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PLOT NO. G-9, PRAKASHGAD,
Prof. ANANT KANEKAR MARG,
BANDRA (E), MUMBAI-400 051.

Ref. No.: SE/TRC/O & M/ No 2 8 2 7 3

Date: 17 SEP 2016

To,
The Secretary,
Maharashtra Electricity Regulatory Commission,
World Trade Centre, Centre No.1,
13th Floor, Cuffe Parade, Mumbai.

Subject: Submission of Miscellaneous Application in the matter of Petition filed by MSEDCL for Final True Up of FY 14-15, Provisional True Up of FY 15-16 & Multi Year Tariff for FY 16-17 to FY 19-20 (Case No. 48 of 2016).

Ref: MSEDCL's MYT Petition in case no. 48 of 2016.

Sir,

Maharashtra State Electricity Distribution Company Limited (MSEDCL) is hereby submitting Miscellaneous Application in the matter of Petition filed by MSEDCL for Final True Up of FY 14-15, Provisional True Up of FY 15-16 & Multi Year Tariff for FY 16-17 to FY 19-20 (Case No. 48 of 2016) which is enclosed herewith. The necessary fees as per MERC (Fees & Charges) Regulations 2004, of Rs. 10,000/- (Ten Thousand only) by Demand Draft is also enclosed herewith.

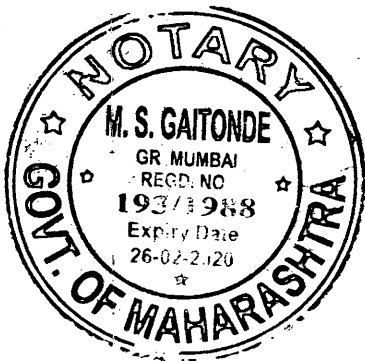
This may please be taken on record & be placed before Hon'ble Commission for its appraisal.

Thanking you.

Encl: As above

Yours faithfully,

Executive Director (Commercial)
MSEDCL



BEFORE MAHARASHTRA ELECTRICITY REGULATORY COMMISSION, MUMBAI

Filing No.: _____

Case No.: _____

IN THE MATTER OF

MISCELLANEOUS APPLICATION IN THE PETITION FILED BY MSEDCL FOR FINAL TRUE UP OF FY 14-15, PROVISIONAL TRUE UP OF FY 15-16 & MULTI YEAR TARIFF FOR FY 16-17 TO FY 19-20 (CASE NO. 48 OF 2016)

AND

IN THE MATTER OF

REGULATION 101 OF THE MERC (MYT) REGULATIONS 2015

AND

IN THE MATTER OF

REGULATION 102 OF THE MERC (MYT) REGULATIONS 2015

AND

IN THE MATTER OF

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LTD; PRAKASHGAD, PLOT NO. G - 9, ANANT KANEKAR MARG, BANDRA (EAST), MUMBAI – APPLICANT

Affidavit on behalf of Maharashtra State Electricity Distribution Company Limited.

I, Satish Chavan, aged 51 years, son of Shri. Vithalrao Chavan having my office at MSEDCL, Prakashgad, Plot No.G-9, Anant Kanekar Marg, Bandra (E), Mumbai-400051 do solemnly affirm and say as follows:

I am Executive Director (Commercial) of Maharashtra State Electricity Distribution Co. Ltd., the Applicant in the above matter and am duly authorized by the said applicant to make this affidavit.



The statements made in the enclosed submission for the Miscellaneous Application in the matter of Petition filed by MSEDCL for Final True Up of FY 14-15, Provisional True Up of FY 15-16 & Multi Year Tariff for FY 16-17 to FY 19-20 (Case No. 48 of 2016) are based on the information received from the concerned officers of the Company and I believe them to be true.

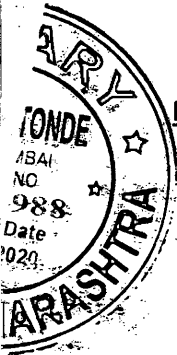
I say that there are no proceedings pending in any court of law/tribunal or arbitrator or any other authority, wherein the Applicant is a party and where issues arising and /or relief sought are identical or similar to the issues arising in the matter pending before the Hon'ble Commission.

I solemnly affirm at Mumbai on this 17th day of September, 2016 that the contents of this affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

W. Chandra

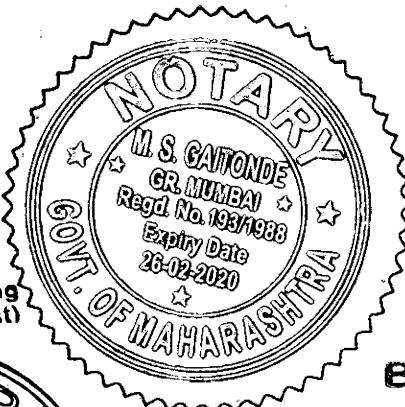
Executive Director (Commercial)

MSEDCL



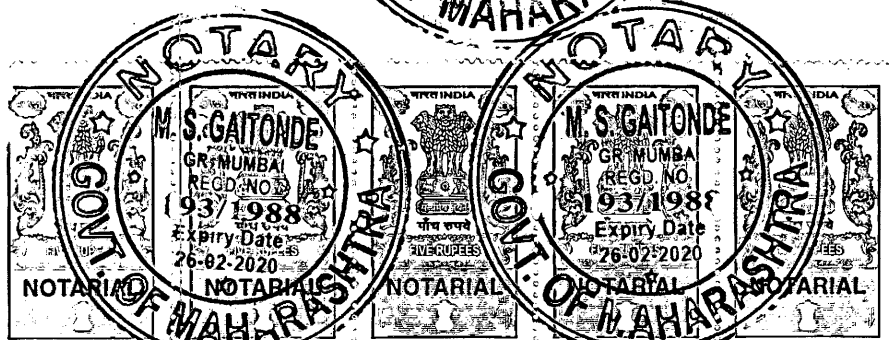
Identified before me

[Signature]
AKHILESH TRIPATHI
B. A., LL. B.
ADVOCATE HIGH COURT
Lawyer's Chamber, Bhaskar Building
2nd Floor, A. K. Marg, Bandra (East)
Mumbai - 400 051



BEFORE ME

[Signature]
M. S. GAITONDE
B.A.L.L.M
NOTARY
GREATER MUMBAI
GOVT. OF MAHARASHTRA
INDIA



NOTED	REGISTER
Sr. No-2384	17-9-2016

BEFORE MAHARASHTRA ELECTRICITY REGULATORY COMMISSION, MUMBAI

Filing No.: _____

Case No.: _____

IN THE MATTER OF

MISCELLANEOUS APPLICATION IN THE PETITION FILED BY MSEDCL FOR FINAL TRUE UP OF FY 14-15, PROVISIONAL TRUE UP OF FY 15-16 & MULTI YEAR TARIFF FOR FY 16-17 TO FY 19-20 (CASE NO. 48 OF 2016)

AND

IN THE MATTER OF

REGULATION 101 OF THE MERC (MYT) REGULATIONS 2015

AND

IN THE MATTER OF

REGULATION 102 OF THE MERC (MYT) REGULATIONS 2015

AND

IN THE MATTER OF

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LTD; PRAKASHGAD, PLOT NO. G - 9, ANANT KANEKAR MARG, BANDRA (EAST), MUMBAI - APPLICANT

MISCELLANEOUS APPLICATION

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LTD. RESPECTFULLY SUBMITS:

1. Background

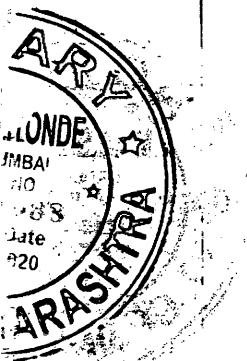
- 1.1. The Applicant, Maharashtra State Electricity Distribution Company Limited (herein after to be referred to as "The Applicant" or "MSEDCL") is a Company constituted under the provisions of Government of Maharashtra General Resolution No. PLA - 1003 / C. R.



8588 dated 25th January 2005 and is duly registered with the Registrar of Companies, Mumbai on 31st May 2005. The Applicant Company is functioning in accordance with the provisions envisaged in the Electricity Act, 2003 and is engaged, within the framework of Electricity Act, 2003, in the business of distribution of electricity to its consumers situated over the entire State of Maharashtra, except Mumbai City & its suburbs (excluding Mulund&Bhandup).

2. Submission by the Applicant

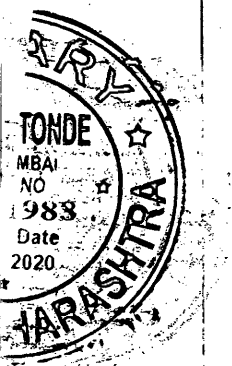
- 2.1. The Applicant submits that on 7th June 2016, it has filed the revised Petition for Final True Up of FY 14-15, Provisional True Up of FY 15-16 & Multi Year Tariff for FY 16-17 to FY 19-20 (Case No. 48 of 2016). In the said Petition, the Applicant has sought the tariff revision for the Third Control Period i.e. FY 16-17 to FY 19-20.
- 2.2. Hon'ble Commission has notified MYT Regulations 2015 on 8th December 2015. It has been observed that the norms for calculation of Operation and Maintenance Expenses in notified MYT Regulations 2015 have been significantly changed as compared to previous MYT Regulations.
- 2.3. Hon'ble Commission has made significant changes in norms for calculation of Operation and Maintenance Expenses in its notified MYT Regulations 2015. These norms for calculation of Operation and Maintenance expenses are totally different not only from the provisions as per earlier MYT Regulation 2011 but also differs from the O&M norms as specified in the Draft MYT Regulations 2015.
- 2.4. The comparison of the norms for Operation and Maintenance Expenses in MYT Regulations 2011, Draft MYT Regulations 2015 and Final MYT Regulations 2015 are annexed as **Annexure A**. From the table it can be seen that the norms for O & M Expenses in final MYT Regulations 2015 are totally different than the norms proposed in Draft MYT Regulations 2015.



- 2.5. As per the revised norms given in the MYT Regulations 2015, the escalation factor for the O&M Expenses calculation is based on 60% weightage for the point to point inflation over Wholesale Price Index numbers as per Office of Economic Advisor of Government of India in the previous year and 40% weightage for the actual Consumer Price Index for Industrial Workers (all India) as per Labor Bureau, Government of India in the previous year, as reduced by an efficiency factor of 1% which works out to be 2.76% based on the parameters of FY 14-15.
- 2.6. The major deviation in the notified MYT Regulations 2015 is that the normal expenditure that is required to be incurred due to increase in activities is not at all captured. Thus, the base figure for calculating the escalation is fixed at a constant level irrespective of natural growth in sales, consumers and network (GFA) etc.
- 2.7. The Applicant humbly submits that the earlier provision for the O&M Expenses as per MYT Regulations 2011 permitted recovery on the basis of wheeled energy, consumer base and opening of gross fixed assets. This base principle is applicable at present also and must be the factor for deciding the base for the respective year.
- 2.8. The following table shows the change in the sales; consumer base and GFA.

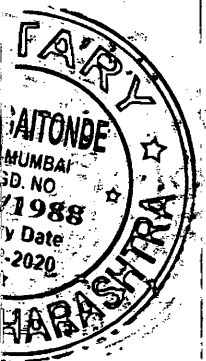
Particulars	FY 12-13	FY 13-14	FY 14-15	FY 15-16
	Actual	Actual	Actual	Estimated
Sales in MUs	83,488	85,631	94,805	98,365
No. of Consumers in '000	20,756	21,324	22,257	23,129
Opening GFA in Rs. Crs	27,268	33,268	37,840	41,873

- 2.9. The WPI/CPI methodology provided in MYT Regulations 2015 covers the aspects of inflation/deflation only. The Applicant submits that the above norms don't consider the increase in consumer base which necessitates increase in number of offices, sales and Distribution Network i.e. Gross Fixed Assets. The Applicant submits that such norms based on WPI/CPI are suitable for stable networks or for Licensees where the



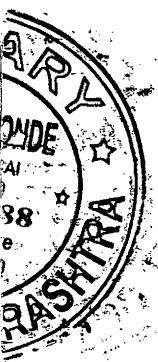
boundaries are not expanding such as Mumbai Licensees. In Mumbai, the no. of consumers are increasing within selected Distribution area, whereas the Applicant has been extending supply to remote uncovered area also and strengthening its network & presence in hitherto scantily covered area. Through various Schemes, it has been intensifying electrification in already scantily covered area as well as reaching to new uncovered area. The Applicant, moreover, submits that the Employee cost constitutes around 75% of the total O&M expenses. The Applicant submits that the employee expenses don't escalate at a lower rate worked out as per the norms specified by the Hon'ble Commission in its MYT Regulations 2015, rather they increase periodically related to Pay Commission reports of all government employees. The pay revision as per Pay Commission is after 10 years whereas at MS&EDCL pay revision is being carried out after every 5 years. Therefore, this important aspect also needs to be considered while deciding the norms.

- 2.10. As per the methodology prescribed by the Hon'ble Commission, the O&M Expenses for the base year works out to be Rs. 5786 Crs calculations of which are annexed as **Annexure B**. While issuing the MYT Order for FY 15-16 in Case No. 121 of 2014, Hon'ble Commission has approved the O&M Expenses for FY 15-16 as Rs. 6712 Crs. Thus the base figure of O&M Expenses for FY 2015-16 is required to be retained at the least equal to the approved figures of Rs. 6712 Crs for FY 15-16 before applying the escalation.
- 2.11. As per the provisions of MYT Regulation 2015 for calculation of O&M Expenses, the permissible YoY rise in O&M Expenses for year 2016-17 will be only 2.76% over the base year (FY 2015-16) expenses; whereas historical trend of increase in O&M expenses by 16% to 27% has been observed due to increase in number of consumers, increase in distribution infrastructure and increase in sales.
- 2.12. The Applicant most respectfully submits that the O&M expenses based on the methodology/procedure notified in the MERC MYT Regulations, 2015 will lead to projection of O&M expenses on much lower side for the control period due to lower inflation factor/ index. Considering past trends and inflationary indices, an increase



of 2.76% per annum will lead to under estimation which may not be realistic and will become impossible for the Applicant to sustain.

- 2.13. Operation and Maintenance Expenses by the Applicant in last five years as per the Audited Accounts is tabulated in the **Annexure C**. In the said Table the Applicant has also shown the approved O&M Expenses for the FY 15-16 in the MYT Order dated 26th June 2015 (Case no 121/2014). Considering that the base O&M Expenses of FY 15-16 as per the methodology of MYT Regulations 2015 are much lower than the O&M Expenses approved by Hon'ble Commission itself in the MYT Order dated 26th June 2016. Thus, the rationale of Hon'ble Commission to determine the base O&M Expenses of FY 15-16 needs to be reconsidered. Hence, on this ground only, the CPI/WPI Methodology in MYT Regulations 2015 cannot be implemented fully since the same covers only the escalation and not the base requirement of O&M Expenses as explained in Para 2.9 above.
- 2.14. Such lower values of base year will lead to unrealistic projections for future years e.g. As per the provisions of MYT Regulation 2015 for calculation of O&M Expenses, the provisional figure for the ensuing financial year 2016-17 works out to be Rs. 5946 Crs which itself is also lower than that of the approved O&M expenses for FY 2015-16. Calculations for the same are attached herewith as **Annexure D**.
- 2.15. The Applicant humbly further submits that the Employee Expenses are to be linked only to CPI and A & G Expenses are to be linked only to WPI. Therefore 100% CPI for Employee Expenses and 100% WPI for A & G Expenses shall be considered. Further, average of CPI and WPI can be considered only for R&M Expenses. However, Hon'ble Commission has linked both CPI and WPI for entire O&M Expenses. This will result in lower recovery compared to actual escalation.
- 2.16. The Applicant categorically submits that such lower norms are unsustainable. The Applicant further submits that such norms will hamper the O&M activities of the Applicant as well. Further, it will financially further weaken the position of the Applicant.



Considering the historical trend, the O &M Expenses for FY 16-17 should have been more than the approved O &M Expenses for FY 15-16.

2.17. The Applicant further submits that Operation and Maintenance expense being a controllable cost; any variation in O&M Expenses will add financial burden on the Applicant without any fault. Considering the increase in no. of consumers, sales and distribution infrastructure; the O&M Expenses are bound to increase. The Applicant most respectfully submits that the reduced O&M Expenses means severe restrictions on the operations and maintenance works and will consequently result into adverse impact on quality of power supply and consumer services.

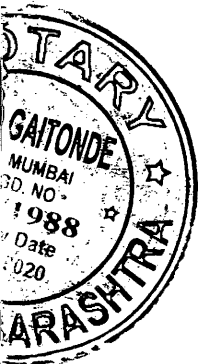
2.18. Therefore, the Applicant most humbly request the Hon'ble Commission not to consider the provisions of the MYT Regulations 2015 to the extent of determination of O&M Expenses based on norms for the Applicant. The Applicant respectfully submits that Hon'ble Commission may allow the Applicant the O&M Expenses based on the historical trends and considering the increase in sales, no. of offices, distribution infrastructure and such other parameters. It is pertinent to note that the Hon'ble Commission in its MYT Formats for Distribution Licensee has directed to provide the detailed justification in case Projected O&M expenses for Control Period are different from Normative O&M expenses. Accordingly, the Applicant has provided the detailed justification for its Projected O&M expenses for Control Period in its MYT Petition.

3. Powers to issue Orders

3.1. It is humbly submitted that as per Regulation 101 and 102 this Hon'ble Commission has powers to review, vary, alter, amend or modify the Multi Year Tariff Regulations 2015. The relevant clauses are reproduced as under:

MERC (Multi Year Tariff) Regulations 2015

Regulation 101- Power to amend:



The Commission may, at any time, vary, alter, modify or amend any provisions of these Regulations.

Regulation 102- Power to remove difficulties:

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

- 3.2. The Applicant most respectfully submits that Hon'ble Commission is vested with sufficient powers to deal with the matter and issue orders on any matter as deemed appropriate.
- 3.3. In view of the submissions in foregoing paragraphs, the Applicant requests Hon'ble Commission to approve the O&M expenses considering realistic trend as proposed in its MYT Petition as shown below.

Rs. Crs

Ensuing Years	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Projected O&M Expenses	7,388	8,192	9,410	10,394

- 3.4. It is further to submit that the above projections of O&M Expenses have already been published in Public Notice and was part of the Public Hearing proceedings of the MYT Petition in Case No. 48 of 2016. The Applicant humbly submits that these expenses are absolutely necessary for the operations of the Applicant and has been projected at a reasonable level and therefore, may be considered sympathetically.
- 3.5. The Applicant most respectfully submits that the Public Hearings for the MYT Petition have already been over and the final Order is expected very soon. Considering the urgency of the matter and significant impact on MSEDCL, the Applicant most humbly



prays to the Hon'ble Commission to expedite the matter at the earliest. Further, the Applicant most respectfully prays to the Hon'ble Commission to consider above submissions sympathetically and allow MSEDCL the O&M expenses as submitted in its MYT Petition pending the final disposal of present Application.

4. Prayers

- 4.1. The Applicant therefore, based on the submissions made in the foregoing paragraphs, most respectfully prays to this Hon'ble Commission:
- a) To admit the Misc. Application as per the provisions of Regulation 101 and 102 of the MERC (MYT) Regulations 2015;
 - b) To consider the submissions made by the Applicant and consider the same positively while deciding the MYT Petition in Case No. 48 of 2016;
 - c) To expedite the matter at the earliest;
 - d) To modify the MYT Regulations 2015 to the extent applicable for MSEDCL for determination of O&M Expenses so as to cover the expenditure as submitted under Para 3.3;
 - e) To allow the O&M expenses for third Control Period considering realistic trend as proposed by MSEDCL in its MYT Petition in Case No. 48 of 2016;
 - f) To pass any other order/relief as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;
 - g) To condone any error/omission and to give opportunity to rectify the same;
 - h) To permit the Applicant to make further submissions, addition and alteration to this Application, if necessary from time to time.



Executive Director (Commercial)

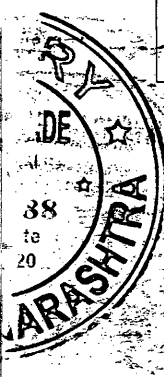
MSEDCL



Annexure A

Comparison of the norms for O & M Expenses in MYT Regulations 2011, Draft MYT Regulations 2015 and Final MYT Regulations 2015.

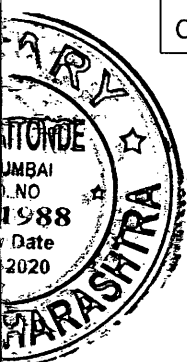
MYT Regulations 2011	Draft MYT Regulations 2015	Final MYT Regulations 2015
<p>Distribution Wires Business 78.4 Operation and Maintenance expenses</p> <p>The Distribution Licensee shall be permitted to recover Operation and Maintenance expenses relating to the Distribution Wires Business as per the Norm specified below for each year of the Control Period:</p> <p>FY 2011-12 For Wheeled Energy (Paise/kWh) 11.48</p> <p>For Consumers in Wires Business (Rs Lakh/'000 Consumer) 5.93</p> <p>R&M expenses (% of Opening GFA) 4.00%</p> <p>FY 2012-13 For Wheeled Energy (Paise/kWh) 12.14</p> <p>For Consumers in Wires Business (Rs Lakh/'000 Consumer) 6.26</p> <p>R&M expenses (% of Opening GFA) 4.00%</p> <p>FY 2013-14</p>	<p>Distribution Wires Business 71 Operation and Maintenance expenses</p> <p>The Distribution Licensee shall be permitted to recover Operation and Maintenance expenses relating to the Distribution Wires Business as per the Norm specified below for each year of the Control Period:</p> <p>FY 2016-17 For Wheeled Energy (Paise/kWh) 11.32</p> <p>For Consumers in Wires Business (Rs Lakh/'000 Consumer) 6.54</p> <p>R&M expenses (% of Opening GFA) 2.50%</p> <p>FY 2017-18 For Wheeled Energy (Paise/kWh) 11.88</p> <p>For Consumers in Wires Business (Rs Lakh/'000 Consumer) 6.86</p> <p>R&M expenses (% of Opening GFA) 2.50%</p> <p>FY 2018-19</p>	<p>Distribution Wires Business 72.1 The Operation and Maintenance expenses for the Distribution Wires Business shall be computed in accordance with this Regulation.</p> <p>72.2 The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-up Operation and Maintenance expenses after adding/deducting the share of efficiency gains/losses, for the three years ending March 31, 2015, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission.</p> <p>72.3 The average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the year ended March 31, 2014, and shall be escalated at the escalation rate of 5.72% to arrive at the Operation and Maintenance expenses for the base year commencing April 1, 2015.</p> <p>72.4 The O and M expenses for each subsequent year shall be determined by escalating the base expenses determined above for FY 2015-16, at the inflation factor considering 60% weightage for the actual point to point inflation over Wholesale Price</p>



MYT Regulations 2011	Draft MYT Regulations 2015	Final MYT Regulations 2015
<p>For Wheeled Energy (Paise/kWh) 12.83</p> <p>For Consumers in Wires Business (Rs Lakh/'000 Consumer) 6.62</p> <p>R&M expenses (% of Opening GFA) 4.00%</p> <p>FY 2014-15</p> <p>For Wheeled Energy (Paise/kWh) 13.57</p> <p>For Consumers in Wires Business (Rs Lakh/'000 Consumer) 7.00</p> <p>R&M expenses (% of Opening GFA) 4.00%</p> <p>FY 2015-16</p> <p>For Wheeled Energy (Paise/kWh) 14.34</p> <p>For Consumers in Wires Business (Rs Lakh/'000 Consumer) 7.40</p> <p>R&M expenses (% of Opening GFA) 4.00%</p>	<p>For Wheeled Energy (Paise/kWh) 12.48</p> <p>For Consumers in Wires Business (Rs Lakh/'000 Consumer) 7.21</p> <p>R&M expenses (% of Opening GFA) 2.50%</p> <p>FY 2019-20</p> <p>For Wheeled Energy (Paise/kWh) 13.10</p> <p>For Consumers in Wires Business (Rs Lakh/'000 Consumer) 7.57</p> <p>R&M expenses (% of Opening GFA) 2.50%</p>	<p>Index numbers as per Office of Economic Advisor of Government of India in the previous year and 40% weightage for the actual Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India in the previous year, as reduced by an efficiency factor of 1%, to arrive at permissible O and M expenses for each year of the Control Period :</p> <p>Provided that a different efficiency factor may be stipulated by the Commission from time to time :</p> <p>Provided further that at the time of Truing-up the O and M expenses for the different years during the Control Period, the inflation factor considering 60% weightage for the actual point to point inflation over Wholesale Price Index numbers as per Office of Economic Advisor of Government of India in the concerned Year and 40% weightage for the actual Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India in the concerned year, as reduced by an efficiency factor of 1% or any other value as may be stipulated by the Commission from time to time, shall be considered.</p>
<p>Distribution Supply Business</p> <p>92.7 Operation and Maintenance expenses</p>	<p>Distribution Supply Business</p> <p>80 Operation and Maintenance expenses</p>	<p>Distribution Supply Business</p> <p>81.1 The Operation and Maintenance expenses for the</p>



MYT Regulations 2011	Draft MYT Regulations 2015	Final MYT Regulations 2015
<p>The Distribution Licensee shall be permitted to recover Operation and Maintenance expenses relating to the Distribution Supply Business as per the Norm specified below for each year of the Control Period:</p> <p>FY 2011-12 For Sale of Energy (Paise/kWh) 7.95</p> <p>For Consumers in supply Business (Rs Lakh/'000 Consumer) 4.10</p> <p>R&M expenses (% of Opening GFA) 0.50%</p> <p>FY 2012-13 For Sale of Energy (Paise/kWh) 8.41</p> <p>For Consumers in supply Business (Rs Lakh/'000 Consumer) 4.00</p> <p>R&M expenses (% of Opening GFA) 0.50%</p> <p>FY 2013-14 For Sale of Energy (Paise/kWh) 8.89</p> <p>For Consumers in supply Business (Rs Lakh/'000 Consumer) 4.59</p>	<p>The Distribution Licensee shall be permitted to recover Operation and Maintenance expenses relating to the Distribution Supply Business as per the Norm specified below for each year of the Control Period:</p> <p>FY 2016-17 For Sale of Energy (Paise/kWh) 9.46</p> <p>For Consumers in supply Business (Rs Lakh/'000 Consumer) 4.72</p> <p>R&M expenses (% of Opening GFA) 2.50%</p> <p>FY 2017-18 For Sale of Energy (Paise/kWh) 9.94</p> <p>For Consumers in supply Business (Rs Lakh/'000 Consumer) 4.96</p> <p>R&M expenses (% of Opening GFA) 2.50%</p> <p>FY 2018-19 For Sale of Energy (Paise/kWh) 10.44</p> <p>For Consumers in supply Business (Rs Lakh/'000 Consumer) 5.21</p>	<p>Distribution Supply Business shall be computed in accordance with this Regulation.</p> <p>81.2 The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-up Operation and Maintenance expenses after adding/deducting the share of efficiency gains/losses, for the three years ending March 31, 2015, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission.</p> <p>81.3 The average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the year ended March 31, 2014, and shall be escalated at the escalation rate of 5.72% to arrive at the Operation and Maintenance expenses for the base year commencing April 1, 2015.</p> <p>81.4 The O and M expenses for each subsequent year shall be determined by escalating the base expenses determined above for FY 2015-16, at the inflation factor considering 60% weightage for the actual point to point inflation over Wholesale Price Index numbers as per Office of Economic Advisor of Government of India in the previous year and 40% weightage for the actual Consumer Price Index for Industrial Workers (all India) as per Labour Bureau,</p>

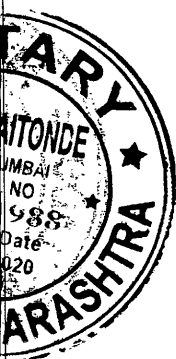


MYT Regulations 2011	Draft MYT Regulations 2015	Final MYT Regulations 2015
<p>R&M expenses (% of Opening GFA) 0.50%</p> <p>FY 2014-15 For Sale of Energy (Paise/kWh) 9.40</p> <p>For Consumers in supply Business (Rs Lakh/'000 Consumer) 4.85</p> <p>R&M expenses (% of Opening GFA) 0.50%</p> <p>FY 2015-16 For Sale of Energy (Paise/kWh) 9.94</p> <p>For Consumers in supply Business (Rs Lakh/'000 Consumer) 5.13</p> <p>R&M expenses (% of Opening GFA) 0.50%</p>	<p>R&M expenses (% of Opening GFA) 2.50%</p> <p>FY 2019-20 For Sale of Energy (Paise/kWh) 10.96</p> <p>For Consumers in supply Business (Rs Lakh/'000 Consumer) 5.47</p> <p>R&M expenses (% of Opening GFA) 2.50%</p>	<p>Government of India in the previous year, as reduced by an efficiency factor of 1%, to arrive at permissible O and M expenses for each year of the Control Period :</p> <p>Provided that a different efficiency factor may be stipulated by the Commission from time to time :</p> <p>Provided further that at the time of Truing-up the O and M expenses for the different years during the Control Period, the inflation factor considering 60% weightage for the actual point to point inflation over Wholesale Price Index numbers as per Office of Economic Advisor of Government of India in the concerned Year and 40% weightage for the actual Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India in the concerned year, as reduced by an efficiency factor of 1% or any other value as may be stipulated by the Commission from time to time, shall be considered.</p>



Annexure B
Calculation of O&M Expenses for base year FY 15-16

Year	Formula	Amount in Rs Cr	Remark
FY 2012-13	3121+314+611-49	3997	As approved in Case No. 38 of 2014
FY 2013-14	1,686+ 3,718-28	5376	As approved in Case No. 121 of 2014
FY 2014-15	4551+703+903	6157	As per Audited Accounts
Avg of previous 3 years		5177	
FY 2015-16	$5177*(1+5.72\%)^2$	5786	Normative O&M expenses for FY 2015-16 computed by escalating Avg of previous 3 years by 5.72% twice

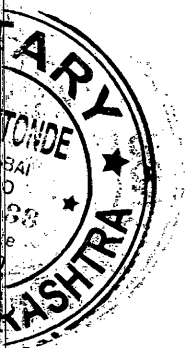


Annexure C

O&M Expenses

Rs. Crs

Details of O&M Expenses	As per Audited Accounts				As per MERC Order dtd. 26-06-2015 (Case no 121/2014)
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Employee Expenses	2,299	3,121	4,028	4,551	6,712
A & G Expenses	444	462	540	703	
R & M Expenses	553	611	752	903	
Total O & M Expenses	3,295	4,193	5,320	6,157	6,712
% Growth YoY	18%	27%	27%	16%	9%



Annexure D
Calculation of O&M Expenses for FY 2016-17

Year	Formula	Amount in Rs Cr	Remark
FY 2015-16	$5177*(1+5.72\%)^2$	5786	Normative O&M expenses for FY 2015-16 computed by escalating Avg of previous 3 years by 5.72% twice
FY 2016-17	$5786*1.0276$	5946	WPI for Year 2014-15 = 2.00% CPI (IW) for Year 2014-15 =6.4% Esc. Factor = $(0.6*2\%+0.4*6.4\%)-1\%=2.76\%$

