs collected from the developer of the Mundra SEZ regarding prospective clients and details of plots allotted so far in the SEZ area, the projections of number of consumers and load have been worked out, as summarised below:

Table 5-2 : Projection of No. of Consumers and Load for FY 2026-27

Particulars	Approved	Revised Projections
HT Category		
HTMD-I	64	67
HTMD-II	-	1
HTMD-III	1	2
HTMD-IV	2	2



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Particulars	Approved	Revised Projections
HTMD-EV Charging Station	1	2
Traction	1	1
Low Voltage Category		
Residential	-	-
Commercial (Non-Demand)	-	-
Commercial (Demand)	25	27
Industrial (Non-Demand)	-	-
Industrial (Demand)	2	1
Street Lights	8	8
Temporary	-	-
LT-EV Charging Stations	-	-
Total Consumer	104	111

Commission’s analysis

The Commission has noted the revised category-wise sales projected by the Petitioner for FY 2026-27. The Commission sought the detailed methodology and underlying computations used to arrive at the projected Energy Sales of 4695 MU for FY 2026-27. In response, the Petitioner submitted that its licence area is undergoing a rapid development phase, as new industries and associated infrastructure are envisaged in the near future. Thus, a substantial increase in load demand is expected in the licence area, based on internal discussions with various existing and prospective consumers. The Commission observed that the Petitioner has estimated significant increase in sales for the HTMD-I category, from 904.57 MU in FY 2024-25 to 4,568.25 MU projected for FY 2026-27. In response to the query raised by the Commission in this regard, the Petitioner submitted that the sales of 904.57 MU correspond to a contract demand of approximately 225 MVA during FY 2024-25. As the licence area is undergoing significant industrial and infrastructure development, several new industrial Units, as well as expansion of existing Units, are envisaged for FY 2026-27.

Further, the Petitioner submitted that the projections for FY 2026-27 are not arbitrary and have been formulated based on detailed discussions with existing and prospective commercial and industrial establishments in the SEZ area. The contract demand is



projected to increase significantly to about 1,722 MVA by FY 2026-27, and accordingly, energy sales of 4,568.25 MU have been projected for HTMD-I category.

The Commission also notes that, in response to the query raised in the Data Gaps Set-I, the Petitioner has submitted detailed computations for sales projections for FY 2026-27.

Based on the analysis of actual data sales till 2024-25, the Commission is of the view that the projections submitted by the Petitioner are on higher side. However, considering that energy sales are inherently difficult to predict, as the SEZ licence area is still under development, the Commission is inclined to rely on the Petitioner's projections. The Commission also notes that the Petitioner has revised its sales projections downward from 5,908 MU approved in the MYT Order to 4,695 MU in the present Petition.

Accordingly, the Commission accepts the category-wise sales as projected by MUL and approves the same for FY 2026-27, as shown in the Table below:

Table 5-3 : Revised Energy Sales approved for FY 2026-27 (MU)

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
HT Category			
HTMD-I	5,774.21	4,568.25	4,568.25
HTMD-II	-	6.92	6.92
HTMD-III	7.62	12.69	12.69
HTMD-IV	2.26	2.26	2.26
HTMD-EV Charging Station	11.35	30.27	30.27
Traction	108.80	70.96	70.96
Low Voltage Category			
Residential	-	-	-
Commercial (Non-Demand)	-	-	-
Commercial (Demand)	3.35	3.16	3.16
Industrial (Non-Demand)	-	-	-
Industrial (Demand)	0.26	0.10	0.10
Street Lights	0.42	0.41	0.41
Temporary	-	-	-



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Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
LT-EV Charging Stations	-	-	-
Total Sales	5,908.27	4,695.03	4,695.03

Any variation in the actual energy sales will be considered at the time of truing up for FY2026-27.

5.3. Distribution Losses

Petitioner's submission

The Petitioner has projected revised distribution losses of 2.32% for FY 2026-27, which is at same level of actual distribution losses for FY 2024-25.

The Petitioner submitted that it has created basic infrastructure to provide power connectivity to its consumers in its licence area. It has considered N-1 transformation redundancy and distribution redundancy at all levels to ensure higher power reliability and availability to end consumers in the zone, as specified in the Distribution Code. Further, the Petitioner has submitted that it is primarily supplying power to industrial units, and the actual losses may vary from the above projections based on the industrial development in its area of supply. Therefore, the Petitioner has requested the Commission to treat the losses as uncontrollable and approve the actual losses at the time of truing up.

In view of above, the Petitioner has requested the Commission to approve the revised projected distribution losses of 2.32% for FY 2026-27, as shown in the table below:

Table 5-4: Revised Distribution losses projected for FY 2026-27

Particulars	Approved in the MYT Order	Revised Projections
Distribution Loss	2.61%	2.32%

Commission's analysis

The Commission notes that the Petitioner has projected revised distribution losses of 2.32% for FY 2026-27, which are at the same level as the actual distribution losses for



FY 2024-25 and are lower than the distribution loss level of 2.61% approved in the MYT Order.

The Commission observes that the distribution network of the Petitioner is yet to be fully established and the load is yet to stabilize in the licence area. Therefore, the Commission accepts the distribution loss of 2.32% as projected by Petitioner for FY 2026-27 and treats the same as uncontrollable.

Accordingly, the Commission approves the revised distribution losses for FY 2026-27 as shown in the table below:

Table 5-5: Revised Distribution losses approved for FY 2026-27

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Distribution Loss	2.61%	2.32%	2.32%

Therefore, the Commission approves distribution losses of 2.32% for FY 2026-27.

5.4. Energy Balance

Petitioner's submission

The Petitioner submitted that the projected Energy Balance for FY 2026-27 is based on the projections of Energy Sales and the projected distribution losses and transmission losses.

The Petitioner further submitted that, in order to cater to the power demand of the magnitude reflected in the projected energy sales, overall infrastructure development has been planned. In this regard, the Petitioner had applied to the Central Transmission Utility of India Limited (CTUIL) for the grant of GNA at the CTU level. After following the due procedure, CTUIL has intimated the grant of General Network Access (GNA) to the Petitioner as a Distribution Licensee, at 400 kV voltage level [Navinal Sub-station (GIS)]. The commissioning of the said connectivity is expected by July 2026.

The Petitioner submitted that it has existing long-term PPAs for 40 MW and 360 MW with APL Mundra Plant and 10 MW with APL Udipi Plant.



Further, the Petitioner has also signed long-term PPAs of 300 MW and 800 MW with Mahan Energen Limited, Singrauli (Madhya Pradesh) and Adani Power Limited, Raipur TPP (Chhattisgarh), respectively. The approval for tariff adoption has been accorded by the Commission vide its Order dated 21.09.2024 in Case No. 2380 of 2024. Accordingly, the applicable transmission losses have been considered in the Energy Balance.

Moreover, the Petitioner has an existing LTPPA with Adani Renewable Energy (KA) Limited (AREKAL) for the purchase of wind energy towards fulfillment of its RPO Obligation. The Wind Turbine generators (WTGs) under LTPPA with AREKAL are directly connected to the distribution network of the Petitioner. Therefore, no transmission losses have been considered.

It is also submitted that the Petitioner has entered into PPA with Solar Energy Corporation of India (SECI) for power procurement from a 1170 MW ISTS-connected Wind-Solar Hybrid Power Project (Tranche-V). The approval for tariff adoption has been accorded by the Commission vide its Order dated 24.03.2023 in Case No. 2189 of 2023. The offtake of power has been considered based on the project commissioning schedule, as per the present status provided by the developers. Accordingly, applicable transmission losses have been considered in the Energy Balance.

The Petitioner submitted that it has considered revised Inter-State transmission and Intra-State transmission losses of 3.72% and 3.50%, respectively, based on the prevailing trend.

The revised estimated energy sales, losses and Energy Balance for FY 2026-27, as projected by the Petitioner are given in the Table below:

Table 5-6 : Energy Balance projected for FY 2026-27

	(MU)	
Particulars	Approved in the MYT Order	Revised Projections
Estimated Energy Sale	5,908	4,695
Distribution Losses (%)	2.61%	2.32%
Distribution Losses (MUs)	158	112
Energy Requirement after Distribution Losses (MUs)	6,067	4,807
Intra-State Transmission Losses (%)	0.40%	0.65%
Intra-State Transmission Losses (MUs)	25	31
Energy at Transmission Periphery (MU)	6,091	4,838
Inter-State Transmission Losses (%)	1.20%	3.52%
Inter-State Transmission Losses (MUs)	75	177
Total Energy required after T&D Losses (MUs)	6,166	5,014

Commission’s analysis

The Commission observes that the Petitioner has proposed Inter-State and Intra-State transmission losses of 3.72% and 3.50%, respectively, for FY 2026-27, for utilization of the inter-/intra-State transmission network for sourcing power under LTPPA. However, the Commission notes that in the MYT Order dated 29 March 2025 in Case No. 2430 of 2024, the Commission had approved Inter-State and Intra-State transmission losses of 3.55% and 3.28%, respectively, for FY 2026-27.

Accordingly, in the present Order, the Commission considers the inter-State and intra-State transmission loss levels as approved in the MYT Order (ISTS losses – 3.55% and InSTS losses – 3.28%) for computing the energy balance and energy requirement for FY 2026-27.

The Commission sought detailed month-wise computation of energy balance for FY 2026-27. In response, the Petitioner submitted the same as part of replies to Data Gaps Set-1.

Based on the detailed computation of Energy Balance submitted by the Petitioner, the Commission notes the applicability of Transmission losses considered by the Petitioner as follows:

- a. For FY 2026-27, up to July 2026, the Petitioner has considered inter-State and



intra-State losses only for power sourced from SECI under the LTPPA of 1070 MW. For other plants, such as LTPPAs of 50 MW and 360 MW, power is being supplied through dedicated transmission lines; hence, transmission losses have not been considered.

- b. The Petitioner has applied to the Central Transmission Utility of India Limited (CTUIL) for the grant of GNA at the CTU level, and CTUIL, after following due procedure, has intimated the grant of GNA to the Petitioner as a Distribution Licensee at the 400 kV voltage level [Navinal Sub-station (GIS)]. The commissioning of the said connectivity is expected by July 2026. Thereafter, power from all sources will be supplied through the CTU network only. Accordingly, the Petitioner has considered NIL Intra-State Transmission losses from July 2026 for all plants. In case of existing operational LTPPAs (APL 50 MW and APL 360 MW), ISTS Losses will be applicable from July 2026 onwards due to the change in supply arrangement, i.e., supply through the CTU network instead of the present arrangement of direct supply through dedicated lines.
- c. In respect of power supply under the LTPPAs from 300 MW and 800 MW, power will be supplied through CTU network, and the delivery point is at the MUL periphery as per the provisions of the respective PPAs. Therefore, no Inter-/Intra-State transmission losses has been considered.

However, the Commission notes that, as per the LTPPA for APL 50 MW, the delivery point means “*STU interface(s) as specified in schedule 1 of this agreement*”. Since, the delivery point for supply of power is at STU interface(s), the Commission has not considered the applicability of Inter-State losses for FY 2026-27. The Commission has also not considered InSTS losses because, as per present arrangement, power is delivered directly to MUL periphery through dedicated transmission line.

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 the delivery point is at the MUL periphery, the

Commission has not considered the inter-State and intra-State losses for FY 2026-27

Further, as per the LTPPAs of 300 MW and 800 MW, the delivery point is also at MUL periphery. Accordingly, the Commission has not considered the inter-State and intra-State losses.

For power sourced from SECI under LTPPA of 1070 MW, the Commission has considered both InSTS and ISTS losses till July, 2026. Since the CTUIL has granted GNA to the Petitioner and the commissioning of said connectivity with CTUIL is expected by July 2026, the Commission has considered ISTS losses from July 2026 onwards.

As the Inter-State and Intra-State transmission losses considered in this Order are based on projections, the actual applicability of these losses shall be reviewed by the Commission at the time of truing-up, in accordance with the provisions of the PPAs and applicable Orders/ Regulations.

Based on the approved energy sales, distribution losses and transmission losses, the Commission has computed the estimated energy requirement for MUL for FY 2026-27 as shown in the Table below:

Table 5-7 : Energy requirement approved for FY 2026-27

(MU)

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Estimated Energy Sale	5,908.27	4,695.03	4,695.03
Distribution Losses (%)	2.61%	2.32%	2.32%
Distribution Losses (MU)	158.34	111.51	111.51
Energy Requirement after Distribution Losses (MU)	6,066.61	4,806.54	4,806.54
Intra-State Transmission Losses (%)	0.40%	0.65%	0.61%
Intra-State Transmission Losses (MU)	24.72	31.33	29.28
Energy at Transmission Periphery (MU)	6,091.32	4,837.88	4,835.82
Inter-State Transmission Losses (%)	1.20%	3.71%	2.34%
Inter-State Transmission Losses (MU)	74.78	176.62	115.90
Total Energy required after T&D Losses (MU)	6,166.10	5,014.50	4,951.72



5.5. Energy Availability, Power Purchase Cost and RPO Compliance

Petitioner's submission

The Petitioner submitted that it has considered source-wise energy procurement based on estimated sales and projected T&D losses for FY 2026-27. The estimated source-wise energy procurement is as below:

**Table 5-8 : Source-wise Energy Procurement projected for FY 2026-27
(MU)**

Particulars	Approved in the MYT Order	Claimed in the Petition
APL LTPPA – 50 MW	241	234
APL LTPP – 360 MW	1,734	1,444
MEL LTPPA – 300 MW	1,016	808
APL LTPPA – 800 MW	1,018	654
Short Term	-	-
AREKAL LTPPA – 12 MW	50	50
SECI LTPPA – 1070 MW	3,246	3,273
Gross Energy Available	7,305	6,461
Less: Sale of Surplus Energy	1,139	1,447
Net Energy	6,116	5,014

The Petitioner submitted that it has considered procurement of power through its existing Thermal LTPPAs and Wind LTPPA for FY 2026-27. Further, it is submitted that the Petitioner has considered the purchase of power from 360 MW, 300 MW and 800 MW LTPPAs, wherein there is a provision allowing the Petitioner to declare the off-take capacity prior to the commencement of the financial year, in order to reduce the burden of capacity charges in case of any variation in demand of newly established consumers.

As regards compliance with the RPO, the Petitioner has considered RPO trajectory for FY 2026-27 as specified by the Commission by way of Regulations. For meeting the RPO compliance, the Petitioner has considered the purchase of wind energy from a 12 MW LTPPA with AREKAL and purchase of wind/solar power from 1070 MW LTPPA with SECI.

Further, the Petitioner has also considered the solar power generated from its captive



solar rooftop plants. The Petitioner is also using RE attributes of its consumers to meet the RPO.

Based on the above projections, the estimated RPO compliance for FY 2026-27 is as shown in the Table:

Table 5-9 : RPO Target Compliance projected for FY 2026-27

	(MU)	
Particulars	Approved in the MYT Order	Claimed in the Petition
Energy Requirement (MU)	6,166	5,014
RPO Target (%)	35.95%	35.95%
RPO Target (MU)	2,227	1,803
RE – Purchase	3,296	1,875
RE – Attribute	-	-

The Petitioner submitted that the total power procurement cost for Aggregate Revenue Requirement has been worked out based on long term tie-ups.

The summary of revised estimated source-wise power purchase cost for FY 2026-27 is shown in the Table below:

Table 5-10: Source-wise Power Purchase Cost projected for FY 2026-27

	(Rs. Crore)	
Particulars	Approved in the MYT Order	Revised Estimates
APL LTPPA – 50 MW	146.63	143.03
APL LTPP – 360 MW	1,158.17	991.03
MEL LTPPA – 300 MW	699.08	534.75
APL LTPPA – 800 MW	831.15	568.67
AREKAL LTPPA – 12 MW	17.14	17.14
SECI LTPPA – 1070 MW	844.00	850.86
Gross Power Purchase Cost	3,696.18	3,105.49
Less: Sale of Surplus	296.10	376.22
Net Power Purchase Cost	3,400.08	2,729.27
Other (Reactive, LDC, Transmission/ GNA etc.)	412.23	421.54
Total Power Purchase Cost	3,812.31	3,150.80



Commission's analysis

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

As regards RPO compliance, the Commission has issued the GERC (Procurement of Energy from Renewable Sources) Regulations, 2025. As per the said Regulations, the RPO Target for FY 2026-27 is as follows:

Table 5-11:RPO Target for FY 2026-27

Year	Wind Renewable Energy	Hydro Renewable Energy	Distributed Renewable Energy	Other Renewable Energy	Total Renewable Energy
2026-27	1.97%	1.34%	2.70%	29.94%	35.95%

It is noted that the Petitioner has considered the availability of wind energy from 12 MW LTPPA with AREKAL and the availability of wind/solar energy from 1070 MW LTPPA with SECI for FY 2026-27. Further, the Petitioner has proposed to utilize RE attributes of solar energy generated from the Rooftop solar projects installed by its consumers to fulfill its RPO.

The Commission has also considered availability of wind energy from 12 MW LTPPA and wind and solar energy from 1070 MW LTPPA for RPO compliance.

Table 5-12 : Estimated RPO Compliance considered for FY 2026-27

Particulars	(MU)		
	Approved in the MYT Order	Claimed in the Petition	Considered in this Order
Energy Requirement (MU)	6166.10	5,014.50	4,951.72
RPO Target (%)	35.95%	35.95%	35.95%
RPO Target (MU)	2216.71	1,802.71	1,780.14
RE - Purchase	3295.72	1,875.10	1,867.24
RE Attribute	-	-	-

It is noted that the Petitioner has estimated surplus energy during FY 2026-27 and has proposed to sell such surplus energy at a rate of Rs. 2.60/kWh, i.e., equivalent to the tariff for purchase of power under the 1070 MW LTPPA with SECI.



In this regard, the Petitioner clarified that the 1070 MW LTPPA with SECI consists of supply of energy from a wind-solar-hybrid project. During solar hours, there may be instances of surplus energy on an overall basis, even after backing down tied-up conventional capacity, mainly due to the availability of solar energy from two sources, namely 1070 MW LTPPA with SECI and solar energy availed by its consumers under open Access. The energy scheduled from 1070 SECI LTPPA has a “must run” status and cannot be curtailed.

Accordingly, the Petitioner has estimated surplus energy during FY 2026-27 arising at daytime and has proposed to sell such surplus energy at the SECI PPA Tariff.

Considering the aforesaid clarification of the Petitioner, the Commission accepts the estimated surplus energy for FY 2026-27 and provisionally approves the sale rate of Rs. 2.60/Unit as proposed by the Petitioner, with the stipulation that this rate shall be treated as the minimum rate. The actual rate and quantum of sale of surplus energy shall be considered at the time of truing-up.

Based on the foregoing analysis, the Commission has independently worked out energy availability from various sources for offtake from conventional tied up capacity and approves the source wise energy and its cost as under:

Table 5-13 : Energy Availability approved for FY 2026-27

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
APL LTPPA – 50 MW	240.90	233.56	226.74
APL LTPP – 360 MW	1,734.48	1,443.58	1,395.47
MEL LTPPA – 300 MW	1,015.87	808.20	808.20
APL LTPPA – 800 MW	1,017.97	654.06	654.06
AREKAL LTPPA – 12 MW	49.55	49.55	49.55
SECI LTPPA – 1070 MW	3,246.17	3,272.55	3,264.70
Gross Energy Available	7,304.94	6,461.50	6,398.72
Less: Sale of Surplus Power	1,138.84	1,447.00	1,447.00
Energy Requirement	6,166.10	5,014.50	4,951.72

(MU)

As regards the power purchase cost, the Commission has noted the submissions of the



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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 the existing LTPPA- Mundra (40 MW) and LTPPA- Udupi (10 MW), it is observed that the Petitioner has considered 85% target availability as per the terms and conditions of the PPAs for payment of fixed costs. The per unit fixed cost considered by the Petitioner is Rs. 1.20/kWh, whereas the average Energy Charge has been computed at Rs. 4.21/kWh, based on the applicable escalation and other terms and conditions provided in the PPAs.

With respect to the 360 MW LTPPA with APL Mundra, it is observed that the Petitioner has considered Normative Availability of 90% as per the Terms and Conditions of the approved PPA, wherein the Petitioner is required to declare the contract capacity prior to starting of the financial year. Accordingly, the Petitioner has computed the capacity charges by considering per unit fixed/capacity charges of Rs. 2.39/kWh. The average per unit Energy Charges have been estimated at Rs. 2.67/kWh for FY 2026-27, based on escalation and other terms and conditions specified in the PPA.

For 300 MW LTPPA with MEL, the Petitioner has considered 90% availability as per terms of PPA for payment of fixed cost. The Petitioner is required to declare the contract capacity prior to the commencement of the financial year, and accordingly, the capacity charges have been computed by considering per unit fixed/capacity charges of Rs. 2.31/kWh. Whereas the average Energy Charge has been computed at Rs. 2.40/kWh for FY 2026-27, based escalation and other terms and conditions specified in the PPA.



For 800 MW LTPPA with APL, the Petitioner has considered 90% availability as per terms of PPA for payment of fixed cost. The Petitioner is required to declare the contract capacity prior to starting of the financial year and accordingly, the capacity charges have been computed considering per unit fixed/capacity charges of Rs. 2.58/kWh. The average Energy Charges has been computed at Rs. 2.24/kWh for FY 2026-27, based on escalation and other terms and conditions specified in the PPA.

For the 12 MW LTPPA with AREKEL, the Petitioner has considered a rate of Rs. 3.46/kWh as per the terms and conditions of the approved PPA for meeting the non-solar RPO requirement.

For the 1070 MW LTPPA with SECI, the Petitioner has considered a rate of Rs. 2.60/kWh as per the Terms and Conditions of the approved PPA.

The Commission sought detailed computations for arriving at the per-unit fixed and energy charges for procurement from conventional long-term PPA sources. In response, the Petitioner submitted detailed computations of the same. The Commission has examined the detailed submissions with respect to per unit Fixed Charges and Energy Charges considered for APL 50 MW, APL 360 MW, MEL 300 MW and APL 800 MW sources and found them to be satisfactory. Accordingly, the Commission considers the same for estimation of power purchase cost for FY 2026-27.

However, the Commission is of the opinion that the Petitioner has declared higher contract capacities for power purchase from 360 MW, 300 MW and 800 MW LTPPA sources as compared to the requirement. Accordingly, the Commission has adjusted the estimated declared capacities from various sources to certain extent and has recomputed the fixed cost.

Further, as recorded earlier, the sale of surplus power has been considered at the rate projected by the Petitioner for FY 2026-27.

As regards other charges (Reactive, SLDC & Transmission Charges), the Commission



has considered these charges as projected by the Petitioner.

Accordingly, the overall power purchase cost approved for FY 2026-27 is shown in the Table below:

Table 5-14 : Power Purchase Cost approved for FY 2026-27

(Rs. Crore)

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
APL LTPPA – 50 MW	146.63	143.03	140.16
APL LTPP – 360 MW	1,158.17	991.03	880.20
MEL LTPPA – 300 MW	699.08	534.75	471.13
APL LTPPA – 800 MW	831.15	568.67	466.78
AREKAL LTPPA – 12 MW	17.14	17.14	17.14
SECI LTPPA – 1070 MW	844.00	850.86	848.82
Less: Sale of Surplus Power	(296.10)	(376.22)	(376.22)
Transmission Charges		419.84	419.84
Other Charges (Reactive Charges, SLDC Charges, etc.)	412.23	1.69	1.69
Total Power Purchase Cost	3,812.31	3,150.80	2,869.54

5.6. Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

The Petitioner submitted that the availability of reliable and quality power supply to unit holders is the most important element for the successful development of industrial hubs. Investors prefer to set up their continuous process industry in areas where uninterrupted and quality power supply is available.

In view of the above, the Petitioner has planned to establish a state-of-the-art distribution network along with built-in redundancies to ensure uninterrupted and quality power supply to the Unit holders in its licence area.

The Petitioner has submitted that it has made its best efforts to estimate CAPEX for the Control Period based on principles set in the Distribution Code. The following assumptions have been considered for projecting the CAPEX:



- A hybrid system, i.e., a combination of overhead lines and underground cables, has been considered for the EHV network at 400 kV, 220 kV, 66 kV levels.
- GIS-type EHV substations have been considered at 400 KV, 220 KV, 66 KV voltage levels.
- Indoor type sub-station has been considered for HV S/s at the 11 KV Level.
- Underground cables have been considered for the HV and LV Network.
- The EHV network is designed to be optimally ready to serve new consumers in the Licence area.
- The HV/LV network is being developed on a need basis for last mile connectivity.
- The costs of material and services has been considered as per existing rates (excluding taxes and duties), and no escalation factor or price variation has been considered. Further, the civil cost has been estimated based on primary survey. However, it may vary based on detailed soil investigations. Accordingly, the Petitioner has requested the Commission to allow such variations at the time of truing up.
- The CAPEX is proposed to be funded in a debt-equity ratio of 70:30.

The Petitioner has planned to undertake capital investments for development of power distribution infrastructure to meet the power requirements of its consumers.

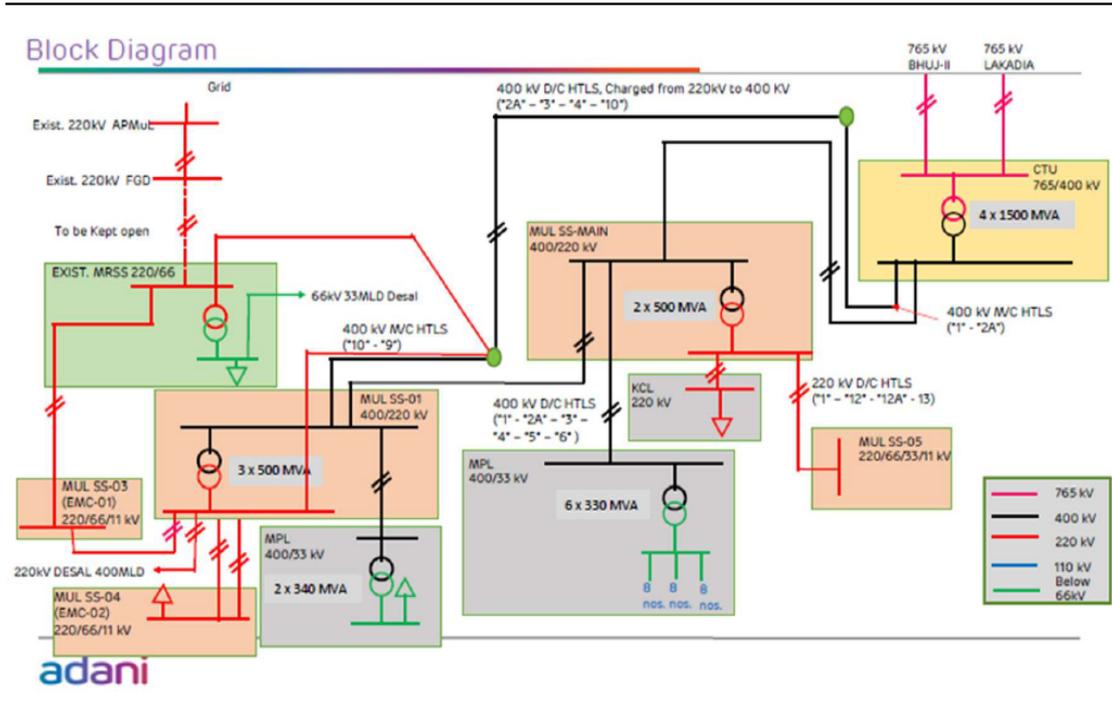
The Petitioner further submitted that the below-mentioned infrastructure was proposed in its Petitions in Case No. 2177 of 2023 and 2326 of 2024 and were approved by the Commission vide its Orders dated 31.03.2023 and 01.06.2024, respectively. The Petitioner submitted that the proposed infrastructure will be developed in a phased manner, based on demand forecasts, to ensure optimal utilization of the network and cost efficiency, while aligning the development plan with the expected growth in power demand over the coming years.

Accordingly, the aforesaid infrastructure was approved by the Commission.

The Petitioner has provided the block diagram of the infrastructure to be developed



with future demand as below:



The Petitioner submitted that, in order to cater to the power demand of the magnitude stated above, an overall infrastructure plan has been developed. In this regard, the Petitioner applied to Central Transmission Utility of India Limited (CTUIL) for the grant of connectivity at the CTU level. CTUIL, after following due procedure, intimated the grant of connectivity to the Petitioner as a distribution licensee at the 400 kV voltage level at the proposed Navinal Sub-station (GIS).

The Petitioner further submitted that the demand in various pockets would require strengthening of the existing infrastructure. Accordingly, the Petitioner has considered the augmentation of the existing 66 kV network to meet the power demand with the desirable reliability for the consumers.

In this regard, the Petitioner has considered capacity augmentation of the existing 66 kV transmission cables along with associated switchgear and strengthening of the protection system for the 66 kV Ring Network.

The Petitioner has also considered the augmentation of the existing 220 kV Substation, including the addition of power transformers and associated switchgear.



Further, the Petitioner submitted that it has proposed to set up a Central Control Room for monitoring and operation of the network through SCADA, Energy Management System and a Geographical Information System. It has also considered to set-up a Central Office and a Central Store for effective operation of the infrastructure and management of consumer services, considering the high demand growth in the licence area and presence of continuous process industries requiring reliable and redundant power supply.

The Petitioner has also considered the conversion of radial feed in to a Ring Network at the HT level for better reliability to industrial units set up in the licence area.

Further, the Petitioner submitted that it has considered EHV substations along with associated EHV transmission lines at 400 kV and 220 kV voltage levels, and transformation of 400 kV/ 220 kV/ 66 kV/ 33 kV/ 11 KV levels to meet the power requirements of upcoming industries in the licence area.

The Petitioner has considered year-on-year capital expenditure based on the demand envisaged during the fourth Control Period.

The Petitioner further submitted that it has consciously slowed down the capital expenditure and capitalization activities to align the development of network infrastructure with the actual progress at the prospective consumers' end, so as to avoid imposing any unnecessary financial burden on the existing consumers. As a result, the actual capital expenditure and capitalization for FY 2024-25 were lower than the levels approved by the Commission.

The Petitioner also submitted that the addition of capitalization for FY 2025-26, as approved by the Commission in its Order dated 29.03.2025, has been factored in while deriving the opening asset base for FY 2026-27.

The project cost has been worked out at the rates proposed at the time of the MYT Order, without considering price variation or escalation factors for the overall development plan. The civil cost has been estimated based on primary survey reports;



however, it may vary based on detailed soil investigations.

Accordingly, the Petitioner has requested the Commission to allow such revisions at the time of truing-up for the respective year.

Based on the above, the Petitioner has submitted the summarized statement of proposed capital expenditure for FY 2026-27, as shown in the Table below:

**Table 5-15 : Revised Capital Expenditure projected for FY 2026-27
 (Rs. Crore)**

Sn	Particulars	Revised Projections
A	EHV	
	Transmission line	0.64
	Transmission cable	27.13
	Substation	13.48
	Land cost	-
	Civil cost	-
	Total	41.26
B	HT NETWORK	
	33 kV HT cable network	-
	11 kV HT cable network	2.93
	33 / 11 kV HT substation	-
	Land cost	-
	Civil cost	-
	Total	2.93
C	Others	
	Automation & SCADA	7.77
	Testing and measuring equipment	-
	IT, Meters & AMR	0.20
	Miscellaneous	0.87
	Buildings & other work	21.88
	Total	30.72
D	Grand Total	74.90

The Petitioner has submitted the proposed scheme-wise Capitalization for FY 2026-27 as shown in the Table below:



Table 5-16 : Revised scheme-wise Capitalization proposed for FY 2026-27

			(Rs. Crore)
Sn	Project Code	Project Title	Amount
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	EHV Network	66 kV Underground Cable	19.64
6	EHV Network	66 kV Underground Cable	7.49
7	HT Network	11 kV Network – Central Zone	0.82
8	HT Network	11 kV Network – East Zone	0.80
9	HT Network	11 kV Network – Chemical Zone	0.78
10	HT Network	11 kV Network – South Zone	0.53
11	Other	66 kV Substation - Pressurized Air Conditioning System	0.25
12	Other	220 kV Substation - Pressurized Air Conditioning System	0.62
13	Other	IT, Meters & AMR	0.20
Total (FY2026-27)			181.34

Accordingly, the Petitioner has proposed Capital Expenditure and Capitalization for FY 2026-27 as shown in the Table below:

Table 5-17 : Revised Capital Expenditure and Capitalization projected for FY 2026-27
(Rs. Crore)

Particulars	Revised Projections
Capital Expenditure	74.90
Capitalization	181.34

The Petitioner has proposed to fund the capitalization for FY 2026-27 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 2026-27
(Rs. Crore)

Particulars	Approved	Revised Projections
Opening GFA	922.69	898.06
Addition to GFA	154.21	181.34
Deletion from GFA	-	-



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Particulars	Approved	Revised Projections
Closing GFA	1,076.89	1,079.40
SLC Contribution	2.25	2.25
Capitalization for Debt:Equity	151.96	179.08
Normative Debt (70%)	106.37	125.36
Normative Equity (30%)	45.59	53.72

Commission's analysis

The Commission notes that the Petitioner has not separately approached the Commission to obtain **In-Principle Approval** for the capital expenditure proposed for FY 2026-27.

Therefore, the Commission sought the status of In-Principle Approval for the proposed Capex for FY 2026-27 in terms of GERC (MYT) Regulations, 2024. In response, the Petitioner submitted that the proposed infrastructure has already been approved by the Commission vide its Order dated 31.03.2023 and 01.06.2024. However, the Petitioner has consciously slowed down the progress of capital expenditure and capitalization activities to align the development of network infrastructure with the actual progress at the prospective consumers' end, so as to avoid imposing any unnecessary financial burden on the existing consumers. These deferred capital expenditure and capitalization activities are proposed to be undertaken in the subsequent years a phased manner.

The Commission notes that the Petitioner has submitted the DPRs for the proposed capital expenditure in response to Data Gaps sought by the Commission.

It is important to note that Regulations 29 and 30 of the 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.

The Commission, in its previous Order dated 29.03.2025 in Case No. 2430 of 2024, had emphasized that the Petitioner is required to obtain prior approval for the schemes to be executed during the Control Period from FY 2025-26 to FY 2029-30. The relevant extract of the Commission's Order dated 29.03.2025 in Case No. 2430 of 2024 is reproduced as under:

“.....

*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.***
(Emphasis added)

However, the Petitioner has not approached the Commission separately for approval of the DPRs for the capital expenditure proposed for FY 2026-27. The Commission



reiterates that **the Petitioner should approach the Commission separately to obtain the In-Principle Approval** for the schemes proposed for during the Control Period from FY 2025-26 to FY 2029-30, in accordance with the GERC (MYT) Regulations, 2024, and following the specific guidelines specified in Annexure-III of the GERC (MYT) Regulations, 2024. **The Commission will consider only those schemes that have obtained In-Principle approval at the truing up of the respective years of the Control Period from FY 2025-26 to FY 2029-30.**

Furthermore, the Commission observed that the Petitioner has claimed capital expenditure of Rs. 27.13 Crore towards '66 kV Underground Cables', which was not envisaged for FY 2026-27. Therefore, the Commission sought justification for the same.

In response, the Petitioner submitted that this expenditure corresponds to spill-over works of FY 2023-24 and FY 2024-25, which were consciously deferred to FY 2026-27 based on requirements and in the interest of consumers. The Commission notes the submission of the Petitioner and provisionally accepts the same, as the said expenditure pertains to spill-over works.

Therefore, for the purpose of determination of the revised ARR and Tariff for FY 2026-27, the Commission provisionally approves the capital expenditure and capitalization as proposed by the Petitioner in the present Petition.

Further, the Commission has considered the approved closing GFA for FY 2024-25 of Rs. 223.06 Crore, as approved in this Order, along with the addition of assets of Rs. 675,01 Crore as approved in the MYT Order dated 29 March 2025 for FY 2025-26, to work out the closing GFA for FY 2025-26. Accordingly, the closing balance of GFA for FY 2025-26 has been considered as opening balance of GFA for FY 2026-27.

The asset capitalization considered for FY 2026-27, as discussed earlier in this Section, is envisaged to be partly funded through consumer contribution (SLC), with the balance funded through Debt and Equity in the ratio of 70:30, in accordance with the GERC (MYT) Regulations, 2024.



Accordingly, the Capitalization and funding approved by the Commission for FY 2026-27 in shown in the Table below:

**Table 5-19 : Capital Expenditure, Capitalization and Funding of Capex approved for
 FY 2026-27**

Particular	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Opening GFA	922.69	898.06	898.07
Addition to GFA	154.21	181.34	181.34
Deletion from GFA	0.00	0.00	0.00
Closing GFA	1,076.89	1,079.40	1,079.41
SLC Contribution	2.25	2.26	2.26
Capitalization for Debt: Equity	151.96	179.08	179.08
Normative Debt (70%)	106.37	125.36	125.36
Normative Equity (30%)	45.59	53.72	53.72

(Crore)

5.7. Operations and Maintenance (O&M) Expenses

Petitioner's submission

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

The Petitioner has considered above average O&M 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.

The Petitioner has considered the asset developed by Developer/ Co-developer through supervision charges to derive O&M expenses in accordance with the directive issued by the Commission vide its True-up Order for FY 2022-23.



The revised estimated O&M costs for FY 2026-27 has been tabulated below:

**Table 5-20 : Revised Operation and Maintenance Cost projected for FY 2026-27
(Rs. Crore)**

Particulars	Approved	Revised Projections
Employee Expenses	4.00	4.01
R&M Expenses	13.39	13.38
A&G Expenses	7.90	7.90
Total O&M Expenses	25.29	25.29

The Petitioner submitted that above expenses have been derived based on the formula provided in the GERC (MYT) Regulations, 2024. However, the Petitioner submitted that R&M, Employee and A&G expenses are continuously increasing due to expansion of the network and increase in the quantum of supply, in addition to inflationary factors.

As per the formula, the increase in R&M is linked to the increase in Gross Fixed Assets through an escalation factor with constant "K". However, for Employee and A&G expenses, only inflationary escalation is allowed, without accounting for the increase in distribution network and sales quantum. With the growth in asset base and quantum of sales, there is a corresponding requirement to increase the employee base & administrative set-up.

Further, the Petitioner submitted that the aforementioned methodology is suitable for licensee having stable or marginal growth in load and infrastructure. However, in the present case, the licence area is witnessing substantial growth, necessitating significant infrastructure development and maintenance to ensure reliable power supply and to meet service obligations. Therefore, deriving O&M expenses based on inflationary formula, considering the average actual expenses of the past ten years, is not a practicable for a licensee such as MUL, particularly in a scenario involving significant infrastructure expansion and sales growth.

Further, the Petitioner submitted that the current formula addresses only the inflationary increases and does not account for escalation arising from the increase in scale of distribution operations, which is beyond the control of the distribution



licensee.

Moreover, the licence area of the Petitioner is located in a saline atmosphere, which may result in different actual O&M expenses compared to the projected levels.

In view of the above, the Petitioner has requested the Commission to treat the actual O&M expenses as uncontrollable at the time of truing-up for FY 2026-27.

Commission's analysis

Regulations 92 and 104 of the GERC (MYT) Regulations, 2024, specify the basis for the computation of normative O&M Expenses for each year of the Control Period from FY 2025-26 to FY 2029-30. The similar provisions are provided for Wheeling and Retail Supply Business. Therefore, the relevant extract of Regulation 104 is reproduced below:

"104 Operation and Maintenance Expenses:

104.1 The Operation and Maintenance shall be derived on the basis of the average of the actual audited Operation and Maintenance expenses for the past ten Years ending March 31, 2024, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission:

Provided that average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year March 31, 2019, and shall be escalated at the respective escalation rate for FY 2019-20, FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2024;

.....

Note:

(a) $WE_{CPI}:WE_{WPI}$ is to be considered as per actual O&M cost of last 10 true-up years (or actual available O&M cost in case of Distribution Licensees having stabilised retail business less than 10 years) after removing any abnormalities.



(b) For new Distribution Licensees' Retail Supply Business WECPI: WEWPI shall be determined on case to case basis by the Commission.

(c) O&M expense shall be allowed on normative basis and shall be trued-up only to the account of variation in Wholesale Price Index and Consumer Price Index.

(d) Impact of Wage Revision, if any, may be considered at the time of true-up for any Year, and based on documentary evidence and justification to be submitted by the Petitioner. Provisioning of wage revision expenses shall not be considered as actual expenses at the time of true-up, and only expenses as actually incurred shall be considered.

(e) Any variation in actual and normative O&M cost excluding any abnormal expenses or wage revision shall be subject to the sharing of efficiency gains or losses as per framework specified in this Regulations.

(f) In the case of a Distribution Licensee whose tariff is yet to be determined by the Commission till the coming into force of these Regulations, the Commission may determine the Operation and Maintenance expenses on a case to case basis.

(g) For the purpose of estimation, the same Index Escn value as derived for FY 2025- 26 shall be used for all years of the Control Period. However, at the time of true-up of any particular year, the Commission will consider the actual values of the WPI and CPI over past ten years including True-up year."

In accordance with the GERC (MYT) Regulations, 2024, the Commission has already approved the normative O&M Expenses for each year of the Control Period from FY 2025-26 to FY 2029-30 in its MYT Order dated 29 March 2025, in Case No. 2430 of 2024. These normative expenses are subject to revision at the time of truing up for the respective year only to the account of variation in Wholesale Price Index and Consumer Price Index.

Accordingly, the Commission retains the normative O&M expenses for FY 2026-27 as approved in its Order dated 29 March 2025, in Case No. 2430 of 2024, as shown in the

Table below:

**Table 5-21 : Revised Operation and Maintenance Expenses approved for FY 2026-27
(Rs. Crore)**

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Employee Expenses	4.00	4.01	4.00
R&M Expenses	13.39	13.38	13.39
A&G Expenses	7.90	7.90	7.90
Total O&M Expenses	25.29	25.29	25.29

5.8. Depreciation

Petitioner's submission

The Petitioner submitted that it has computed the depreciation in accordance with the GERC (MYT) Regulations, 2024.

The Petitioner submitted the following details related to fixed assets and depreciation for FY 2026-27:

**Table 5-22 : Depreciation projected for FY 2026-27
(Rs. Crore)**

Particulars	Approved	Revised Projections
Opening Gross Block	922.69	898.06
Closing Gross block	1,076.89	1,079.40
Depreciation	35.23	34.04

Commission's analysis

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

For assets added prior to 1st April 2025, the Commission has considered the approved closing GFA for FY 2024-25 of Rs. 223.06 Crore, as approved in this Order. No addition of assets has been considered for FY 2025-26, and accordingly, the closing GFA for FY



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2025-26 has been considered as Opening GFA for FY 2026-27. Further, no addition to GFA has been considered for FY 2026-27 under this category. The average depreciation rate has been considered as claimed by the Petitioner. Additionally, amortization of SLC is considered as claimed by the Petitioner. Accordingly, the Commission has computed Depreciation of Rs. 4.64 Crore for FY 2026-27 for assets added prior to 1st April 2025.

For the assets added on or after 1st April 2025, the Commission has considered the Opening GFA for FY 2026-27 as the closing GFA of Rs. 675.01 Crore approved for FY 2025-26 in the MYT Order dated 29 March 2025, in Case No. 2430 of 2024. Further, additions during the year have been considered at Rs. 181.34 Crore, as approved in this Order. The average depreciation rate for the year is considered as claimed by the Petitioner, after verifying that the applicable rates are in accordance with the rates specified in Annexure-I of the GERC (MYT) Regulations, 2024. Additionally, the depreciation of SLC contributions has been considered as claimed by the Petitioner. Accordingly, the Commission has arrived at a depreciation of Rs. 29.41 Crore for FY 2026-27 for assets added on or after 1st April 2025.

The details of the depreciation approved in this Order for FY 2026-27 are shown in the Tables below:

Table 5-23 : Depreciation approved for FY 2026-27 on assets Capitalized up to 31st March 2025

	(Rs. Crore)		
Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Opening GFA	247.68	223.06	223.06
Addition during the year	-	-	-
Closing GFA	247.68	223.06	223.06
Depreciation on GFA	12.41	11.19	11.19
Less: Depreciation on opening SLC Contribution	6.33	6.55	6.55
Depreciation after SLC Contribution	6.08	4.64	4.64



Table 5-24: Depreciation approved on assets added on and after 1st April 2025 for FY 2026-27

(Rs. Crore)

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Opening Balance	675.01	675.01	675.01
Additions During the Year	154.21	181.34	181.34
Deletions During the Year	-	-	-
Closing Balance Of GFA	829.22	856.35	856.35
Depreciation During the Year	40.65	40.91	40.91
Depreciation on SLC Contribution	11.50	11.50	11.50
Depreciation after SLC Contribution	29.14	29.41	29.41

Accordingly, the Commission approves the Depreciation for FY 2026-27 as shown in the Table below:

Table 5-25 Total Depreciation approved for FY 2026-27

(Rs. Crore)

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Depreciation on assets up to 31 st March, 2025	6.08	4.64	4.64
Depreciation assets on or after 1 st April, 2025	29.14	29.41	29.41
Total Depreciation	35.23	34.04	34.04

5.9. Interest and Finance charges

Petitioner's submission

The Petitioner submitted that it has considered the debt-equity ratio of 70:30, as specified in the 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 for computing the interest on loan. Further, the Petitioner has deducted the projected repayment during FY 2026-27, which is equal to the depreciation allowed for that year, and is attributable to assets put to use prior to 01.04.2025.

Further, the Petitioner submitted that it has approached various banks for funding



the CAPEX requirements associated with infrastructure development, considering the anticipated growth in its licence area. The funding process has already been deliberated with various banks and the same is on the verge of closure. The Petitioner is currently in negotiations regarding the applicable interest rate for the proposed borrowings.

Based on deliberation with various banks, it is envisaged that the interest rate would nearly be 10.50% excluding bank charges. Therefore, the Petitioner has considered the actual weighted average rate of interest for one-year SBI MCLR during FY 2024-25 plus 150 basis points i.e., 10.38% (8.88% + 1.50%), for the purpose of computing interest expenses for FY 2026-27. However, the Petitioner has requested the Commission to consider the actual interest rate prevailing during the year at the time of true-up. The capitalization and borrowings, based on the above assumptions for assets put to use prior to 01.04.2025 are summarized as below:

**Table 5-26 : Interest on Loan projected for FY 2026-27
 (Rs. Crore)**

Particulars	Approved	Revised Projections
Opening balance of Normative Loans	31.07	15.40
Less: Reduction in Normative Loan	-	-
Addition of Normative Loan	-	-
Repayment of Normative Loan	6.08	4.64
Closing balance of Normative Loan	24.99	10.76
Average balance of Normative Loan	28.03	13.08
Interest Rate (%)	9.15%	10.38%
Interest Expenses	2.56	1.36
Finance Charges	-	-
Total Interest & Finance Charges	2.56	1.36

Commission’s analysis

The Interest and Finance Charges have been computed only for assets put to use prior to the 1st April 2025, as the Return on Capital employed (RoCE) approach has been adopted for assets put to use on or after 1st April 2025, in accordance with the GERC (MYT) Regulations, 2024.



The Commission has considered the closing balance of the Normative Loan of Rs. 19.63 Crore for FY 2024-25, as approved in this Order as the opening balance of normative loan for FY 2025-26. No addition to the normative loan has been considered for assets put to use prior to 1st April 2025. Further, the Commission has considered the repayment of normative loan of Rs. 6.08 Crore for FY 2025-26, as approved in the Tariff Order dated 29 March 2025 in Case No. 2430 of 2024, for the purpose of arriving at the closing balance of normative loan for FY 2025-26.

The closing balance of normative loan for FY 2025-26 has been considered as the opening balance of normative loan for FY 2026-27. No addition to the normative loan has been considered for FY 2026-27 for assets put to use prior to 1st April 2025. The repayment of normative loan for FY 2026-27 has been considered equal to the depreciation of assets put to use prior to 1st April 2025, as approved in this Order.

As regards the weighted average rate of interest, it is observed that the Petitioner has considered an interest rate of 10.38% for FY 2026-27. The fifth proviso to Regulation 33.5 of GERC (MYT) Regulation 2024, provides that where there is no actual loan corresponding to the regulated business for a particular year, but a normative loan is outstanding, the applicable interest rate shall be 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.

Since there was no actual loan portfolio during FY 2024-25, the Commission has computed the interest on loan by considering one-year SBI MCLR as on 1st April 2025 plus 50 Basis Points. Accordingly, the applicable interest rate has been considered as 9.50% (i.e., 9.00% + 0.50%), in line with the fifth proviso to Regulation 33.5 of the GERC (MYT) Regulation 2024.

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

**Table 5-27 : Interest and Finance Charges approved for assets Capitalized up to 31st March
2025 for FY 2026-27**

Particular	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Opening balance of Normative Loans	31.07	15.40	13.55
Repayment of Normative Loan	6.08	4.64	4.64
Closing balance of Normative Loan	24.99	10.76	8.92
Average balance of Normative Loan	28.03	13.08	11.23
Interest Rate (%)	9.15%	10.38%	9.50%
Interest Expenses	2.56	1.36	1.07
Finance Charges	-	-	-
Total Interest & Finance Charges	2.56	1.36	1.07

(Rs. Crore)

5.10. Interest on Security Deposit

Petitioner's submission

The Petitioner submitted that consumers whose security deposit exceeds Rs. 25 Lakh may, at their option, furnish security deposit in the form of an irrevocable Bank Guarantee, initially valid for a period of 2 years, in accordance with the GERC (Security Deposit) (Second Amendment) Regulations, 2015.

The Petitioner submitted that, while projecting the interest payable on security deposits, it has considered only those consumers whose security deposit is less than Rs. 25 Lakh. It was submitted that the security deposit payable by addition of consumer seems to be more than Rs. 25 Lakh; accordingly, the security deposit available as on 31.03.2025 has been considered for the purpose of computing interest on security deposit for FY 2026-27.

The Petitioner has requested the Commission to allow the actual interest expenses incurred during the year at the time of truing-up.

Further, the Petitioner has computed the interest expenses on the projected security deposit for FY 2026-27 by applying the RBI Bank Rate of 6.50% as on 1st April 2025, in accordance with the GERC (MYT) Regulations, 2024, as shown below:



**Table 5-28 : Interest on Security Deposit projected for FY 2026-27
 (Rs. Crore)**

Particulars	Approved	Revised Projections
Amount Proposed as Security deposits	10.64	10.18
Interest Rate (%)	6.75%	6.50%
Interest on Security deposits	0.72	0.66

Commission’s analysis

The Commission has accepted the amount of consumer security deposits projected by the Petitioner for FY 2026-27, as the Petitioner is in a better position to estimate the security deposit held, particularly in view of its submission that a significant number of consumers are furnishing security deposits in the form of Bank Guarantees.

The Commission has considered the RBI Bank Rate as on 1st April 2025, i.e., 6.50% per annum, for the purpose of allowing interest on security deposits.

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

**Table 5-29 : Interest on Security Deposit approved for FY 2026-27
 (Rs. Crore)**

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Average Security Deposit	10.64	10.18	10.18
Interest Rate	6.75%	6.50%	6.50%
Interest on Security deposits	0.72	0.66	0.66

5.11. Interest on Working Capital

Petitioner’s submission

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

- O&M expenses for one month, plus maintenance spares @ 1% of GFA, plus receivables equivalent to one month of the expected revenue, minus



- Amount, if any, held as security deposits against bill payment

The Petitioner has considered interest on working capital as SBI Marginal Cost of Funds Based Lending Rate (MCLR) as on 01.04.2025 plus 200 basis points, i.e., 11.00% (9.00% + 2.00) in accordance with the GERC (MYT) Regulations, 2024.

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

Table 5-30 : Interest on Working Capital projected for FY 2026-27
 (Rs. Crore)

Particulars	Approved	Revised Projections
O&M Expense	2.11	2.11
Maintenance Spares	9.23	8.98
Receivables	327.90	243.34
Working Capital Requirement	339.24	254.43
Less: Average Security Deposit from Customers	10.64	10.41
Total Working Capital	328.60	244.02
Interest Rate (%)	10.65%	11.00%
Interest on working Capital	35.00	26.84

Commission's analysis

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

However, the Commission has considered the approved ARR for the purpose of computing working capital requirement. Further, it is observed that the Petitioner has considered security deposits of Rs. 10.41 Crore for FY 2026-27. However, while computing the interest on security deposits for FY 2026-27, the Petitioner has considered security deposits of Rs. 10.18 Crore. Accordingly, the Commission has considered Rs. 10.18 Crore as the security deposits for FY 2026-27.



The rate of interest on working capital has been considered as 11.00%, based on SBI MCLR as on 01.04.2025 plus 200 basis points (i.e., 9.00% plus 200 basis points) in accordance with the GERC (MYT) Regulations, 2024. Accordingly, 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 2026-27 is shown in the Table below:

Table 5-31 : Interest on Working Capital approved for FY 2026-27
 (Rs. Crore)

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
O&M Expense	2.11	2.11	2.11
Maintenance Spares	9.23	8.98	8.98
Receivables	327.90	243.34	248.33
Working Capital Requirement	339.24	254.43	259.42
Less: Average Security Deposit from Customers	10.64	10.41	10.18
Total Working Capital	328.60	244.02	249.24
Interest Rate (%)	10.65%	11.00%	11.00%
Interest on working Capital	35.00	26.84	27.42

5.12. Return on Equity

Petitioner's submission

The Petitioner submitted that it has projected the paid-up equity capital based on a debt-equity ratio of 70:30 for assets put to use, in accordance with the GERC (MYT) Regulations, 2024.

The Petitioner has considered a regulated return at a base rate of 13% for computing the Return on Equity, as per the GERC (MYT) Regulations, 2024. The Petitioner has not considered any additional return on equity linked to actual performance and has requested the Commission to allow such additional return, if applicable, at the time of truing up for respective year during the Control Period, based on actual performance in accordance with the GERC (MYT) Regulations, 2024.



Further, the Petitioner submitted that it has paid MAT at the rate of 17.472%, as per the latest Assessment Order. Accordingly, the Rate of Return has been grossed up using the effective tax rate based on latest available Assessment Order issued by the Income Tax Authority under the provisions of the Income Tax Act, 1961.

Based on the above, the pre-tax Return on Equity has been computed at 15.752% (i.e., Base RoE of 13% grossed up with MAT rate of 17.472%) for the purpose of calculating Return on Equity. The Petitioner has requested the Commission to consider the actual Tax paid during the year at the time of true-up for computation of the pre-tax Return on Equity.

Table 5-32 : Return on Equity projected for FY 2026-27
(Rs. Crore)

Particulars	Approved	Revised Projections
Regulatory Equity at the Beginning of the Year	37.69	28.35
Equity portion of Capitalization during the Year	-	-
Regulatory Equity at the end of the Year	37.69	28.35
Average Equity	37.69	28.35
Rate of Pre-Tax RoE	15.75%	15.75%
Total Return on Equity	5.94	4.47

Commission’s analysis

The Return on Equity has been computed only for assets put to use prior to the 1st April 2025, as the Return on Capital employed (RoCE) approach has been adopted for assets put to use on or after 1st April 2025, in accordance with the GERC (MYT) Regulations, 2024.

The Commission has considered the closing balance of the equity of Rs. 28.35 Crore for FY 2024-25, as approved in this Order as the opening balance of equity for FY 2025-26. Equity addition has been considered Nil for assets put to use prior to 1st April 2025. Accordingly, the closing balance of equity for FY 2025-26 works out to Rs. 28.35 Crore.

The closing balance of equity for FY 2025-26 has been considered as the opening balance of equity for FY 2026-27. Equity addition has been considered Nil for FY 2026-



27 for assets put to use prior to 1st April 2025. Accordingly, the closing balance of equity for FY 2026-27 works out to Rs. 28.35 Crore.

As per Regulation 35.2 of the GERC (MYT) Regulations, 2024, a base Return on Equity of 13% p.a. is to be allowed. Further, Regulation 35.1 of the GERC (MYT) Regulations, 2024, provides that the Additional Return on Equity shall be trued up for the respective year based on actual performance, duly substantiated by documentary evidence and subject to prudence check by the Commission.

Accordingly, the Base RoE of 13% has been grossed up with the applicable income tax rate of 17.47%, in accordance with Regulations 39.2 and 39.3 of the GERC (MYT) Regulations, 2024.

Accordingly, the Commission has approved the Return on equity for FY 2026-27 in accordance with the GERC (MYT) Regulations, 2024 as shown in the Table below:

Table 5-33 : Return on Equity for assets capitalized up to 31st March 2025, approved for FY 2026-27

Particular	Approved in the Tariff Order	Claimed in the Petition	Approved in this Order
Opening Equity	37.69	28.35	28.35
Closing Equity	37.69	28.35	28.35
Average Equity	37.69	28.35	28.35
Base Rate (Gross Up with MAT)	15.75%	15.75%	15.75%
Total Return on Equity	5.94	4.47	4.47

(Rs. Crore)

5.13. Return on Capital Employed

Petitioner's submission

As regards the Return on Capital Employed, the Petitioner submitted that it has considered the projected paid-up equity based on a debt-equity ratio of 70:30 for assets put to use, in accordance with the GERC (MYT) Regulations, 2024.

The Petitioner has considered the 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 determine the total capital employed, which includes the Original Cost



of Fixed Assets capitalized on or after 01.04.2025.

Further, the Petitioner submitted that it has approached various banks to fund the CAPEX requirements associated with infrastructure development, considering the anticipated growth in its licence area. The funding process has already been deliberated with various banks and the same is on the verge of closure. The Petitioner is currently in negotiations regarding the applicable interest rate for the proposed borrowings.

Based on deliberation with various banks, it is envisaged that the interest rate would nearly be 10.50% excluding bank charges. Therefore, the Petitioner has considered the actual weighted average rate of interest for one-year SBI MCLR during FY 2024-25 plus 150 basis points i.e., 10.38% (8.88% + 1.50%), for the purpose of computing interest expenses for FY 2026-27.

For deriving the Weighted Average Cost of Capital (WACC), the Petitioner has considered a base Return on Equity of 13.00%, in accordance with the GERC (MYT) Regulations, 2024. The Petitioner has not considered any additional Return on Equity linked to actual performance and has requested the Commission to consider such additional return, at the time of truing up for the respective year during the Control Period, based on actual performance.

Further, the Petitioner has considered a MAT rate of 17.472%, as per the latest Assessment Order. Accordingly, the rate of Return on Equity for FY 2026-27 has been grossed up using the effective tax rate based on the latest available Assessment Order issued by Income Tax Authority under provision of Income Tax Act 1961. The pre-tax Return on Equity has thus been computed at 15.752% (i.e., Base RoE of 13% grossed up with Mate rate of 17.472%) for the purpose of deriving the Weighted Average Cost of Capital.

The Petitioner has further requested the Commission to consider actual tax paid during the year at the time of truing-up for computation of the pre-tax Return on Equity.



The Return on Capital Employed projected by the Petitioner for FY 2026-27 is shown in the Table below:

Table 5-34: Return on Capital Employed projected for FY 2026-27

(Rs. Crore)

Particulars	Approved	Revised Projections
Original Cost of Fixed Assets (OCFA)	458.91	458.91
Accumulated Depreciation	2.73	2.73
RRB Opening	456.17	456.17
Assets Capitalization during the year	154.21	181.34
Depreciation during the year	29.14	29.40
Consumer Contributions, capital subsidy/grant during the year	2.25	2.25
Assets decapitalized during the year	-	-
RRB Closing	578.99	605.84
RRB Average	517.58	532.37
Consumer Contributions at the beginning of the year	216.10	216.10
Equity (Opening)	136.85	72.84
Equity (Addition)	36.84	44.90
Equity (Closing)	173.70	117.74
Equity (Average)	155.28	95.29
Debt (Opening)	319.32	169.97
Debt (Addition)	85.97	104.77
Debt (Closing)	405.29	274.73
Debt (Average)	362.31	222.34
Rate of Return on Equity (%)	15.75%	15.75%
Rate of Interest on Debt (%)	9.15%	10.38%
WACC (%)	11.13%	11.99%
Return on Capital Employed	57.61	63.84

Commission's analysis

It is observed that as per Regulation 36 of the GERC (MYT) Regulations, 2024, for assets 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



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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 9.50%, the Weighted Average Cost of Capital (WACC) approved is 11.38%, which is applied on RRB to compute Return on Capital Employed.

Accordingly, based on the methodology specified in the GERC (MYT) Regulations, 2024, the Commission allows the RoCE for FY 2026-27 as outlined below:

**Table 5-35: Detailed computation of Return on Capital Employed submitted by MUL
for FY 2026-27**

(Rs. Crore)

Sr. No.	Particulars	MUL		
		Legend	FY 2025-26	FY 2026-27
1	Original Costs of Fixed Assets (OCFA)	A	-	458.91
2	Accumulated Depreciation (net of assets decapitalized)	B	-	2.73
3	RRB Opening	C=A-B	-	456.17
4	Assets Capitalization during the year	D	675.01	181.34
5	Depreciation during the year (net of Assets decapitalized during the year)	E	2.73	29.40
6	Consumer Contributions, capital subsidy/grant during the year	F	216.10	2.25
7	Assets decapitalized during the year	G	-	-
8	RRB Closing	H=C+D-E-F-G	456.17	605.84
9	RRB Average	$I=(A+H)/2$	228.09	532.37
10	Consumer Contributions, Capital Subsidy / Grants at the beginning of the year	J		216.10
11	Equity (Opening)	$K=X \times (A-J)$		72.84
12	Equity (Addition)	$L=X \times (D-E-F-G)$		44.90
13	Equity (Closing)	$M=K+L$		117.74
14	Equity (Average)	$N=(K+M)/2$		95.29
15	Debt (Opening)	$O=Y \times (A-J)$		169.97
16	Debt (Addition)	$P= Y \times (D-E-F-G)$		104.77



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Sr. No.	Particulars	MUL		
		Legend	FY 2025-26	FY 2026-27
17	Debt (Closing)	$Q=O+P$		274.73
18	Debt (Average)	$R=(O+Q)/2$		222.34
19	Rate of Return on Equity (%)	S		15.75%
20	Rate of Interest on Debt (%)	T		10.38%
21	WACC (%)	$U=\{(N/(R+N)) \times S\} + \{(R/(R+N)) \times T\}$		11.99%
22	Return on Capital Employed for FY 2026-27	$V=I \times U$		63.84

Table 5-36: Detailed computation of Return on Capital Employed approved for FY 2026-27

(Rs. Crore)

Sr. No.	Particulars	Commission's Analysis		
		Legend	FY 2025-26	FY 2026-27
1	Original Costs of Fixed Assets (OCFA)	A	-	675.01
2	Accumulated Depreciation (net of assets decapitalized)	B	-	2.73
3	Accumulated Consumer Contributions, Capital Subsidy / Grants for OCFA	C	-	216.10
4	RRB Opening	$D=A-B-C$	-	456.18
5	Assets Capitalization during the year	E	675.01	181.34
6	Depreciation during the year (net of Assets decapitalized during the year)	F	2.73	29.41
7	Consumer Contributions, capital subsidy/grant during the year	G	216.10	2.26
8	Assets decapitalized during the year	H	-	-
9	RRB Closing	$I=D+E-F-G-H$	456.18	605.85
10	RRB Average	$J=(D+I)/2$	228.09	531.01
11	Equity (Opening)	$K=X \times D$	-	136.85
12	Equity (Addition)	$L=X \times (E-F-G-H)$	136.85	44.90
13	Equity (Closing)	$M=K+L$	136.85	181.76
14	Equity (Average)	$N=(K+M)/2$	63.43	159.30
15	Debt (Opening)	$O=Y \times D$	-	319.32
16	Debt (Addition)	$P=Y \times (E-F-G-H)$	319.32	104.77
17	Debt (Closing)	$Q=O+P$	319.32	424.10
18	Debt (Average)	$R=(O+Q)/2$	159.66	371.71
19	Rate of Return on Equity (%)	S	15.75%	15.75%



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Sr. No.	Particulars	Commission's Analysis		
		Legend	FY 2025-26	FY 2026-27
20	Rate of Interest on Debt (%)	T	9.15%	9.50%
21	WACC (%)	$U = \{(N/(R+N)) \times S\} + \{(R/(R+N)) \times T\}$	11.13%	11.38%
22	Return on Capital Employed for FY 2026-27	V=I x U	25.39	60.41

Where X = 30% and Y= 70%

Furthermore, a comparison of Return on Capital Employed approved in the MYT Order, as claimed by the Petitioner in the present Petition, and as approved in the present Order is shown in the Table below:

Table 5-37: Return on Capital Employed approved for FY 2026-27

(Rs. Crore)

Particular	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
RRB Opening	456.18	456.18	456.18
RRB Closing	578.99	605.84	605.85
RRB Average	517.58	532.37	531.01
WACC (%)	11.13%	11.99%	11.38%
Return on Capital Employed	57.61	63.84	60.41

5.14. Contribution to Contingency Reserve

Petitioner's submission

The Petitioner has not considered any contribution to contingency reserve for FY 2026-27.

Commission's analysis

The Commission approves contribution to contingency reserve at **Nil** for FY 2026-27.

5.15. Non-Tariff Income

Petitioner's submission

The Petitioner has projected **Nil** Non-Tariff Income as approved by the Commission in its MYT Order for FY 2026-27.



Commission’s analysis

The Commission has provisionally considered **Nil** Non-Tariff Income for FY 2026-27 as claimed by the Petitioner.

5.16. Income From Wheeling Charges

Petitioner’s submission

The Petitioner submitted that it has projected the income from wheeling charges for FY 2026-27 as shown in the Table below:

Table 5-38: Income from Wheeling Charges projected for FY 2026-27

(Rs. Crore)

Particulars	Approved	Revised Projections
Income From Wheeling Charges	39.82	42.92

Commission’s analysis

The Commission has considered the wheeling charges for FY 2026-27 as claimed by the Petitioner as shown in the Table below:

Table 5-39: Income from Wheeling Charges approved for FY 2026-27

(Rs. Crore)

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Income From Wheeling Charges	39.82	42.92	42.92

5.17. Aggregate Revenue Requirement

Petitioner’s submission

The Petitioner has submitted the ARR for FY 2026-27 as shown in the Table below:

Table 5-40 : Revised ARR Projected by MUL for FY 2026-27

(Rs. Crore)

Particulars	Approved in the MYT Order	Claimed in the Petition
Power Purchase Expenses	3,812.31	3,150.80
O&M Expenses	25.29	25.29
Depreciation	35.23	34.04
Interest and Finance Charges	2.56	1.36



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Particulars	Approved in the MYT Order	Claimed in the Petition
Interest on Security Deposits	0.72	0.66
Interest on Working Capital	35.00	26.84
Provision for bad debts	-	-
Contingency Reserve	-	-
Total Revenue Expenditure	3,911.11	3,239.00
Return on Equity Capital	5.94	4.47
Return on Capital Employed	57.61	63.84
Aggregate Revenue Expenditure	3,974.65	3,307.31
Less: Non-Tariff Income	-	-
Less: Income from Wheeling Charges	39.82	42.92
Aggregate Revenue Requirement	3,934.83	3,264.38

The Petitioner has requested the Commission to approve the revised ARR as submitted above for FY 2026-27.

Commission's analysis

Considering the foregoing analysis, the Commission approves the revised ARR for FY 2026-27 as shown in the Table below:

Table 5-41 : Revised ARR approved for FY 2026-27

(Rs. Crore)

Particulars	Approved in the MYT Order	Claimed in the Petition	Approved in this Order
Power Purchase Expenses	3,812.31	3,150.80	2,869.54
O&M Expenses	25.29	25.29	25.29
Depreciation	35.23	34.04	34.04
Interest and Finance Charges	2.56	1.36	1.07
Interest on Security Deposits	0.72	0.66	0.66
Interest on Working Capital	35.00	26.84	27.42
Provision for bad debts	-	-	-
Contingency Reserve	-	-	-
Total Revenue Expenditure	3,911.11	3,239.00	2,958.03
Return on Equity Capital	5.94	4.47	4.47
Return on Capital Employed	57.61	63.84	60.41
Aggregate Revenue Requirement	3,974.65	3,307.31	3,022.90
Less: Non-Tariff Income	-	-	-
Less: Income from Wheeling Charges	39.82	42.92	42.92
Net Aggregate Revenue Requirement	3,934.83	3,264.38	2,979.98



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

Petitioner's submission

The Petitioner submitted the projected revenue for FY 2026-27 at existing tariff works out to Rs. 2,920.09 Crore, against the projected ARR of Rs. 3,264.38 Crore. The consolidated Revenue Surplus including holding cost of FY 2024-25 is Rs. 57.71 Crore. In view of the above, the Revenue Gap for FY 2026-27, considering consolidated Revenue Surplus of FY 2024-25 along with holding cost is given in the Table below:

**Table 5-42 : Revenue Surplus/(Gap) with Existing Tariff as claimed for FY 2026-27
(Rs. Crore)**

Sr. No.	Particulars	Claimed
1	Projected ARR for FY 2026-27	3,264.38
2	Less: Consolidated Revenue Surplus/(Gap) for FY 2024-25	54.45
3	Less: Consolidated Holding/(Carrying) Cost for FY 2024-25	3.26
4	Estimated Revenue from existing tariff for FY 2026-27	2,920.09
5	Revenue Surplus/ (Gap) for FY 2026-27	(286.58)

Commission's analysis

Regulation 16.7 (c) of the GERC (MYT) Regulations, 2024 specifies that the carrying cost shall be 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 Surplus/(Gap) for FY 2026-27 as shown in the table below:

**Table 5-43 : Revenue Surplus/(Gap) with Existing Tariff approved for FY 2026-27
(Rs. Crore)**

Sr. No.	Particulars	Claimed	Approved
1	Projected ARR for FY 2026-27 (a)	3,264.38	2,979.98
2	Estimated Revenue from existing tariff for FY 2026-27 (b)	2,920.09	2,920.09
3	Revenue Surplus/(Gap) for FY 2026-27 (c) = (b) – (a)	(344.29)	(59.89)
2	Add: Consolidated Revenue Surplus/(Gap) for FY 2024-25 (d)	54.45	54.99
3	Add: Holding/(Carrying) Cost on Consolidated Revenue Surplus/(Gap) for FY 2024-25 at weighted average SBI Bank Rate of 8.88% for two years (e) = [(d)*8.88%*2]	-	9.77



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Sr. No.	Particulars	Claimed	Approved
4	Add: Holding/(Carrying) Cost on consolidated surplus/ (gap) for FY 2022-23 (as approved in Order dated 01.06.2024) (f)	3.26	3.26
5	Net Revenue Surplus/(Gap) for FY 2026-27 (g) = (c)+(d)+(e)+(f)	(286.58)	8.13

Accordingly, the Commission approves a cumulative Revenue Surplus of Rs. 8.13
Crore for FY 2026-27.



6. Fuel and Power Purchase Adjustment Surcharge

6.1. Fuel and Power Purchase Adjustment Surcharge

Petitioner's submission

The Petitioner submitted that the Commission has provided formula for computation of FPPAS charges in the GERC (MYT) Regulations, 2024, and subsequent Suo-Motu Order passed by it on 30.05.2025 in Case No. 2485 of 2025.

FPPAS Formula

Quarterly FPPAS for Nth Quarter

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

Whereas,

(i) Nth Quarter = the quarter in which billing of FPPAS component is done. This FPPAS is due to changes in tariff for the power supplied in (n-1)th quarter.

(ii) A = is total unit procured in (n-1)th quarter (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-1)th quarter (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-1) quarter (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-1)th quarter, (From the bills by Transco's to Discom) (in Rs).

(vi) E = Base Cost of Transmission Charges for (n-1)th Quarter = (Approved Transmission Charges/4) (in Rs).

(vii) Z = [{Actual Power purchased from all the sources outside the State in (n-1)th Quarter (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:

The Commission notes that it had issued a Suo Motu Order dated 30.05.2025 in Case No. 2485 of 2025, wherein it was decided that Distribution Licensees shall compute the FPPAS on quarterly basis for FY 2025-26, in accordance with the formula stipulated in the proviso of 115 (m) of the GERC (MYT) Regulations, 2024. However, it is clarified that the said Order is applicable only for FY 2025-26. The Petitioner shall submit the monthly FPPAS in accordance with the GERC (MYT) Regulations, 2024.

In connection with the 'Fuel and Power Purchase Adjustment Surcharge', the GERC (Multi-Year Tariff) Regulations, 2024 specifies as under:

“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 \leq 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:*

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

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 2026-27:

It is required to compute and bill monthly FPPAS in accordance with the above formula. Further, for the computation of monthly FPPAS during FY 2026-27, it is required to consider –

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Particular	MOU	FY 2026-27
Projected Energy Requirement	MUs	4,951.72
Approved Power Purchase Cost (Excluding Transmission Charges)	Crore	2,448.01
Approved average Power Purchase Cost (PPC)	Per unit	4.94
Base Cost of Transmission Charges (Monthly)	Crore	35.13
Distribution Losses	%	2.32%
Average Billing Rate for the Year	Per unit	6.22
Inter-State and Intra-State Transmission Losses		As actual

Monthly FPPAS computed in %, in accordance with the GERC (MYT) Regulations, 2024 shall be applicable to Energy Charge + Base FPPAS and Fixed/ Demand Charge (Not on Excess Demand Charges, ToU Charges or other rebate/penalties).



7. Wheeling Charges and Cross Subsidy Surcharge

7.1. Wheeling Charges

Regulation 98 of the GERC (MYT) Regulations, 2024, specifies that the Commission shall determine the wheeling charges for distribution Wires Business of the distribution licensee in its ARR and Tariff Order. Accordingly, the Commission has reviewed the 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

The Petitioner has allocated the total ARR expenditure of MUL to Wires and Retail Supply Business considering the following Allocation Matrix:

Table 7-1 : Allocation Matrix for segregation to Wires and Retail Supply Business claimed for FY 2026-27

(%)

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, the Petitioner has segregated total ARR of MUL supply area into ARR for Wires and Retail Supply Business as shown below:



**Table 7-2 : Allocation Matrix for segregation of Wires and Retail Supply Business
claimed for FY 2026-27**

Particulars	Wire Business (Rs. Cr.)	Retail Supply Business (Rs. Cr.)
Power purchase expenses	-	3,150.80
O&M expenses	18.40	6.89
Employee expenses	2.41	1.61
R& M expenses	12.04	1.34
A&G expenses	3.95	3.95
Depreciation	30.64	3.40
Interest on long term loans	1.22	0.14
Interest on Security Deposit	0.07	0.60
Interest on working capital	2.68	14.16
Provision for bad debts	-	-
Contingency reserve	-	-
Revenue expenditure	53.01	3,185.99
Return on equity	4.02	0.45
Return on Capital Employed	57.46	6.38
Less: Non-tariff income	-	-
ARR	114.48	3,192.82

a. ARR of Wire Business: Rs. 114.48 Crore

b. ARR of Retail Supply Business: Rs. 3,192.82 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 Wires 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, for the purpose of tariff determination for FY 2026-27, the Commission has considered the Allocation Matrix thereof as provided in the GERC (MYT) Regulations, 2024, and has approved the ARR for Wires and Retail Supply Business for FY 2026-27 as shown in the Table below:

Table 7-3 : 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 7-4 : Allocation Matrix for segregation to Wires and Retail Supply Business approved for FY 2026-27

Particulars	(Rs. Crore)	
	Wires Business	Retail Supply Business
Power Purchase Expenses	-	2,869.54
Employee Expenses	2.40	1.60
A&G Expenses	3.95	3.95
R&M Expenses	12.05	1.34
Depreciation	30.64	3.40
Interest and Finance Charges	0.96	0.11



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Particulars	Wires Business	Retail Supply Business
Interest on Working Capital and Consumer Security Deposit	2.81	25.27
Provision for Bad Debts	-	-
Contingency Reserve	-	-
Return on Equity Capital	4.02	0.45
Return on Capital Employed	54.37	6.04
Less: Non-Tariff Income	-	-
Less: Income from Wheeling Charges	42.92	-
Aggregate Revenue Requirement	68.27	2,911.70

7.2. 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 FY 2024-25 is Rs. 223.06 Crore. The Petitioner has segregated GFA for FY 2024-25 among HT level (11 kV and above) and LT Voltage level to arrive at voltage level-wise Wheeling Charges.

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



the below table:

Table 7-5 : Voltage level wise GFA Ratio

Particular	GFA (Rs. In Crore)	GFA (%)
HT level (11 KV & Above)	221.22	99.00%
LT level	1.84	1.00%
Total	223.06	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 FY 2026-27 is 1,722.04 MVA. The contract demand of HT and LT consumers is 1,706.40 MVA and 15.64 MVA, respectively, for FY 2026-27. Hence, 99% of the contract demand of HT consumers contributes to the system peak demand.

Table 7-6 : Peak Demand contribution

	Peak Demand (MVA)	Peak Demand (%)
System Peak Demand	1,722.04	100.00%
HT (11 KV & Above) consumer	1,706.40	99.00%
LT consumer	15.64	1.00%

To determine the wheeling charges for the HT and 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 7-7 : Wheeling Charges as claimed for FY 2026-27

Particular	Wheeling Charge
First Level Segregation of ARR (Rs. Crore)	
HT Voltage Level	113.44
LT Voltage Level	1.04
Total ARR	114.48
Second Level Segregation of ARR (Rs. Crore)	
HT Voltage Level	112.41
LT Voltage Level	2.07
Total ARR	114.48
Wheeling Charges in Rs. / kWh	



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Particular	Wheeling Charge
HT Voltage Level	0.24
LT Voltage Level	5.63

The Petitioner has further submitted 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 7-8 : Wheeling Losses as claimed for FY 2026-27

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 2026-27 in earlier Section, as Rs. 68.27 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. The Petitioner 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 7-9 : Wheeling Charges as approved for FY 2026-27

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	67.71
LT Voltage	0.56
Total	68.27
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	67.10
LT Voltage	1.18
Total	68.27
Wheeling Charges in Rs. / kWh	
HT Voltage	0.14
LT Voltage	3.20



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

Table 7-10 : Wheeling Losses for FY 2026-27 as approved by the Commission

Particulars	Wheeling Losses (%)
HT Category	2.50%
LT Category	6.00%

7.3. Cross Subsidy Surcharge

Petitioner's submission

The Petitioner 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 Surcharge based on the above formula is worked out as shown in the Table below:

Table 7-11 : Cross Subsidy Surcharge claimed for FY 2026-27

S. No.	Particular	HT Category (Rs. /kWh)
1	T – Tariff for HT category	6.22
2	C - PPC: Average cost of power Purchase	6.28
3	D- Wheeling charges for HT category	0.24
4	L – Loss for HT category (%)	2.50%



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S. No.	Particular	HT Category
5	S= Cross subsidy surcharge	(0.46)

Commission's analysis

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

$$S = T - [C / (1 - L/100) + D + R] \text{ Where,}$$

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 7-12 : Cross Subsidy Surcharge approved for FY 2026-27

(Rs./kWh)

S. No.	Particulars	HT Category
1	T – Tariff for HT category	6.22
2	C – Wt. Average cost of power Purchase	5.80
3	D - Wheeling charges for HT category	0.14
4	L – Aggregate T&D Loss (%)	2.50%
5	S = Cross subsidy surcharge	0.13

$$S = 6.22 - (5.80 / (1 - 2.50\%) + 0.24 + 0)$$

Thus, CSS as per Tariff Policy is Rs. 0.13/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 20% of the Average Cost of Supply.

Accordingly, the Commission approves Cross Subsidy Surcharge at Rs. 0.13/kWh for FY 2026-27.

8. Compliance of Directives

8.1. Earlier directives

The Commission had issued following directives in the previous Tariff Order and its compliance as filed by the Petitioner is follows:

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

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.

Compliance submitted by MUL

The Petitioner submitted that, under the Revamped Distribution Sector Scheme, private sector entities are not eligible to avail benefits under the Scheme. However, the Petitioner has planned to implement the SMRD (Smart Meter Reading Device) in FY 2024-25 within its licence area. The Petitioner submitted that it primarily supplies electricity to HT/EHT consumers. The overall requirement of smart meters is very low compared to other licensees. Therefore, there is a constraint in the delivery of meters by the suppliers. The first lot of meters has been received at site and installation has commenced. The installation process is under progress, and the same is expected to be completed in FY 2025-26.

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 and is expected to be completed by FY 2025-26.

The Petitioner is directed to expedite the installation of pre-paid smart meters and to submit a status report on the same, along with details of the existing AMR meters that have been replaced with the Smart Meters by 30 June, 2026.



Directive 2: Charging Infrastructure for Electric Vehicles:

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 same along with every year Tariff Petition.

Compliance submitted by MUL

The Petitioner has submitted that it is having distribution licence of the area, which is under development stage and currently, domestic electric vehicles could not be located in the Petitioner's licence area. The Petitioner based on the discussion with the developer of the Mundra area has planned to create the facility for heavy vehicle charging facility in the licence area. The Petitioner along with developers have identified two locations for EV charging station at HT level. One charging station has already been developed by the developer and MUL has provided the connection under HT – Electric Vehicle (EV) Charging Station as approved by the Commission. The installation process by developer is under progress for another HT – Electric Vehicle (EV) Charging Station, and the same is expected to be commissioned in FY 2025-26.

Commission View:

The Commission has noted the submission of the Petitioner. The Petitioner is directed to ensure that it submits the quarterly status of CAPEX and Capitalization for the same. The Petitioner is also directed to ensure that it maintains separate accounts for expenses and revenue for EV Charging activities and submits the same along with the Tariff Petition every year.

Directive 3: Time of Use Charges:

The Petitioner is directed to continuously study the consumption/ Load pattern of consumers for ascertaining the feasibility for implementing TOD Charges and submit

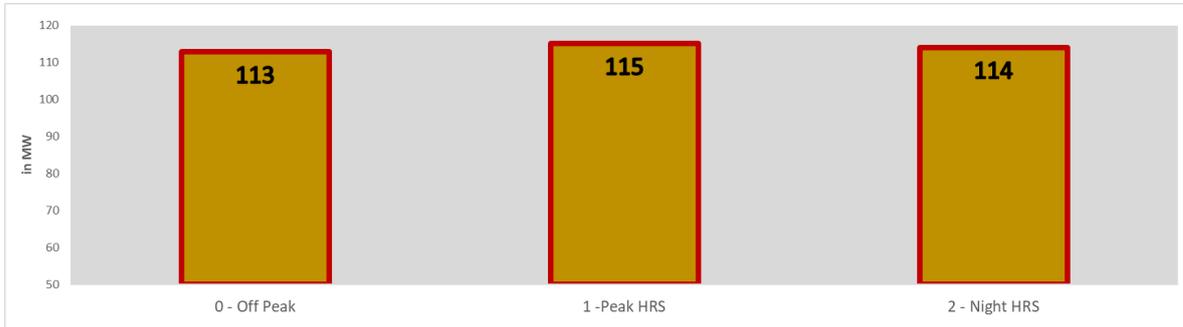
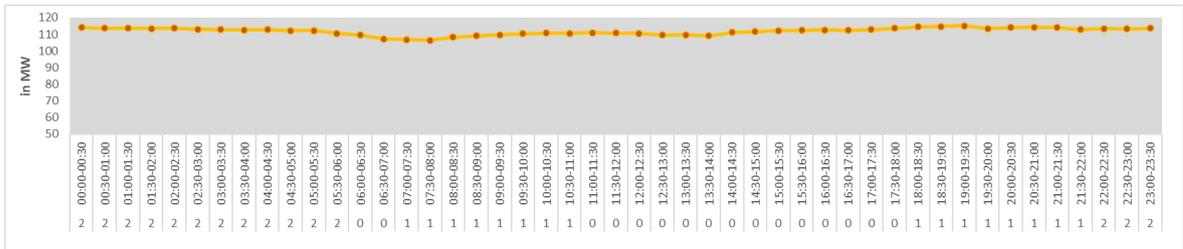


the report of such study to the Commission along with the Petition.

Compliance submitted by MUL

The Petitioner submitted that it has furnished the study report for FY 2023-24 in its Tariff Petition in Case No. 2430 of 2024, wherein it was observed that there was no significant variation in load during off-peak, peak and night hours during the year. The Commission, in its Order dated 29.03.2025, noted the submission and directed the Petitioner to continue studying the consumption / load pattern of consumers to assess the feasibility of implementing TOD charges.

In compliance with the above directions, the Petitioner has carried out a load pattern study for FY 2024-25. The aggregated average load of the consumers was recorded at 114 MW, with the average load during off-peak, peak and night hours recorded at 113 MW, 115 MW and 114 MW, respectively. Thus, no significant variation is observed across different time slots. The aggregated half-hourly load pattern and Time-slot-wise load of the licence area are presented below.



Further, the Petitioner submitted that majority of its consumers are continuous process industries, which may not be able to reshuffle their load even if ToD-based tariff benefits are provided. Implementation of ToD tariffs in such a scenario may increase the complexity of billing without yielding significant benefits to consumers.



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 its licence area.

Commission View:

The Commission has noted the submission of the Petitioner.

Directive 4: RPO:

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

Compliance submitted by MUL

The Petitioner submitted that it has made all efforts to fulfil its RPO compliance in accordance with the RPO targets set 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.

8.2. Directives issued by the Commission in the Order dated 29 March 2025, in Case No. 2430 of 2024:

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

Compliance submitted by MUL

The Petitioner submitted that Adani Energy Solution Limited (AESL), being the holding company of the Petitioner publishes consolidated ESG disclosure on behalf of all the subsidiary entities including MUL. The report for FY 2024-25 has already been



published in the public domain by AESL on its website. Similarly, the ESG disclosure for FY 2025-26 will also be published and the same will be submitted to the Commission.

Commission View:

The Commission notes the submission made by the Petitioner in this regard. The Petitioner is directed to ensure the mandatory submission of ESG Disclosure for FY 2025-26 at the time of filing the Tariff Petition for the ensuing year.

8.3. Fresh Directives

1. The Commission directs MUL to submit the separately maintained Asset Register for assets developed by the Developer/Co-Developer through supervision charges along with every Tariff Petition.



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, and the GERC (MYT) Regulations, 2024 notified by the Commission.

Section 61 of the Electricity Act, 2003 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

The Petitioner submitted that the sales for FY 2026-27 are projected at 4,695 MU and the ARR for FY 2026-27 is estimated at Rs. 3,264.38 Crore. After adjusting the Revenue Surplus and holding cost of previous years, amounting to Rs. 57.71 Crore, the net projected ARR for FY 2026-27 works out to Rs. 3,206.67 Crore. The estimated revenue at the existing tariff is Rs. 2,920.09 Crore, resulting in a Revenue Gap of Rs. 286.58 Crore for FY 2026-27.

However, the Petitioner submitted that its licence area is currently under the development phase, wherein several industrial consumers have commenced the construction of their respective Units. The Petitioner, in coordination with the developer of the zone, is continuously engaging with these upcoming Units and monitoring their anticipated commissioning schedules. Accordingly, the Petitioner is aligning its infrastructure development plans. Therefore, the revised ARR and anticipated revenue for FY 2026-27 are contingent upon the pace of establishment and operationalization of these consumers.



In view of the above, the Petitioner has proposed to continue with the existing tariff. Any gap or surplus shall be worked out at the time of truing up and appropriately adjusted in the subsequent years, once load demand of major consumers stabilises.

9.3. Commission's analysis

As discussed in the previous sections, the Commission has approved a cumulative Revenue Surplus of Rs. 8.13 Crore at existing tariff. Therefore, the Commission has decided to continue with the existing tariff for FY 2026-27. Any deviation will be considered at the time of true-up for FY 2026-27. 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 Terms and Conditions section.



COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for MPSEZ Utilities Ltd. (MUL) for FY 2026-27, as shown in the Table below:

ARR approved by the Commission for FY 2026-27

Particulars	(Rs. Crore) FY 2026-27
Power Purchase Expenses	2,869.54
O&M Expenses	25.29
Depreciation	34.04
Interest and Finance Charges	1.07
Interest on Security Deposits	0.66
Interest on Working Capital	27.42
Provision for Bad Debts	-
Contingency Reserve	-
Total Revenue Requirement	2,958.03
Return on Equity Capital	4.47
Return on Capital Employed	60.41
Aggregate Revenue Requirement	3,022.90
Less: Non-Tariff Income	-
Less: Income from Wheeling Charges	42.92
Net Aggregate Revenue Requirement	2,979.98

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, 2026.

-Sd-

Jatin N. Thakkar
Member

-Sd-

Hiren Shah
Member

-Sd-

Pankaj Joshi
Chairman

Place: Gandhinagar

Date: 25/03/2026



ANNEXURE: TARIFF SCHEDULE for FY 2026-27

Tariff Schedule for license area of MPSEZ Utilities Ltd. (MUL) Effective from 1st April, 2026

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. 0.75/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)

The following tariffs are available for supply at low and medium voltage for contract demand up to 150 kVA.

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
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1.2. ENERGY CHARGE

(i)	First 250 units consumed per month	420 Paise per Unit
(ii)	Remaining units consumed per month	470 Paise 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
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2.2. ENERGY CHARGE

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

2.3. MINIMUM BILL

Payment of fixed charges as specified in 2.1 above.

3. RATE: Commercial (Demand)

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

3.1. FIXED CHARGE

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

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

Payment of fixed charges as specified in 5.1 above.



6. **RATE: Street Lights**

Applicable to lighting systems for illumination of public roads

6.1. **ENERGY CHARGE**

A flat rate of	420 Paise per Unit
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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 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	75 Paise per Unit.
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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
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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
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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
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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
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PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

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

The following tariffs are available for supply at high tension for contract demand not less than 100 kVA.

9. RATE: HTMD - 1

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

9.1 FIXED CHARGE

A) For the Billing Demand of customer having

a. Contract demand up to 500 kVA

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

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

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

10.1 FIXED CHARGE

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

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

This tariff is applicable for supply of energy to High Tension consumers, contracting for



maximum demand of 100 kVA and above, for residential purposes and availing supply at single point by a Co-operative Group Housing Society for making electricity available to the members of Co-operative Society in the same premises.

11.1 FIXED CHARGE

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

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



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

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

11.5 MINIMUM BILL

Payment of fixed charges as specified in 11.1 above.

12. RATE: HTMD-IV

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

12.1 FIXED CHARGE

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

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



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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
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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
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B) For billing demand in excess of the contract demand

For billing demand in excess of contract demand	Rs. 425 per kVA per month
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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 is 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
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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
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14.4 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.

14.5 MINIMUM BILL

Payment of fixed charges as specified in 14.1 above.

