

REF.: SE / TRC / R-46/ 18043

DATE: 28/06/2019

To,
Secretary,
Maharashtra Electricity Regulatory Commission,
13th Floor, Centre No. 1, World Trade Center,
Cuffe Parade, Mumbai-400 005

Subject: Draft MERC MYT Regulations, 2019: - MSEDCL's Comments / Suggestions thereof.

Reference: MERC Public Notice dated 28.05.2019

MERC vide its Public Notice dated 28.05.2019 has published draft MERC MYT Regulations, 2019 and invited comments/suggestions. Accordingly, MSEDCL is hereby submitting its comments / suggestions on the said Draft Regulations.

Detailed clause wise comments/suggestions are attached as Annexure-1 to this letter. However, comments on certain major regulations are briefly highlighted as below:

1. Regulation 10.7 : The calculation for FAC

- Methodology of recovering the FAC on sale of 'n'th month affects recovery due to change in mix of consumers and energy consumption in the 'n'th month as compared to "n-2"th month.
- This methodology basically defeats the principle of equality in the following way:
 - Levying FAC to the consumers who might have consumed low electricity in n-2 month (esp. seasonal consumers or consumers who bank energy), OR
 - Penalizing the consumers of Distribution Licensee with the power consumption made by the Open Access Consumers who were the consumers of Distribution Licensee in n-2 month.
- Thus, the effective FAC rate levied on remaining consumers is increasing and it may reach to its maximum cap limit thereby giving rise to under recovery of FAC.
- Hence, MSEDCL proposes that FAC shall be levied to consumers for their consumption of respective month i.e "n-2"th month though billed in "n"th month.
- As ruled by Hon'ble Commission in Case No 65 of 2019, MSEDCL is again requesting Hon'ble Commission to consider FAC related issues as submitted in the said Petition.

2. Regulation 10.8: Disallowance of FAC due to higher Distribution Losses

- There is double impact due to variation in distribution losses, first during computation of FAC and again during true up exercise in Tariff Order through mechanism of sharing of gains/ losses.
- Hence, MSEDCL proposes that the distribution loss impact should be considered only in sharing of gains/ loss during True Up and not in monthly FAC computation and hence this proviso may be deleted.

3. Regulation 19.3: All future power procurement only through competitive bidding

- MSEDCL suggests that renewable energy may also be added in the provision of Competitive Bidding

4. Regulation 27.4 :Regarding consideration of Accumulated depreciation for reduction of the equity

- MSEDCL submits that due to various external factors, even though the depreciation is allowed in tariffs, it is not actually recovered fully due to lower collection efficiency.
- Increased receivables over the years demonstrate the under recovery of depreciation.
- Hence, the provision may be linked to actual recovery and not just approved accumulated depreciation.

5. Regulation 32.4: Interest on Working Capital for Retail Supply

- The provision of 1.5 months of expected revenue ignores the fact that all categories are not billed on monthly basis. e.g. for Agriculture consumers the current billing cycle is 3 months which is not considered in any Tariff Regulations.
- Thus, for the computation of Working Capital, receivables should be computed as sum of revenue from each consumer category based on its billing cycle.

6. Regulation 32.6: Treatment of DPC while sharing of Interest on Working Capital

- Since, delay payment charges paid to generators as well as recovered from the consumers are not considered in ARR, the same principal should also be followed while computing the sharing of gains/ losses.

7. Regulation 36: Rebate, Incentives & Penalties

- Currently rebate earned by Discom is passed through in tariff. However, in order to promptly pay the Genco/ transco bills, MSEDCL resort to short term borrowing which is a controllable item and interest on the same is not allowed in ARR.
- Thus, if rebate is passed through in ARR, then the Interest on borrowing availed to pay the Genco/ Transco bills for availing the rebate should be allowed to be recovered through ARR at normative rates.

8. Regulation 37: Delayed Payment Charge and Interest on Delayed Payment

- MSEDCL submits that such DPC act as a deterrent against non-payment while disconnection is a punitive action.
- However, for certain categories like AG, such deterrent does not work. Moreover, the punitive action also cannot be taken for such consumers due to socio-political challenges. In view of the above, levying higher interest rate on arrears would only increase the receivables/ arrears in the accounts.
- Charging such DPC with exorbitant rates just adds to the arrears. The amount billed hardly gets converted into cash and thus affects the cash flow.
- Hence, MSEDCL suggests that Hon'ble Commission may specify only ceiling for rate of DPC & Interest on DPC and Licensee may be allowed to charge lower interest rates to certain categories considering its peculiar nature as stated above.

9. Regulation 49.7 : Use of Alternate Fuel

- MSEDCL submits that considering the variable charges (VC) in MoD stack, there is hardly 10% difference in VC of lowest and highest ranked stations. Hence, provision of 10% is very high. Therefore, it should be reduced to 5% and allowed only with the consent of beneficiary.

10. Regulation 51: Pumped Storage Hydro Generating Stations

- It has been observed that the availability of the Ghatghar plant is 32% and 41% in FY 17-18 and FY 18-19 respectively due to major break downs which compelled MSEDCL to procure costly power from other sources. In spite of poor availability, MSPCGL raised the claims for full Annual Fixed charges and 100% Lease rentals as there is no provision for pro rata reduction for non-availability. This resulted into adverse financial impact on MSEDCL.
- Presently, Ghatghar PSS is not covered under MYT Regulations. Therefore MSEDCL proposes that the Annual Fixed charges including Lease Rentals for Ghatghar Pumped Storage Project shall be linked to its Normative Annual Plant Availability Factor.
- MSEDCL also submits that provision of Regulations 51.8 should be made applicable to Ghatghar PSS also so that if Ghatghar PSS fails to achieve the normative availability, capacity charges and lease rent should be adjusted on pro-rata basis.

11. Regulation 74.1 and 83: Operation & Maintenance Expenses

- MSEDCL submits that historically Hon'ble Commission has been disallowing the legitimate O&M Expenses and allowing the O&M Expenses based on CPI/WPI Methodology. Due to this, the need based real O&M Expenses were never brought out and they are suppressed due to historical disallowances.

- MSEDCL has been time and again highlighting its precarious financial position before the Hon'ble Commission in its various submissions. Due to depleted financial position, MSEDCL did not have sufficient cash and therefore it was not able to spend the O&M expenses as required. Hence, the O & M expenditure figures are on lower side and don't reflect the factual position.
- MSEDCL in the past 2-3 years has also taken various cost control measures at head office as well as on field. O&M expenditure also got affected as it is constrained to spend less. Therefore it has resulted into substantial reduction in O&M expenses which in turn reflected in lower Audited figures of O&M.
- MSEDCL further submits that with concentrated efforts, it has been able to save power purchase expenses considerably and now is in a position to spend on required things, O&M being one of them. With improved financial position, now it will be possible for MSEDCL to actually spend the required amount on O&M Expenses including for R&M activities.
- MSEDCL also submits that with increased R&M activities, the employee expenses shall increase commensurate to the R&M activities and therefore, the O&M expenses in future is going to increase substantially.
- Therefore, MSEDCL suggests that instead of taking average of Trued-up O&M expenses, average of normative O&M expenses for the three Years ending March 31, 2019 should be considered as base year O&M expenses which then be escalated at the respective escalation rate to arrive at the O&M expenses for the base year ending March 31, 2020.
- The WPI/CPI methodology has the lacunae since the same does not cover the escalation in DA, increase in infrastructure, coverage area and consumer base.
- 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 MSEDCL 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. Thus MSEDCL's network is continuously expanding.
- Considering the extensive infrastructure addition that is likely to happen in MSEDCL area, the O&M is bound to increase.
- The additional infrastructure will require additional manpower, additional R&M and thereby increased operations and maintenance expenses. The WPI/CPI methodology doesn't take into account such factors.

- The earlier provision for the O&M Expenses as per MYT Regulations 2011 permitted recovery on the basis of wheeled energy, consumer base and Gross Fixed Assets (GFA), which was addressing the above said issues to certain extent.
- This base principle is applicable at present also and should have been the parameters for deciding the base for the respective year. There has been substantial increase in the sales; consumer base and GFA for the Petitioner in last 4-5 years.
- MSEDCL submits that the wage revision may not be effected in the same year it is due and there may be delay. Hence, till such time, MSEDCL makes the provision for such impact. This is as per the prevalent accrual accounting practices and laws. Hence, these may be allowed as and when such provision is made. If Hon'ble Commission doesn't allow the provision then arrears paid in a year may be allowed without any sharing.
- MSEDCL proposes that instead of computing sharing of gains/losses due to variation in O&M expenses for each year of control period separately it shall be done at the end of control period as excess/shortfall for any year can be utilized/adjusted during the subsequent year.

12. Regulation 75 and 84 : Provision for Bad and doubtful debts

- MSEDCL submits that the contribution of Agricultural sector in the total consumption is significant and the collection efficiency from rural area, which is largely agrarian dependent, is quite low. The arrears from agriculture consumers, who are mainly located in rural areas, consists more than 50% of total arrears of MSEDCL. There is lower probability of recovery of receivables from Agriculture consumers.
- The Income Tax Act provides for higher provision for the rural branches of the Banks which are mainly catering to agriculture loan. Hence, MSEDCL suggest that on similar lines separate norms for AG Category and Other categories needs to be specified so as to properly address the issue.
- Further, the cumulative ceiling for provision of bad debt needs to be increased to 7.5% considering the significant Ag consumers in MSEDCL area.
- In view of the above, the present provision for bad & doubtful debt needs to be increased and should be linked to revenue considering the challenges in the distribution business.
- Hence, MSEDCL requests for separate dispensation to AG & non-AG categories regarding provision for bad & doubtful debts.

13. Regulation 80 : Rebate to the consumers on Tariff

- In power surplus scenario, additional sale of subsidizing category consumer will be beneficial if such sale can be encouraged by offering certain conditional incentives.

- MSEDCL further submits that any benefit of increase in sales in subsidizing categories due to this will get passed on to all its consumers by way of reduction in tariff in future.
- Thus, such rebates which will act as a catalyst in the boosting the subsidizing sales should be allowed to recovered in ARR.

14. Suggestion to Introduce New Regulation for Genco

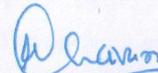
Annual Coal Utilization Plan

- At the time of MYT Petition, Hon'ble Commission should mandate Generating companies to submit most efficient Annual Coal Utilization Plan including the details of mines and corresponding plants where coal will be utilized from Generating companies. This plan should clearly indicate cost saving which is being passed onto the consumers. Hon'ble Commission should approve the coal related parameters based on the above plan after prudence check.
- Generating company should clearly indicate minimum total variable cost of all plants together so as to achieve optimization by not running all plants but running only efficient plant with least variable cost.

It is requested that the same may please be taken on record and be considered while finalization of MERC MYT Regulations, 2019.

Encl: As above

Yours Faithfully



(Satish Chavan)

Director (Commercial)

Comments on Draft MERC MYT Regulations 2019

Draft MERC MYT Regulations 2019	Comments/suggestions
Regulation 2 – Definitions	
	<ul style="list-style-type: none"> • A new definition for “Trial Run” may be added as per the CERC(Indian Electricity Grid Code) (Fourth Amendment) Regulations 2016 to bring more clarity:
	<ul style="list-style-type: none"> • A new definition for “Technical Minimum” may be added for more clarity.
<p>(58) "Non-DPR Scheme" means a capital expenditure Scheme with projected capital cost within the limits specified in these Regulations, for which the Generating Company or Licensee or MSLDC is not required to obtain prior in-principle approval of the Commission;</p>	<ul style="list-style-type: none"> • Schemes completely funded through Consumer Contribution, Grants, Subsidy, Deposit Works should be excluded from the limits specified in Regulations as these schemes are welfare schemes and do not have any impact on Depreciation, RoE and Interest on Long Term Loans. Hence, following proviso may be added. • Provided that the Capital Expenditure Schemes completely funded through Consumer Contribution, Grants, Subsidy or Deposit Works shall be excluded for the purpose of this clause.
Part A – General Principles	
Regulation 5: Petitions to be filed in the Control Period	
<p>5.1 The Petitions to be filed in the Control Period under these Regulations are as under:</p> <p>a) Multi-Year Tariff Petition shall be filed by November 1, 2019 by Generating Companies and Transmission Licensees and SLDC, and by November 30, 2019, by Distribution Licensees, comprising:</p>	

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<p>i. Truing-up for FY 2017-18 and FY 2018-19 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015: Provided that the Commission may, if it considers appropriate, carry out the Truing-up for years prior to FY 2017-18 under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015, along with the Truing-up for FY 2017-18, in case such Truing-up is yet to be completed;</p> <p>ii. Provisional Truing-up for FY 2019-20 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015;</p> <p>iii. Aggregate Revenue Requirement for each year of the Control Period under these Regulations;</p> <p>iv. Revenue from the sale of power at existing Tariffs and charges and projected revenue gap for each year of the Control Period under these Regulations;</p> <p>v. Proposed category-wise Tariff or Fees & Charges for each year of the Control Period under these Regulations.</p> <p>b) Mid-Term Review Petition shall be filed by November 1, 2022 by Generating Companies and Transmission Licensees, and by November 30, 2022, by Distribution Licensees and SLDC, comprising:</p> <p>i. Truing-up for FY 2019-20 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015;</p> <p>ii. Truing-up for FY 2020-21 and FY 2021-22 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019;</p> <p>iii. Provisional Truing-up for FY 2022-23 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019;</p> <p>iv. Revised forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff and charges, expected revenue gap, and proposed category-wise Tariff for the fourth and fifth year of the Control Period;</p> <p>c) True-up Petition for the third and fourth year of the Control Period shall be filed by November 1, 2024 by Generating Companies and Transmission Licensees, and by November 30, 2024, by Distribution Licensees and SLDC, comprising:</p>	

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<p>i. Truing-up for FY 2022-23 and FY 2023-24 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019;</p> <p>ii. Provisional Truing-up for FY 2024-25 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019:</p> <p>Provided that, in case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till March 31, 2020, the Commission may relax the timelines for submission of the Multi-Year Tariff Petition, Mid-term Review Petition and Truing-up Petitions, in case such specific relaxation is sought by such Distribution Licensee:</p> <p>Provided further that such Deemed Distribution Licensee may be permitted to first file a Petition for approval of a ceiling or other provisional tariff in its area of supply, followed by a Petition for approval of Power Purchase Agreement or arrangement, after which the Multi-Year Tariff Petition may be filed:</p> <p>Provided also that if the Petition is not filed within the specified timelines and/or data sought by the Commission for processing the Petition is not submitted within the stipulated time, then the corresponding revenue loss and associated carrying cost due to consequential delay in issue of the Order, shall not be allowed to the Generating Company or Transmission Licensee or Distribution Licensees or SLDC, as the case may be:</p> <p>Provided also that a Petition may be filed at any time during the Control Period in case of variation in uncontrollable factors that may result in sudden, steep, and sustained increase in tariff.</p>	<ul style="list-style-type: none"> • MSEDCL suggests that data sought by Hon'ble Commission depends on various factors such as nature of data, period for which data is sought, volume of data, dependence on external utility beyond control of MSEDCL. MSEDCL submits that this proviso may be applicable to only data available with the utility. Any data from external entities may be sought by Hon'ble Commission directly from the concern entity. • During the previous Tariff Proceedings, Hon'ble Commission asked MSEDCL to submit following data from SLDC. <ul style="list-style-type: none"> ○ Monthly quantum of energy (MUs) drawn by MSEDCL at the distribution periphery; ○ Monthly quantum of energy purchased by MSEDCL from various generators ○ Monthly report providing data on Backing down of generating stations ○ Month-wise MoD stacks applicable for

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	<p>the State of Maharashtra</p> <ul style="list-style-type: none"> ○ Month-wise Inter-state Power Sale /traded power by MSEDCL ○ Month-wise Generating Plants' Availability etc. ● Such data may be sought by Hon'ble Commission directly from concerned Utility.
Regulation 8: Mid Term Review	
<p>8.1 A Petition for Mid-term Review and Truing-up of the Aggregate Revenue Requirement and Revenue for the Years 2020-21 and 2021-22, and provisional Truing-up for the Year 2022-23, shall be filed by November 1, 2022 by Generating Companies, Transmission Licensees, and SLDC, and by November 30, 2022, by Distribution Licensees:</p> <p>Provided that the Petition shall include information in such form as may be stipulated by the Commission, together with the Accounting Statements, extracts of books of account and such other details, including Cost Accounting Reports or extracts thereof, as it may require to assess the reasons for and extent of any difference in operational and financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from Tariff and charges:</p> <p>Provided further that if the Petition is not filed within the specified timelines and/or data sought by the Commission for processing the Petition is not submitted within the stipulated time, then the corresponding revenue loss and associated carrying cost due to consequential delay in issue of the Order, shall not be allowed to the Generating Company or Transmission Licensee or Distribution Licensees or SLDC, as the case may be.</p>	<ul style="list-style-type: none"> ● MSEDCL suggests that data sought by Hon'ble Commission depends on various factors such as nature of data, period for which data is sought, volume of data, dependence on external utility beyond control of MSEDCL. MSEDCL submits that this proviso may be applicable to only data available with the utility. Any data from external entities may be sought by Hon'ble Commission directly from the concern entity. ● During the previous Tariff Proceedings, Hon'ble Commission asked MSEDCL to submit following data from SLDC. <ul style="list-style-type: none"> ○ Monthly quantum of energy (MUs)

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	<p>drawn by MSEDCL at the distribution periphery;</p> <ul style="list-style-type: none"> ○ Monthly quantum of energy purchased by MSEDCL from various generators ○ Monthly report providing data on Backing down of generating stations ○ Month-wise MoD stacks applicable for the State of Maharashtra ○ Month-wise Inter-state Power Sale /traded power by MSEDCL ○ Month-wise Generating Plants' Availability etc. <p>Such data may be sought by Hon'ble Commission directly from concerned Utility.</p>
<p>8.2 The scope of the Mid-term Review shall be a comparison of the actual operational and financial performance vis-à-vis the approved forecast for the first three years of the Control Period; and revised forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff, expected revenue gap, and proposed category-wise Tariffs for the fourth and fifth year of the Control Period:</p> <p>Provided that as part of the Mid-term Review, the Commission may inter-alia modify the category-wise sales, power purchase expenses, operational performance norms or trajectory, O&M expenses, capital expenditure related expenses, principles/basis of tariff categorisation, applicability of charges, Generation Tariff, Transmission Tariff, Wheeling Charges, and category-wise Tariff, as considered appropriate based on the data made available for the first three years of the Control Period:</p> <p>Provided further that necessary justification for the modifications made in the Mid-term Review shall be elaborated in the Mid-term Review Order.</p>	<ul style="list-style-type: none"> ● MSEDCL welcomes this proposal by Hon'ble Commission. ● MSEDCL suggests that “Tariff Philosophy”, “Applicability and Charges for Open Access” may also be added in the proviso to bring more clarity.
Regulation 9: Controllable and Uncontrollable Parameters	
9.1 The “uncontrollable factors” shall comprise the following factors, which were beyond the control	<ul style="list-style-type: none"> ● MSEDCL welcomes this proposal by Hon'ble

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<p>of, and could not be mitigated by the Petitioner, as determined by the Commission:</p> <p>(a) Force Majeure events;</p> <p>(b) Change in law;</p> <p>(c) Variation in fuel cost on account of variation in price of primary and/or secondary fuel prices;</p> <p>(d) Variation in sales;</p> <p>(e) Variation in the cost of power purchase due to variation in the rate of power purchase, subject to clauses in the power purchase agreement or arrangement approved by the Commission;</p> <p>(f) Variation in inter-State Transmission Charges;</p> <p>(g) Variation in market interest rates for long-term loan; and</p> <p>(h) Variation in freight rates.</p>	<p>Commission. Variation in inter-State Transmission Charges is beyond the control of MSEDCL and hence should be treated as uncontrollable factor. However, it is proposed that, in addition to the inter-state charges, inter-state losses shall also be added as they are also beyond the control of MSEDCL.</p>
<p>9.2 Variations or expected variations in the performance of the Petitioner, which may be attributed by the Commission to controllable factors include, but are not limited to the following:</p> <p>(a) Variations in capitalisation on account of time or cost overruns or inefficiencies in the implementation of a capital expenditure Scheme not attributable to an approved change in its scope, change in statutory levies or force majeure events;</p> <p>(b) Variation in Interest and Finance Charges, Return on Equity, and Depreciation on account of variation in capitalisation as specified in clause (a) above;</p> <p>(a) Variation in technical and commercial losses;</p> <p>(b) Variation in operational norms;</p> <p>(c) Variation in amount of interest on working capital;</p> <p>(d) Variation in Operation & Maintenance expenses;</p> <p>(e) Variation in Coal transit losses.</p>	<ul style="list-style-type: none"> MSEDCL welcomes the deletion since capitalisation depends on various factors including factors beyond the control of the utility.
<p>10.7 The calculation for FAC to be charged for the month "n" is as follows:</p> $\text{ZFAC } n \text{ (Rs crore)} = F_{n-2} + C_{n-2} + B_{n-2},$ <p>Where,</p> <p>F_{n-2} = Change in fuel cost of own generation, cost of power purchase, and inter-State Transmission</p>	<ul style="list-style-type: none"> Methodology of recovering the FAC on sale of 'n'th month affects recovery due to change in mix of consumers and energy consumption in the 'n'th month as compared to "n-2"th month. Hence,

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<p>Charges, for the month "n-2", and shall be computed as</p> $F \text{ (Rs. Crore)} = \text{AFC,Gen} + \text{AFC,PP} + \text{ATC},$ <p>Where,</p> <p>AFC, Gen = Change in fuel cost of own generation, to be computed based on the directives and norms approved by the Commission, including heat rate, auxiliary consumption, etc.;</p> <p>AFC,PP = Change in variable and/or fixed cost of power procured from other sources, which would be allowed to the extent it satisfies the criteria prescribed in these Regulations and the prevailing Tariff Order, and subject to applicable norms;</p> <p>ATC = Change in inter-State Transmission Charges;</p> <p>C n-2 = Carrying cost for any under recovery/over recovery for the month "n-2";</p> $\text{Bn-2 (Rs. Crore)} = \text{ZFAC n-4} - \text{Rn-2}$ <p style="margin-left: 40px;">Where: Bn-2 = Adjustment factor for over-recovery / under-recovery for the month "n-2";</p> <p style="margin-left: 40px;">ZFACn-4 = ZFAC for the month "n-4";</p> <p style="margin-left: 40px;">Rn-2 = ZFAC for the month "n-4" actually recovered in the month "n-2":</p>	<p>MSEDCL proposes that FAC shall be levied to consumers for their consumption of respective month i.e "n-2"th month though billed in "n"th month.</p> <ul style="list-style-type: none"> As ruled by Hon'ble Commission in Case No 65 of 2019, MSEDCL is again requesting to consider FAC related issues as submitted in the said petition.
<p>10.8 The total ZFAC recoverable as per the formula specified above shall be recovered from the actual sales in terms of "Rupees per kilowatt-hour":</p> <p>Provided that, in case of unmetered consumers, the ZFAC shall be recoverable based on estimated sales to such consumers, computed in accordance with such methodology as may be stipulated by the Commission:</p> <p>Provided further that, where the actual cumulative distribution losses of the Distribution Licensee exceed the level approved by the Commission, the amount of ZFAC corresponding to the excess distribution losses (in kWh terms) shall be deducted from the total ZFAC recoverable.</p>	<ul style="list-style-type: none"> The proviso of deduction of excess distribution loss for that month compared with the approved loss from the recoverable FAC is incorrect. This not only impacts the cash flow but also increases the working capital requirement. There is no scope for recovery of deduction in earlier months in case next month Distribution loss improves and the cumulative loss upto that month is maintained below the normative level. There is double impact due to variation in distribution losses, first during computation

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	<p>of FAC and again during true up exercise in Tariff Order through mechanism of sharing of gains/ losses.</p> <ul style="list-style-type: none"> Hence MSEDCL proposes that the distribution loss impact should be considered only in sharing of gains/ loss during True Up and not in monthly FAC computation and hence this proviso may be deleted.
11 Mechanism for sharing of gains or losses on account of controllable factors	
<p>11.1 The approved aggregate gain to the Generating Company or Licensee or MSLDC on account of controllable factors shall be dealt with in the following manner:</p> <p>(a) Two-third of the amount of such gain shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4;</p> <p>(b) The balance amount of such gain shall be retained by the Generating Company or Licensee or MSLDC.</p> <p>11.2 The approved aggregate loss to the Generating Company or Licensee or MSLDC on account of controllable factors shall be dealt with in the following manner:</p> <p>(a) One-third of the amount of such loss may be passed on as an additional charge in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4;</p> <p>(b) The balance amount of such loss shall be absorbed by the Generating Company or Licensee or MSLDC.</p>	<ul style="list-style-type: none"> MSEDCL proposes that instead of computing sharing of gains/losses due to variation in O&M expenses for each year of control period separately it shall be done at the end of control period as excess/shortfall for any year can be utilized/adjusted during the subsequent year.
Regulation 17: Deviation from Ceiling Tariff	
<p>17.1 The tariff determined in these Regulations shall be a ceiling tariff, and the Generating Company or Transmission Licensee and their Beneficiaries may mutually agree to charge a lower tariff.</p> <p>17.2 The Generating Company or Transmission Licensee, may opt to charge a lower tariff for a period not exceeding the validity of these Regulations on agreeing to deviation from operational parameters, reduction in Operation and Maintenance expenses, reduced Return on Equity and</p>	<ul style="list-style-type: none"> MSEDCL submits that the deviation may be limited to RoE and not operational parameter or O&M expenses. Further, detailed procedure regarding passing the benefit to beneficiary need to be clearly specified.

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<p>incentive specified in these Regulations.</p> <p>17.3 The deviation from the ceiling tariff determined by the Commission, shall come into effect from the date agreed to by the Generating Company or Transmission Licensee and the Beneficiaries.</p> <p>17.4 The Generating Company and the Beneficiaries of a Generating Station or the Transmission Licensee and the Beneficiaries shall be required to intimate the Commission for charging lower tariff in accordance with Regulation 17.1 to 17.3 above. The details of the accounts and the tariff actually charged under Regulation 17.1 to 17.3 shall be submitted at the time of true up.</p> <p>17.5 The revenue loss on account of charging lower than approved tariff shall be borne entirely by the Generating Company or Transmission Licensee and the impact of such revenue loss shall not be passed on to the Beneficiaries, in any form.</p>	
Regulation 19: Power Procurement Guidelines	
<p>19.1 The Distribution Licensee shall undertake its power procurement during the year in accordance with the power procurement plan for the Control Period, which may include long-term, medium-term and short-term power procurement, approved by the Commission in accordance with these Regulations.</p> <p>19.2 A Distribution Licensee shall follow the guidelines contained in this Part with respect to:</p> <p>(a) Procurement of power under any arrangement or agreement with a term or duration exceeding seven years but not exceeding twenty-five years (i.e., long-term power procurement);</p> <p>(b) Procurement of power under any arrangement or agreement with a term or duration exceeding one year but not exceeding seven years (i.e., medium-term power procurement); and</p> <p>(c) Procurement of power under any arrangement or agreement with a term or duration less than or equal to one year (i.e., short-term power procurement).</p> <p>19.3 All future procurement of short-term or medium-term or long-term power shall be undertaken only through competitive bidding in accordance with Guidelines notified by the Government of India under Section 63 of the Act.</p>	<ul style="list-style-type: none"> • MSEDCL suggests that renewable energy may also be added in the provision of Competitive Bidding. Hence following suggestion. All future procurement of short-term or medium-term or long-term power <u>including power from renewable energy sources</u> shall be undertaken only through competitive bidding in accordance with Guidelines notified by the Government of India under Section 63 of the Act.

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Regulation 22: Additional Power Procurement	
<p>22.3 Any variation, during the first or second block of six months of a Year, in the quantum or cost of power procured, including from a source other than a previously approved source, that is expected to be in excess of five per cent of that approved by the Commission, shall require its prior approval:</p>	<ul style="list-style-type: none"> • It is to mention that, Ministry of Power, Government of India, vide its notification No. 23/25/2011-R&R (Vol-III) dated 30th March 2016, mandated all distribution licensees to procure short term power through tariff based competitive bidding process on National e-bidding portal and MSEDCL following the same guidelines and always procures power through competitive bidding i.e through DEEP E-bidding portal and through energy exchanges and as such the rate discovered is also competitive. • In view of the above, MSEDCL requests to Hon'ble commission to wave off the ceiling rate and quantum for procurement of power through DEEP E-bidding portal and through energy exchanges.
Part D: Financial Principles	
Regulation 23: Financial Prudence	
<p>23.3 The financial prudence with respect to revenue shall be assessed in terms of the following parameters:</p> <p>(a) whether category-wise sales projections are based on realistic estimates, and adequate justification has been provided for any anomalous increase in sales projected by the Distribution Licensee;</p> <p>(b) whether projected generation is based on realistic estimates, and adequate justification has been provided for any anomalous increase in generation projected by the Generating Company;</p>	<ul style="list-style-type: none"> • MSEDCL submits that the expenses and revenue have been accounted for on accrual basis. Collection efficiency does not have any impact on ARR or revenue gap. Hence, provision related to collection efficiency may be removed.

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<p>(c) billing efficiency measured as a percentage of the units billed by the Generating Company or Licensee to the total units injected into the transmission or distribution system, as the case may be;</p> <p>(d) collection efficiency measured as a percentage of the amount collected by the Generating Company or Licensee to the total amount billed;</p> <p>(e) reduction in arrears receivable from Beneficiaries/consumers;</p> <p>(f) percentage of metered consumers and metered consumption out of the total, in the case of Distribution Licensee;</p> <p>(g) percentage of bills raised on the basis of assessed consumption out of the total number of bills raised by the Distribution Licensee;</p> <p>(h) whether revenue collected is in line with the projections made in the Petition and approved by the Commission.</p>	
<p>23.4 The financial prudence with respect to revenue expenditure shall be assessed in terms of the following parameters:</p> <p>(a) monitoring of the revenue expenditure as against the revenue earned, such that the expenses and payment obligations of the Generating Company or Licensee to other entities are met in a timely manner;</p> <p>(b) mechanism put in place for monitoring adherence to the approved revenue expenditure, including schedule of interest payments for long-term loans and working capital;</p> <p>(c) transparent method of power procurement, with the objective of optimising the power purchase expenses, as specified in Regulations 19, 20, 21, and 22:</p> <p>(d) optimum purchase of power considering factors such as requirement of power, Merit Order Despatch, potential for earning additional net revenue based on the differential between the rate for purchase of power from different sources and the market rate for sale of surplus power, if any:</p> <p>Provided that, in case the excess of revenue expenditure over the revenue earned exceeds 5%, the Generating Company or Licensee shall submit detailed justification for the mismatch along with its Petition for True-up, including a comparison of the revenue expenditure and revenue estimated in the Petition with the amounts approved by the Commission and with the actual amount of revenue expenditure and revenue, under key heads;</p>	

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<p>Provided further that the Generating Company or Licensee shall submit a detailed cash flow statement for the respective Business showing the various sources of revenue, the actual amount of cash collected against the amount billed to different consumer categories for sale of electricity, the comparison of the actual revenue expenditure and capital expenditure with the projected and approved revenue expenditure and capital expenditure:</p> <p>Provided also that, in case its payment obligations to other entities are not regularly met, the Generating Company or Licensee shall provide justification for such shortfall with reference to its cash flow statement:</p> <p>Provided also that the Generating Company or Licensee shall submit the Cost Audit Report along with the true-up Petition to justify the revenue expenses incurred as well as inventory management policies.</p>	<ul style="list-style-type: none"> • MSEDCL submits that Cost Audit Reports have significance only in case of manufacturing units/industries. Under the Regulation, Hon'ble Commission allows actual power purchase cost, normative O&M expenses and normative capex related expenses. Hence, Cost Audit Report should not be required. • MSEDCL also submits that at the time of true up, Audited Accounts with Notes are submitted along with the Petition; the Annual Accounts including Notes are part of True Up Petition. The Accounts are audited by the external Statutory Auditors. Hence separate cost audit report may not be mandated and this provision may be deleted.
Regulation 24: Capital Cost and Capital Structure	
<p>24.1 Capital cost for a capital investment Project shall include:</p> <p>(a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, as admitted by the Commission after prudence check;</p>	

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<p>(b) capitalised initial spares subject to the ceiling rates specified in this Regulation;</p> <p>(c) expenses incurred by the Licensee on obtaining right of way, as admitted by the Commission after prudence check;</p> <p>(d) additional capitalisation determined under Regulation 25;</p> <p>(e) any gain or loss on account of foreign exchange rate variation pertaining to the loan amount availed up to the date of commercial operation, as admitted by the Commission after prudence check:</p> <p>Provided that any gain or loss on account of foreign exchange rate variation pertaining to the loan amount availed up to the date of commercial operation shall be adjusted only against the debt component of the capital cost:</p> <p>Provided further that the capital cost of the assets forming part of the Project but not put to use or not in use, shall be excluded from the capital cost:</p> <p>Provided also that the Generating Company or Transmission Licensee or Distribution Licensee shall submit documentary evidence in support of its claim of assets being put to use:</p> <p>Provided also that the Commission may undertake a sample check to verify the assets put to use as submitted by the Generating Company or Licensee or SLDC, as the case may be, independent of the tariff determination process:</p> <p>Provided also that any capital expenditure incurred based on the specific requirement of a Generating Company or Licensee shall be substantiated with necessary documentary evidence of such request and undertaking received:</p> <p>Provided also that the following shall be excluded from the capital cost of the existing and new projects:</p> <p>(a) The assets forming part of the project, but not in use, as declared in the tariff petition;</p> <p>(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:</p> <p>Provided that in case replacement of transmission asset is recommended by State Transmission Utility, such asset shall be decapitalised only after its redeployment;</p> <p>Provided further that unless shifting of an asset from one project to another is of permanent</p>	<ul style="list-style-type: none"> • MSEDCL welcomes the sample check by Hon'ble Commission. • In case of inter-unit transfer, the transaction needs to be undertaken at appropriate depreciated cost and the benefit, if any, of such inter-unit transfer shall be provided to the Beneficiaries as the capital cost is borne

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<p>nature, there shall be no de-capitalization of the concerned assets.</p> <p>(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;</p> <p>(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and</p> <p>(e) Any consumer contribution or grant received from the Central or State Government or any statutory body or authority for the execution of the project, which does not carry any liability of repayment.</p>	<p>by the Beneficiaries initially.</p>
<p>24.2 The capital cost admitted by the Commission after prudence check shall form the basis for determination of Tariff:</p> <p>Provided that prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan including the choice and manner of funding, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of Tariff:</p> <p>Provided further that the entire gain to the Generating Company or Licensee or MSLDC on account of variations in capitalisation, in terms of variation in Interest and Finance Charges, Return on Equity, and Depreciation, shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission after prudence check:</p> <p>Provided also that the loss to the Generating Company or Licensee or MSLDC on account of variations in capitalisation, in terms of variation in Interest and Finance Charges, Return on Equity, and Depreciation, shall be shared between the Generating Company or Licensee or MSLDC and the respective Beneficiary or consumer in the manner stipulated by the Commission in its Order after prudence check.</p>	<ul style="list-style-type: none"> Capitalisation depends on various factors including factors beyond the control of the utility. Hence MSEDCL suggests that this proviso may be deleted for distribution licensee and the capitalization may be approved in the tariff order after prudence check.
<p>24.4 The capital cost of the concerned asset/s shall be considered after deducting the amount of accumulated depreciation computed till the period of asset utilisation for unregulated business or for the period the assets remain unutilised, for the purpose of tariff determination, in the</p>	<ul style="list-style-type: none"> MSEDCL put up infrastructure based on demand projections, however due to various external factors, the demand may not materialize and Assets may remain

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<p>following instances:</p> <p>a) The asset/s have been used for a period of time for unregulated business or the asset/s have become part of the asset base of the regulated business after lapse of time with respect to the COD of the asset;</p> <p>b) If the asset has not been put to use for the regulated business after COD.</p>	<p>unutilized for the genuine reasons. Hence Distribution Licensee needs to be given opportunity and the cost shall be allowed after prudence check.</p>
<p>24.6 The Commission may approve, for each year of the Control Period, an additional amount equivalent to 20% of the total capital expenditure approved for that year, towards planned or unplanned capital expenditure that is yet to be approved by the Commission.</p>	<ul style="list-style-type: none"> MSEDCL suggest that Non-DPR schemes which are funded completely through Capital Contribution, Deposit Money, Grant and Subsidy should be allowed as such and should not be brought under the Non DPR Scheme generally such schemes are welfare schemes and has no impact on the tariff. Hence, following proviso may be added. Provided that the Capital Expenditure Schemes completely funded through Consumer Contribution, Grants, Subsidy or Deposit Works shall be excluded for the purpose of this clause.
<p>24.7 The amount of capitalisation against non-DPR schemes for any Year shall not exceed 20% or such other limit as may be stipulated by the Commission through an Order, of the amount of capitalisation approved against DPR schemes for that Year:</p> <p>Provided that the Commission may allow capitalisation against non-DPR schemes for any Year in excess of 20% or such other limit as may have been stipulated by the Commission through Order, on a request made by the Generating Company or Licensee or MSLDC:</p> <p>Provided further that the Generating Company or Licensee or MSLDC should ensure that expenses that would normally be classified as O&M expenses are not categorised under non-DPR schemes:</p> <p>Provided also that the Commission may prescribe the list of activities that can be undertaken under O&M, separately for Generation Business, Transmission Business, and Distribution Business, based on a separate study and after due regulatory process, before November 1, 2022.</p>	<ul style="list-style-type: none"> The capitalization in excess of 20% may be allowed through Tariff Only. Hence following suggestion: Provided that the Commission may allow capitalization against non-DPR schemes for any Year in excess of 20% or such other limit as may have been stipulated by the Commission through <u>Tariff Order after prudence check</u>, on a request made by the Generating Company or Licensee or MSLDC:
<p>Regulation 25: Additional Capitalisation</p>	

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<p>25.2 The capital expenditure incurred or projected to be incurred in respect of a new Project on the following counts within the original scope of work after the cut-off date may be admitted by the Commission, subject to prudence check:</p> <ul style="list-style-type: none"> (i) Liabilities to meet award of arbitration or for compliance of directions or order of any statutory authority or order or decree of any court of law; (ii) Change in law or compliance of any existing law; (iii) Deferred works relating to ash pond or ash handling system in the original scope of work; (iv) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments, etc.; (v) Force majeure events; (vi) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and (vii) Raising of ash dyke as a part of ash disposal system: Provided that in case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, subject to prudence check on the following grounds: <ul style="list-style-type: none"> a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these Regulations; b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions; c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and d) The replacement of such asset or equipment has otherwise been allowed by the Commission. 	<ul style="list-style-type: none"> • Any works covered outside the scope need not be allowed unless it falls within Change in Law or Force Majeure. The deferred work related to ash pond or ash-handling need not be allowed if it is not started.
<p>25.4 The additional capital expenditure required to be undertaken by the existing generating station for compliance of the Revised Emissions Standards, may be admitted by the Commission, subject to prudence check based on the following details to be submitted by the Generating Company:</p>	<ul style="list-style-type: none"> • MSEDCL suggests that such pollution control systems may be funded through green fund already created by GOI by levying clean energy cess and hence Generators should

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<p>(i) details of proposed technology as specified by the Central Electricity Authority;</p> <p>(ii) scope of work;</p> <p>(iii) phasing of expenditure;</p> <p>(iv) schedule of completion;</p> <p>(v) estimated completion cost including foreign exchange component, if any;</p> <p>(vi) detailed computation of indicative impact on tariff to the beneficiaries; and</p> <p>(vii) any other information considered to be relevant by the Generating Company:</p> <p>Provided that the Commission may grant approval after due consideration of the reasonableness of the cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, and such other factors, as may be considered relevant by the Commission.</p>	<p>try to fund these assets from green fund. Further, any installation of pollution control equipment should be done with the prior consent of Discom.</p>
Proposed New Regulation for pass through of OPEX Schemes	
	<p>It is suggested to introduce new head for "OPEX" expenditure. The Hon'ble Commission shall consider Information Technology (IT) enablement schemes, schemes for improvement of consumer services (e.g. SMS, Go Green, Sub-Station Monitoring System, Cloud Computing) etc. under this head.</p> <p>Such expenditure shall not be part of O&M expenses and shall be allowed under Opex Schemes separately.</p>
Regulation 27: Debt : Equity Ratio	
<p>27.1 For a capital investment Scheme declared under commercial operation on or after April 1, 2020, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 24, after prudence check for determination of</p>	<ul style="list-style-type: none"> At present, many generating plants are being funded in the ratio of 80:20. Therefore, The Debt: Equity ratio may be considered as

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<p>Tariff:</p> <p>Provided that the equity investment to be considered in any year shall not exceed the difference between the cumulative return on equity allowed by the Commission in previous years and the cumulative equity investment approved by the Commission in previous years, unless the Generating Company or Licensee or MSLDC submits documentary evidence for the actual deployment of equity and explain the source of funds for the equity:</p> <p>Provided further that once the individual asset is depreciated to the extent of seventy percent or to the extent of actual debt component used for funding such asset in case the debt funding is higher than seventy percent of the asset cost, the equity capital shall be reduced to the extent of depreciation allowed beyond seventy percent of the asset cost or beyond actual debt component in case the debt funding is higher than seventy percent of the asset cost:</p> <p>Provided also that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Generating Company or Licensee or MSLDC for determination of Tariff:</p> <p>Provided also that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of Tariff:</p> <p>Provided also that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.</p> <p>Explanation.- The premium, if any, raised by the Generating Company or the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the Scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of the Generating Station or the transmission system or the distribution system, and are within the ceiling of 30% of capital cost approved by the Commission.</p>	<p>80:20 or actual, whichever is low for new generating plants.</p> <ul style="list-style-type: none"> The proposed change would bring in the necessary discipline and prudence on behalf of equity investors with respect to irrational capacity additions.
<p>27.4 In case of generating station or a transmission system including communication system or distribution network asset, which has completed its useful life as on or after 1.4.2020, the accumulated depreciation as on the completion of the useful life less cumulative repayment of loan shall be utilized for reduction of the equity.</p>	<ul style="list-style-type: none"> MSEDCL submits that due to various external factors, even though the depreciation is allowed in tariffs, it is not actually recovered fully due to lower collection efficiency. Increased receivables over the years

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	demonstrate the under recovery of depreciation. Hence, the provision may be linked to actual recovery and not just approved accumulated depreciation.
Regulation 29: return on Equity	
<p>29.1 Base Return on Equity for the Generating Company, Transmission Licensee, Distribution Wires Business and MSLDC shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of 15.5 per cent 14 per cent per annum in Indian Rupee terms, and for the Retail Supply Business, Return on Equity shall be allowed on the amount of equity capital determined in accordance with Regulation 27 at the rate of 17.5 percent 15.5 per cent per annum in Indian Rupee terms:</p> <p>Provided that in case the Generation Company or Licensee or MSLDC claims Return on Equity at a rate lower than the normative rate specified above for any particular year, then such claim for lower Return on Equity shall be unconditional:</p> <p>Provided further that such claim for lower Return on Equity shall be allowed subject to the condition that the reduction in Return on Equity shall be foregone permanently for that year and shall not be allowed to be recouped at the time of Mid-Term Review or true-up as applicable.</p>	<ul style="list-style-type: none"> • In light of reduced bank interest rate and seeing the historical trend, the return on equity for Genco/Transco needs to be reduced and needs to be capped at 14%. • MSEDCL also supports lower return on equity considering that the market and regulatory space has matured over the years and the pertaining risk has mitigated to large extent. • MSEDCL, however submits that generally credit rating of generating companies are good and lenders also perceive this business as less risky business compared to that of Distribution Business. • The Genco/Transco business is bulk in nature whereas Dsicom business is retail business involving crores of consumers, sale to different segments of society having different paying capacity. Hence recovery management is difficult task. In order to absorb this, commensurate risk compensation is required. In case of Distribution Business, risks are higher in terms of collection & losses and thus, the

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	RoE as stipulated in MYT Regulations 2015 may be continued for next MYT Control Period for wire and supply business of Discom.
Regulation 30: Interest on Loan	
<p>30.11 Interest shall be allowed only on the amount held in cash as security deposit from Transmission System Users, Distribution System Users and Retail consumers at the Bank Rate as on 1st April of the Year for which the interest is payable:</p> <p>Provided that at the time of Truing-up, the interest on the amount of security deposit for the year shall be considered on the basis of the actual interest paid by the Licensee during the year, subject to prudence check by the Commission.</p>	<ul style="list-style-type: none"> • MSEDCL welcomes this consideration of Hon'ble Commission. This will help in reduction of consumer's tariff.
Regulation 32: Interest on Working Capital	
<p>32.1 Generation</p> <p>(a) In case of coal based/lignite-fired Generating Stations, working capital shall cover:</p> <p>(i) Cost of coal or lignite and limestone towards stock, if applicable, for ten days for pit-head Generating Stations and twenty days for non-pit-head Generating Stations, for generation corresponding to target availability, or the maximum coal/lignite stock storage capacity, whichever is lower;</p> <p>(ii) Cost of coal or lignite and limestone for thirty days for generation corresponding to target availability;</p> <p>(iii) Cost of secondary fuel oil for two months corresponding to target availability;</p> <p>(iv) Normative Operation and Maintenance expenses for one month;</p> <p>(v) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and</p> <p>(vi) Receivables for sale of electricity equivalent to forty-five days of the sum of annual fixed charges and energy charges approved in the Tariff Order for ensuing year/s, computed at target availability and excluding incentive, if any:</p> <p>minus</p>	<ul style="list-style-type: none"> • Working capital requirements on account of fuel stock shall be done on actual annual average basis for last two years. Further, the Hon'ble Commission should also consider the same methodology for working capital computation during true-up. • Cost of Secondary Fuel oil to be reduced from 2 months to 1 month as there is already compensation mechanism is in place for any deviation. • In case the rebate is claimed by Generator, such amount may not be considered in calculation of Revenue for 45 days. • MSEDCL also submits that, since the working capital requirement is purely on the basis of the actual generation, normative working

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<p>(vii) Payables for fuel (including oil and secondary fuel oil) to the extent of thirty days of the cost of fuel computed at target availability, depending on the modalities of payment:</p> <p>Provided that in case the Fuel Supply Agreement provides for payment of cost of fuel in advance, the payables for fuel shall not be deducted for the purpose of computing the working capital requirement to the extent of actual payment of such advance, as substantiated by documentary evidence:</p> <p>Provided further that for the purpose of Truing-up, the working capital shall be computed based on the scheduled generation or target availability of the generating Station, whichever is lower:</p> <p>Provided also that for the purpose of Truing up, the working capital shall be computed based on the actual average stock of coal or lignite and limestone or normative stock of coal or lignite and limestone of the generating Station, whichever is lower:</p> <p>Provided also that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;</p>	<p>capital should be linked with historical actual availability and not normative considering the wide gap between the two. Further, the gap is expected to become wider owing to increasing contribution of renewable sources in energy mix.</p> <ul style="list-style-type: none"> • Norms of number of days for coal stock based on actual historical coal stock needs to be defined. As per the daily fuel reports issued by CEA, average coal stock available with Mahagenco power plants for the last one year comes out to be 6 days.
<p>(b) In case of oil-fired Generating Stations, working capital shall cover:</p> <p>(i) Cost of oil for thirty days towards stock, if applicable, for generation corresponding to target availability, or the maximum oil stock storage capacity, whichever is lower;</p> <p>(ii) Cost of oil for thirty days for generation corresponding to target availability;</p> <p>(iii) Normative Operation and Maintenance expenses for one month;</p> <p>(iv) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and</p> <p>(v) Receivables for sale of electricity equivalent to forty-five days of the sum of annual fixed charges and energy charges approved in the Tariff Order for ensuing year/s, computed on target availability and excluding incentive, if any:</p> <p>minus</p> <p>(vi) Payables for fuel to the extent of thirty days of the cost of fuel computed at target availability,</p>	<p>Similar provision based on the actual stock as suggested above shall be made applicable.</p>

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<p>depending on the modalities of payment:</p> <p>Provided that for the purpose of Truing-up, the working capital shall be computed based on the scheduled generation or target availability of the generating Station, whichever is lower:</p> <p>Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses</p>	
<p>(c) In case of Open Cycle Gas Turbine/Combined Cycle Generating Stations, working capital shall cover:</p> <p>(i) Fuel cost for thirty days corresponding to target availability duly taking into account the mode of operation of the Generating Station on gas fuel and liquid fuel;</p> <p>(ii) Liquid fuel stock for fifteen days corresponding to target availability;</p> <p>(iii) Normative Operation and maintenance expenses for one month;</p> <p>(iv) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and</p> <p>(v) Receivables for sale of electricity equivalent to forty-five days of the sum of annual fixed charges and energy charges approved in the Tariff Order for ensuing year/s, computed on target availability and excluding incentive, if any:</p> <p>minus</p> <p>(vi) Payables for fuel (including liquid fuel stock) to the extent of thirty days of the cost of fuel computed at target availability, depending on the modalities of payment:</p> <p>Provided that for the purpose of Truing-up, the working capital shall be computed based on the scheduled generation or target availability of the generating Station, whichever is lower:</p> <p>Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;</p>	<p>Similar provision based on the actual stock as suggested above shall be made applicable.</p>

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<p>32.4 Retail Supply of Electricity</p> <p>(a) The working capital requirement of the Retail Supply Business shall cover:</p> <p>(i) Normative Operation and maintenance expenses for one month;</p> <p>(ii) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and</p> <p>(iii) One and half months equivalent of the expected revenue from sale of electricity at the Tariff approved by the Commission for ensuing year/s, and including revenue from cross-subsidy surcharge and additional surcharge, if any;</p> <p>minus</p> <p>(iv) Amount held as security deposits in cash from retail supply consumers;</p> <p>(v) One month equivalent of cost of power purchased, including the Transmission Charges and SLDC Charges, based on the annual power procurement plan:</p> <p>Provided that in case of power procurement from own Generating Stations of the Retail Supply Business, no amount shall be reduced from working capital requirement towards payables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations:</p> <p>Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;</p>	<ul style="list-style-type: none"> • The provision of 1.5 months of expected revenue ignore the fact that all categories are not billed on monthly basis. e.g. for Agriculture consumers the current billing cycle is 3 months which is not considered in any Tariff Regulations. • Thus, for the computation of Working Capital, receivables should be computed as sum of revenue from each consumer category based on its billing cycle. • In MYT Regulations 2011, the receivables considered were equivalent to 2 months of revenue. • In discussion paper issued by MERC during framing of MYT Regulation 2015, MERC provided the rationale as below for reducing the receivables from 2 months to 1.5 months. <p><i>“The amount of receivables to be considered for Transmission Business and Distribution Business is proposed to be reduced to 1 month and 1.5 months, respectively, based on the analysis of actual working capital requirement of the Transmission Licensees and Distribution Licensees.”</i></p> <p>However, no specific computation was provided in the discussion paper.</p> • It is suggested that the generalized formula for considering months for computing

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	<p>receivables for each category shall be: $1.50 + (n-1)$ Where, n = billing cycle in months i.e. 1 month for categories except AG and 3 months for AG Category.</p>
<p>32.6 For the purpose of Truing-up for each year, the variation between the normative interest on working capital computed at the time of Truing-up and the actual interest on working capital incurred by the Generating Company or Licensee or MSLDC, substantiated by documentary evidence, shall be considered as an efficiency gain or efficiency loss, as the case may be, on account of controllable factors, and shared between it and the respective Beneficiary or consumer as the case may be, in accordance with Regulation 11:</p> <p>Provided that the Delayed Payment Surcharge and Interest on Delayed Payment billed by the Generating Company or Licensee or MSLDC shall be deducted from the actual interest on working capital, before sharing of the efficiency gain or efficiency loss, as the case may be:</p> <p>Provided also that if actual interest on working capital exceeds the normative interest on working capital, then the interest expenses incurred for funding of Regulatory Assets approved by the Commission shall be deducted from the actual interest on working capital, before sharing of the efficiency gain or efficiency loss, as the case may be.</p>	<ul style="list-style-type: none"> Since, delay payment charges paid to generators as well as recovered from the consumers are not considered in ARR, the same principal should also be followed while computing the sharing of gains/ losses and thus, delay payment charges billed to retail consumers should not be adjusted in working capital or any other component of ARR.
<p>The Commission shall allow Carrying Cost or Holding Cost, as the case may be, on the admissible amounts, with simple interest, at the weighted average Base Rate prevailing during the concerned Year, plus 150 basis points:</p> <p>Provided that Carrying Cost or Holding Cost shall be allowed on the net entitlement after sharing of efficiency gains and losses as approved after true-up:</p> <p>Provided further that in case of Transmission Licensees, the Transmission Incentive shall be deducted from the net entitlement, for the purpose of computing Carrying Cost or Holding Cost:</p> <p>Provided also than in case of Distribution Licensees, the Incentive on account of Distribution Losses, as applicable, shall be deducted from the net entitlement, for the purpose of computing Carrying Cost or Holding Cost.</p>	<ul style="list-style-type: none"> In the draft regulation, incentive on account of Distribution Loss is not provided and hence this provision for Distribution Licensee needs to be deleted.

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Regulation 35: Contribution to Contingency Reserves	
<p>35.1 Where the Licensee has made a contribution to the Contingency Reserve, a sum not less than 0.25 per cent and not more than 0.5 per cent of the original cost of fixed assets shall be allowed annually towards such contribution in the calculation of Aggregate Revenue Requirement:</p> <p>Provided that where the amount of such Contingency Reserves exceeds five (5) per cent of the original cost of fixed assets, no further contribution shall be allowed:</p> <p>Provided further that such contribution shall be invested in securities authorised under the Indian Trusts Act, 1882 within a period of six months of the close of the Year:</p> <p>Provided also that if the Licensee does not invest the amount of contribution to Contingency Reserves in authorised securities within a period of six months of the close of the Year, then the contribution allowed in the calculation of Aggregate Revenue Requirement shall be disallowed at the time of true-up:</p> <p>Provided also that if the Licensee does not invest the amount of contribution to Contingency Reserves in authorised securities for two consecutive Years, then the contribution to Contingency Reserves shall not be allowed in the calculation of Aggregate Revenue Requirement from the subsequent Year onwards.</p> <p>35.2 The Contingency Reserve shall not be drawn upon during the term of the Licence except to meet such charges as may be approved by the Commission as being:</p> <p>(a) Expenses or loss of profits arising out of accidents, strikes or circumstances which the management could not have prevented;</p> <p>(b) Expenses on replacement or removal of plant or works other than expenses requisite for normal maintenance or renewal;</p> <p>(c) Compensation payable under any law for the time being in force and for which no other provision is made.</p>	<ul style="list-style-type: none"> • MSEDCL suggests that considering the actual cash flow position in past, the Licensee may not have made contribution to contingency reserves. Based on improved financial position, the Licensee may be allowed to deposit the cumulative amount of past provision into contingency reserves at once. • Further for the future period, this being a contingency reserve to be used for the benefit of the consumers, the licensee may be allowed flexibility to deposit in the contingency reserves as per the availability of cash flow. The decision regarding disallowance can be taken at the time of True up for the year. • In view of the above, the new provisions shall be deleted. <p>The contingency reserves are required to be utilized for meeting the expenses in the emergency situation and in such situation; approval from Hon’ble Commission can only happen post-facto and if there is any disallowance by Hon’ble Commission, it will adversely impact the financials of MSEDCL as MSEDCL will not have any avenue to recover this obligatory expenditure. Hence, MSEDCL requests Hon’ble Commission to bring more clarity regarding utilisation of Contingency Reserves so as to enable</p>

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	<p>Licensee to use it during certain situations and also remove the requirement of approval for drawing the reserves from contingency reserve for the expenditure heads specified in regulation. Hence MSEDCL suggests that the Regulation 35.2 may be amended as below:</p> <p>The Contingency Reserve shall not be drawn upon during the term of the Licence except to meet such charges in below mentioned situations:</p> <ul style="list-style-type: none"> (a) Expenses or loss of profits arising out of accidents, strikes or circumstances which the management could not have prevented; (b) Expenses on replacement or removal of plant or works other than expenses requisite for normal maintenance or renewal, expenses on repairs & maintenance or restoration of lines, network damage caused due to natural calamities such as flood, storm, hailstorm etc.; (c) Compensation payable under any law for the time being in force and for which no other provision is made e.g. compensation payable as per the Court Order/arbitral award in respect of old cases, Interest penalties due to late payment;
Regulation 36: Rebate, Incentives and Penalties	
36.1 For payment of bills of generation Tariff or transmission charges or MSLDC Fees and Charges within 7 days of presentation of bills, through Letter of Credit or otherwise or through	<ul style="list-style-type: none"> • Currently rebate earned by Discom is passed through in tariff. However, in order to

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<p>NEFT/RTGS, a rebate of 1% on billed amount, excluding the taxes, cess, duties, etc., shall be allowed.</p> <p>36.2 For payment of bills of retail Tariff by the consumers within 7 days of issue of bills, a rebate of 1% on the billed amount, excluding the taxes, cess, duties, etc., shall be allowed.</p> <p>36.3 A discount on the monthly bill (excluding taxes and duties) shall be provided to Low Tension category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.:</p> <p>Provided that the rate of such discount shall be stipulated by the Commission in the relevant Tariff Order.</p> <p>36.4 All rebates or incentives earned by the Generating Company or Licensee or MSLDC shall be considered under its Non-Tariff Income, while all rebates or incentives given by the Generating Company or Licensee or MSLDC shall be allowed as an expense for the Generating Company or Licensee or MSLDC.</p> <p>36.5 Penalties paid, if any, by the Generating Company or Licensee shall not be allowed as an expense for the Generating Company or Licensee.</p>	<p>promptly pay the Genco/ transco bills, MSEDCL will be required to avail and incur short term borrowing, interest on the same is not allowed in ARR. Thus, on one hand the benefit of rebate is pass on to consumer while the interest cost incurred additionally by MSEDCL is presently not getting compensated.</p> <ul style="list-style-type: none"> • If rebate is passed through in ARR, then the Interest on borrowing availed to pay the genco/ Transco bills for availing the rebate should also be allowed to be recovered through ARR at normative rates. • This is a win-win situation for generation, distribution licensee and consumer as: <ul style="list-style-type: none"> ○ Generator would get the payment on a prompt basis ○ Cost of short term borrowing by the discom for earning the rebate would be compensated. ○ Saving (on account of difference between rebate earned and cost of borrowing such rebate) would be passed on to the consumer. <p>In view of the above benefits, the proposed amendment is required to be incorporated.</p> <ul style="list-style-type: none"> • This, Interest on borrowing should be approved over and above the normative Interest on Working Capital.
Regulation 37: Delayed Payment Charges and Interest on Delayed Payment Charges	
<p>37.1 In case the payment of bills of generation Tariff or transmission charges or MSLDC Fees and Charges by the Beneficiary is delayed beyond a period of 30 days from the date of billing,</p>	<ul style="list-style-type: none"> • MSEDCL submits that such DPC act as a deterrent against non-payment while disconnection is a punitive action.

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<p>Delayed Payment Charge at the Base Rate as on 1st of the respective month plus 350 basis points per annum on the billed amount shall be levied for the period of delay by the Generating Company or the Transmission Licensee or MSLDC, as the case may be, notwithstanding anything to the contrary as may have been stipulated in the Agreement or Arrangement with the Beneficiaries.</p>	<ul style="list-style-type: none"> • However, for certain categories like AG, such deterrent does not work. Moreover, the punitive action also cannot be taken for such consumers due to socio-political challenges. In view of the above, levying higher interest rate on arrears would only increase the receivables/ arrears in the accounts. • Charging such DPC with exorbitant rates just adds to the arrears. The amount billed hardly gets converted into cash and thus affects the cash flow. • Hence, MSEDCL suggests that Hon'ble Commission may specify only ceiling for the rate of DPC and interest on DPC. Licensee may be allowed to charge lower interest rates to certain categories considering its peculiar nature as stated above.
<p>37.2 In case the payment of bills of retail Tariff by the consumers is delayed beyond a period of 15 days for High Tension consumers and Extra High Tension consumers and 21 days for Low Tension consumers from the date of billing, Delayed Payment Charge on the billed amount, including the taxes, cess, duties, etc., shall be levied at the rate of 1.25% on the billed amount for the first month of delay:</p> <p>Provided that for delay in payment of bills of retail Tariff beyond 60 days and up to 90 days from the date of billing, Interest on Delayed Payment on the billed amount, including the Delayed Payment Charges, taxes, cess, duties, etc., shall be levied at the rate of 12% per annum:</p> <p>Provided further that for delay in payment of bills of retail Tariff beyond 90 days from the date of billing, Interest on Delayed Payment on the billed amount, including the Delayed Payment Charges, taxes, cess, duties, etc., shall be levied at the rate of 15% per annum.</p>	<ul style="list-style-type: none"> • Since the DPC and Interest on DPC are not part of ARR, there is no need to specify the norms for this and it should be left to Discom as part of its business outlook. If at all such provision is required, then only ceiling provision shall be provided.
<p>Proposed New Regulation for Event of Force Majeure or Change in Law</p>	

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	<ul style="list-style-type: none"> • If a Generating Company or Licensee or MSLDC wishes to claim protection in respect of an Event of Force Majeure or change in law, it shall, as soon as possible following the occurrence or date of commencement of such Event of Force Majeure or change in law, notify by way of Petition to the Commission and the other concerned entity of the nature and expected duration of such Event of Force Majeure or change in law as the case may be and shall thereafter keep the other concerned entity and the Commission informed until such time as it is able to perform its obligations. • The Commission shall ascertain the event by giving opportunity to affected parties and pass the Order. The impact of such Change in law shall be effective from the date of change in law. The carrying cost for such impact of change in law being uncontrollable, shall be pass through and shall be allowed to be recovered through FAC immediately.
Regulation 39: Petition for Determination of Generation Tariff	
<p>39.5 The Generating Company shall file the Petition for determination of provisional Tariff for new Generating Station, at least six months prior to the anticipated date of commercial operation of Generating Unit or Stage or Generating Station as a whole, as the case may be.</p>	<ul style="list-style-type: none"> • In line with CERC Regulations, the time period of filing of petition for determination of final tariff should be reduced to 60 days prior to the anticipated date of CoD from existing 180 days
<p>39.9 The Generating Company shall file the Petition for determination of final Tariff for new</p>	<ul style="list-style-type: none"> • In line with CERC Regulations, the time

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<p>Generating Station within six months from the date of commercial operation of Generating Unit or Stage or Generating Station as a whole, as the case may be, based on the audited capital expenditure and capitalisation as on the date of commercial operation:</p> <p>Provided that in case of more than one Unit in the Generating Station, such Petition shall be filed for each Unit as and when such Unit achieves COD and without waiting for the COD of the entire Station.</p>	<p>period of filing of petition for determination of final tariff should be reduced to 60 days prior to the anticipated date of CoD from existing 180 days</p>
<p>39.10 The final Tariff determination for the new Generating Station shall be done by the Commission based on prudence check of the audited capital expenditure and capitalisation as on the date of commercial operation.</p>	<ul style="list-style-type: none"> In view of the reduced period for filing of petition to 60 days, more realistic tariff can be projected, it is necessary that the difference between the provisional / interim tariff and final tariff shall not exceed more than 10% and such additional cost may not be allowed as a pass through. Hence, following proviso may be added Provided that the difference between the provisional / interim tariff and final tariff shall not exceed more than 10% and such additional cost beyond the variation of 10% shall not be allowed as a pass through.
<p>Regulation 42: Renovation & Modernisation</p>	
<p>42.1 For undertaking Renovation and Modernisation for the purpose of extension of life beyond the useful life of the Generating Station or a Unit thereof, the Generating Company shall file a Petition for approval with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost, record of consultation with Beneficiaries and any other relevant information.</p>	<ul style="list-style-type: none"> MSEDCL submits that the generating companies need to take the consent of beneficiaries before undertaking any Renovation & Modernization activities. Hence following proviso may be added Provided further that, the generating company intending to undertake renovation and modernization (R&M) shall be required to obtain the consent of the beneficiary

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	Licensees, for such R&M and submit the same along with the Petition.							
Regulation 45: Operational Norms for Thermal Generating Stations								
45.1 Target Availability for full recovery of Annual Fixed Charges shall be 85 per cent for all thermal Generating Stations , except those covered under Regulation 45.2.	<ul style="list-style-type: none"> • MSEDCL submits that the new PPAs as per revised bidding guidelines provides for 90% availability. As the new units of MSPGCL are Supercritical, the target availability for such stations shall be 90%. • MSEDCL further submits that in case of zero scheduling, the provision of peak and off peak availability shall not be applicable. 							
<p>45.2 Target Availability for full recovery of Annual Fixed Charges for the following Generating Stations of Maharashtra State Power Generation Company Ltd. (MSPGCL) shall be:</p> <table border="1" data-bbox="434 528 1196 815"> <thead> <tr> <th>Particulars</th> <th>Target Availability (%)</th> </tr> </thead> <tbody> <tr> <td>Koradi TPS excluding Unit No. 8, 9 and 10</td> <td>72</td> </tr> <tr> <td>Chandrapur TPS excluding Unit No. 8 and 9</td> <td>80</td> </tr> <tr> <td>Bhusawal TPS excluding Unit No. 4 and 5</td> <td>80</td> </tr> </tbody> </table> <p>Provided that the Commission may revise the Availability norms for these Generating Stations in case any Renovation & Modernisation is undertaken.</p>		Particulars	Target Availability (%)	Koradi TPS excluding Unit No. 8, 9 and 10	72	Chandrapur TPS excluding Unit No. 8 and 9	80	Bhusawal TPS excluding Unit No. 4 and 5
Particulars	Target Availability (%)							
Koradi TPS excluding Unit No. 8, 9 and 10	72							
Chandrapur TPS excluding Unit No. 8 and 9	80							
Bhusawal TPS excluding Unit No. 4 and 5	80							
<p>45.4 Gross Station Heat Rate for existing coal-based thermal Generating Stations, other than those covered under Regulation 45.5 and 45.6 shall be:</p> <table border="1" data-bbox="454 1094 1176 1275"> <thead> <tr> <th>200/210/250 MW sets</th> <th>300 MW sets</th> <th>500 MW sets (sub-critical boilers)</th> </tr> </thead> <tbody> <tr> <td>2430 kcal/kWh</td> <td>2400 kcal/kWh</td> <td>2375 kcal/kWh</td> </tr> </tbody> </table> <p>Note 1 In respect of 500 MW Units, where the boiler feed pumps are electrically operated, the Gross</p>	200/210/250 MW sets	300 MW sets	500 MW sets (sub-critical boilers)	2430 kcal/kWh	2400 kcal/kWh	2375 kcal/kWh	<ul style="list-style-type: none"> • The words (sub-critical boilers) shall be deleted • GSHR for above 500MW sets shall be added. • The heat rate is a crucial parameter as it has substantial impact on tariff; The heat rate norms is required to be seen in the light of efficiency improvement targets to be achieved by the generating stations. • The operational norms should be progressive in nature and should be revised from time to time. The utilities may take up any investment if required to meet the norms, 	
200/210/250 MW sets	300 MW sets	500 MW sets (sub-critical boilers)						
2430 kcal/kWh	2400 kcal/kWh	2375 kcal/kWh						

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<p>Station Heat Rate shall be 40 kcal/kWh lower than the gross Station Heat Rate specified above.</p> <p>Note 2</p> <p>For Generating Stations having combination of 200/210/250 MW sets and 300 MW and 500 MW sets, the normative gross Station Heat Rate shall be the weighted average Station Heat Rate.</p>	<p>however, guidelines should be fixed for adherence to the timelines, scope and cost. In case the generator fails to achieve the target within the agreed terms then penalty should be imposed.</p> <ul style="list-style-type: none"> • The gain/savings on account of improvement in heat rates should be shared with the beneficiaries. • Hence, it is required to set the norms for SHR to lower level rather than continuing with the same norms as notified in past. • Also for super critical sets, the GSHR shall be 2200 kcal/KWh.
<p>45.9 Gross Station Heat Rate for New Gas-based/Liquid-based Thermal Generating Unit(s) achieving COD after April 1, 2020 shall be:</p> <p>= 1.05 x Design Heat Rate of the Unit/Block for Natural Gas and Regassified Liquefied Natural Gas (RLNG) (in kcal/kWh)</p> <p>= 1.071 x Design Heat Rate of the Unit/Block for Liquid Fuel (kcal/kWh)</p> <p>Where the Design Heat Rate of a Unit shall mean the guaranteed Heat Rate for a Unit at 100% MCR and at site ambient conditions; and the Design Heat Rate of a Block shall mean the guaranteed Heat Rate for a Block at 100% MCR, site ambient conditions, zero percent make up, design cooling water temperature/back pressure.</p>	<p>The operational norms should be progressive in nature.</p>
<p>45.11 Secondary fuel oil consumption norm for all thermal Generating Stations, except those covered under Regulation 45.12 shall be:</p> <p>a) Coal-based Generating Stations: 0.50 ml/kWh</p> <p>b) Lignite-fired Generating Stations except stations based on CFBC technology: 1.5 ml/kWh</p> <p>c) Lignite-fired Generating Stations based on CFBC technology: 1.0 ml/kWh</p>	<ul style="list-style-type: none"> • As the secondary fuel oil consumption norm for the lignite fired generating stations is set at 1.5 ml/kWh, then the secondary fuel oil consumption norm set for the MSPGCL sets given in 45.12 shall be less than this as these stations are using much better fuel i.e. coal than lignite.

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<p>45.13 Auxiliary Energy Consumption for new coal-based thermal Generating Stations shall be as given in the Table below:</p> <table border="1" data-bbox="409 304 1218 683"> <thead> <tr> <th>Particulars</th> <th>With Natural Draft cooling tower or without cooling tower</th> </tr> </thead> <tbody> <tr> <td>(i) 200/250 MW series</td> <td>8.50%</td> </tr> <tr> <td>(ii) 300/330/350/500 MW and above</td> <td></td> </tr> <tr> <td>Steam driven boiler feed pumps</td> <td>5.75%</td> </tr> <tr> <td>Electrically driven boiler feed pumps</td> <td>8.00%</td> </tr> </tbody> </table> <p>Provided that for thermal Generating Stations with induced draft cooling towers and where tube type coal mill is used, the norms shall be further increased by 0.5% and 0.8%, respectively:</p> <p>Provided further that additional Auxiliary Energy Consumption as follows may be allowed for plants with Dry Cooling Systems:</p> <table border="1" data-bbox="423 959 1205 1214"> <thead> <tr> <th>Type of Dry Cooling system</th> <th>(% of gross generation)</th> </tr> </thead> <tbody> <tr> <td>Direct cooling air cooled condensers with mechanical draft fans</td> <td>1.0%</td> </tr> <tr> <td>Indirect Cooling system employing jet condensers with pressure recovery turbine and natural draft tower</td> <td>0.5%</td> </tr> </tbody> </table>	Particulars	With Natural Draft cooling tower or without cooling tower	(i) 200/250 MW series	8.50%	(ii) 300/330/350/500 MW and above		Steam driven boiler feed pumps	5.75%	Electrically driven boiler feed pumps	8.00%	Type of Dry Cooling system	(% of gross generation)	Direct cooling air cooled condensers with mechanical draft fans	1.0%	Indirect Cooling system employing jet condensers with pressure recovery turbine and natural draft tower	0.5%	<ul style="list-style-type: none"> The Auxiliary Consumption has been increased for 300/330/350/500 MW and above). MSEDCL submits that the norms need to be progressive in nature and any relaxation in such norms results in encouragement of inefficiencies and additional burden on beneficiaries. Norms for Aux. consumption shall not only be based on the unit capacity but also on the technology on which the unit is based. The gain/savings on account of improvement in efficiency should be shared with the beneficiaries. Considering the latest technology and experience gained over the years, it is submitted that the operational efficiency will be far better than the old plants commissioned early. Therefore, this needs to be revised progressively. Also, the rationale for arriving at this number is required to be provided.
Particulars	With Natural Draft cooling tower or without cooling tower																
(i) 200/250 MW series	8.50%																
(ii) 300/330/350/500 MW and above																	
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<p>45.18 Transit and handling Losses</p> <p>Normative transit and handling losses for coal/lignite based Generating Stations, as a percentage of quantity of coal or lignite dispatched by the coal/lignite supply company during the month shall be:</p> <p>(a) Pit head Generating Stations : 0.2%</p>	<ul style="list-style-type: none"> Currently, distinction between pit head and non-pit head plants is not specified. Hence, a clear definition specifying the criteria for pit-head and non-pit head needs 																

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<p>(b) Non-pit head Generating Stations : 0.8%</p> <p>Provided that in case of pit head stations if coal or lignite is procured from sources other than the pit head mines, which is transported to the Station through rail, normative transit loss of 0.8% shall be applicable:</p> <p>Provided further that the above norms shall be applicable for domestic coal and washed coal:</p> <p>Provided also that in case of imported coal, the normative transit and handling losses shall be 0.2%:</p> <p>Provided also that for procurement of coal on delivery basis, no transit and handling loss shall be allowed.</p>	<p>to be included in the MYT Regulations itself.</p>
<p>Regulation 49: Computation and Payment of Annual Fixed Charges and Energy Charges for Thermal Generating Stations</p>	
<p>49.2 The Capacity Charge payable to a thermal generating station for a calendar month shall be calculated in accordance with the following formulae:</p> <p>Capacity Charge for the Month (CCm) = Capacity Charge for Peak Hours of the Month (CCp) + Capacity Charge for Off-Peak Hours of the Month (CCop)</p> <p>Where,</p> <p><u>High Demand Season</u></p> <p>$CCp1 = (0.20 \times AFC) \times (1/12) \times (PAFMp1/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (1/12)$</p> <p>$CCp2 = \{(0.20 \times AFC) \times (1/6) \times (PAFMp2/NAPAF)\}$ subject to ceiling of $(0.20 \times AFC) \times (1/6)$ – CCp1</p> <p>$CCp3 = \{(0.20 \times AFC) \times (1/4) \times (PAFMp3/NAPAF)\}$ subject to ceiling of $(0.20 \times AFC) \times (1/4)$ – (CCp1 + CCp2)}</p> <p>$CCop1 = \{(0.80 \times AFC) \times (1/12) \times (PAFMop1/NAPAF)\}$ subject to ceiling of $(0.80 \times AFC) \times (1/12)$</p> <p>$CCop2 = \{(0.80 \times AFC) \times (1/6) \times (PAFMop2/NAPAF)\}$ subject to ceiling of $(0.80 \times AFC) \times (1/6)$ – CCop1</p> <p>$CCop3 = \{(0.80 \times AFC) \times (1/4) \times (PAFMop3/NAPAF)\}$ subject to ceiling of $(0.80 \times AFC) \times (1/4)$ – (CCop1 + CCop2)}</p>	<ul style="list-style-type: none"> • MSEDCL submits that the Commission shall introduce differential rates for fixed charges for peak and off-peak hours. • However, SLDC should clearly define the procedure/ mechanism for fixation of “peak” and “off peak” hours and “high demand” and “low demand” seasons.

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<p><u>Low Demand Season</u></p> <p>CCp1={$(0.20 \times AFC) \times (1/12) \times (PAFMp1/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (1/12)$}</p> <p>CCp2={$(0.20 \times AFC) \times (1/6) \times (PAFMp2/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (1/6)$} – CCp1</p> <p>CCp3={$(0.20 \times AFC) \times (1/4) \times (PAFMp3/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (1/4)$} – (CCp1 + CCp2)</p> <p>CCp4={$(0.20 \times AFC) \times (1/3) \times (PAFMp4/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (1/3)$} – (CCp1 + CCp2+ CCp3)</p> <p>CCp5={$(0.20 \times AFC) \times (5/12) \times (PAFMp5/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (5/12)$} – (CCp1 + CCp2+ CCp3+ CCp4)</p> <p>CCp6={$(0.20 \times AFC) \times (1/2) \times (PAFMp6/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (1/2)$} – (CCp1 + CCp2+ CCp3+ CCp4+ CCp5)</p> <p>CCp7={$(0.20 \times AFC) \times (7/12) \times (PAFMp7/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (7/12)$} – (CCp1 + CCp2+ CCp3+ CCp4+ CCp5+ CCp6)</p> <p>CCp8={$(0.20 \times AFC) \times (2/3) \times (PAFMp8/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (2/3)$} – (CCp1 + CCp2+ CCp3+ CCp4+ CCp5+ CCp6+ CCp7)</p> <p>CCp9={$(0.20 \times AFC) \times (3/4) \times (PAFMp9/NAPAF)$ subject to ceiling of $(0.20 \times AFC) \times (3/4)$} – (CCp1 + CCp2+ CCp3+ CCp4+ CCp5+ CCp6+ CCp7+ CCp8)</p> <p>CCop1={$(0.80 \times AFC) \times (1/12) \times (PAFMop1/NAPAF)$ subject to ceiling of $(0.80 \times AFC) \times (1/12)$}</p> <p>CCop2={$(0.80 \times AFC) \times (1/6) \times (PAFMop2/NAPAF)$ subject to ceiling of $(0.80 \times AFC) \times (1/6)$} – CCop1</p> <p>CCop3={$(0.80 \times AFC) \times (1/4) \times (PAFMop3/NAPAF)$ subject to ceiling of $(0.80 \times AFC) \times (1/4)$} – (CCop1 + CCop2)</p> <p>CCop4={$(0.80 \times AFC) \times (1/3) \times (PAFMop4/NAPAF)$ subject to ceiling of $(0.80 \times AFC) \times (1/3)$} – (CCop1 + CCop2+ CCop3)</p>	

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<p>CCop5=$\{(0.80 \times AFC) \times (5/12) \times (PAFMop5/NAPAF)\}$ subject to ceiling of $(0.80 \times AFC) \times (5/12)\}$ – (CCop1 + CCop2+ CCop3+ CCop4)</p> <p>CCop6=$\{(0.80 \times AFC) \times (1/2) \times (PAFMop6/NAPAF)\}$ subject to ceiling of $(0.80 \times AFC) \times (1/2)\}$ – (CCop1 + CCop2+ CCop3+ CCop4+ CCop5)</p> <p>CCop7=$\{(0.80 \times AFC) \times (7/12) \times (PAFMop7/NAPAF)\}$ subject to ceiling of $(0.80 \times AFC) \times (7/12)\}$ – (CCop1 + CCop2+ CCop3+ CCop4+ CCop5+ CCop6)</p> <p>CCop8=$\{(0.80 \times AFC) \times (2/3) \times (PAFMop8/NAPAF)\}$ subject to ceiling of $(0.80 \times AFC) \times (2/3)\}$ – (CCop1 + CCop2+ CCop3+ CCop4+ CCop5+ CCop6+ CCop7)</p> <p>CCop9=$\{(0.80 \times AFC) \times (3/4) \times (PAFMop9/NAPAF)\}$ subject to ceiling of $(0.80 \times AFC) \times (3/4)\}$ – (CCop1 + CCop2+ CCop3+ CCop4+ CCop5+ CCop6+ CCop7+ CCop8)</p> <p>Provided that in case of generating station or unit thereof under shutdown due to Renovation and Modernisation, the Generating Company shall be allowed to recover O&M expenses and interest on loan only,</p> <p>Where,</p> <p>CCm= Capacity Charge for the Month;</p> <p>CCp= Capacity Charge for the Peak Hours of the Month;</p> <p>CCop= Capacity Charge for the Off-Peak Hours of the Month;</p> <p>CCpn= Capacity Charge for the Peak Hours of nth Month in a specific Season;</p> <p>CCopn= Capacity Charge for the Off-Peak of nth Month in a specific Season;</p> <p>AFC = Annual Fixed Cost;</p> <p>PAFMpn = Plant Availability Factor achieved during Peak Hours upto the end of nth Month in a Season;</p> <p>PAFMopn = Plant Availability Factor achieved during Off-Peak Hours upto the end of nth Month in a Season;</p> <p>NAPAF= Normative Annual Plant Availability Factor.</p>	

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<p>49.7 Adjustment of ECR [Fuel Surcharge Adjustment] on account of variation in price or heat value of fuels</p> <p>Any variation in Price and Gross Calorific Value of coal/lignite or gas or liquid fuel as received-billed by supplier less actual stacking loss subject to the maximum stacking loss of 85 kcal/kg vis-a-vis approved values shall be adjusted on month to month basis on the basis of average Gross Calorific Value of coal/lignite or gas or liquid fuel in stock received and weighted average landed cost incurred by the Generating Company for procurement of coal/lignite, oil, or gas or liquid fuel, as the case may be for a power Station:</p> <p>Provided that in its bills, the Generating Company shall indicate Energy Charge Rates at base price of primary and secondary fuel approved by the Commission and the Fuel Surcharge to it separately:</p> <p>Provided further that the Generating Company shall provide to the Beneficiaries of the generating Station, the details of parameters of GCV and price of fuel for each type of fuel, i.e., domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel, etc., as per the forms prescribed by the Commission:</p> <p>Provided also that in case of part or full use of alternative source of fuel supply by coal based thermal generating stations other than as agreed by the Generating Company and beneficiary/ies in their power purchase agreement for supply of contracted power on account of shortage of fuel or optimization of economical operation through blending, the use of alternative source of fuel supply shall be permitted to generating station:</p> <p>Provided also that in such case, prior permission from beneficiaries shall not be a precondition, unless otherwise agreed specifically in the power purchase agreement:</p> <p>Provided also that the weighted average price of alternative source of fuel shall not exceed 10% of base price of primary and secondary fuel approved by the Commission:</p> <p>Provided also that where the Energy Charge Rate based on weighted average price of fuel upon use of alternative source of fuel supply exceeds 10% of base Energy Charge Rate as approved by the Commission for that year, prior consultation with beneficiary/ies shall be made at least three days in advance:</p> <p>Provided also that in case use of alternative source of fuel is not opted for, based on prior consultation with beneficiary/ies, then the Generating Company shall be entitled to consider</p>	<ul style="list-style-type: none"> • MSEDCL submits that considering the variable charges (VC) in the MoD stack, there is hardly 10% difference in VC of lowest and highest ranked stations. Hence, provision of 10% is very high. Therefore, it should be reduced to 5% and allowed only consent of Beneficiary. • MSEDCL further submits that Energy Charge

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<p>deemed Availability to the extent of reduced Availability on account of fuel non-availability, for the purpose of Availability computations for recovery of Annual Fixed Charges in accordance with Regulation 49.2:</p> <p>Provided also that the details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal and the weighted average GCV of the fuels as billed by supplier shall also be provided separately, along with the bills of the respective month:</p> <p>Provided also that copies of the bills and details of parameters of GCV and price of fuel, i.e., domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel, etc., details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal shall also be displayed month-wise on the website of the Generating Company, and should be available on its website for a period of three months.</p>	<p>Rate based on weighted average price of fuel upon use of alternative source of fuel supply exceeds 5% of base Energy Charge Rate as approved by the Hon'ble Commission prior approval of Licensee must be mandated. Otherwise, "Consultation" may be clearly defined.</p>
<p>C. Incentive</p> <p>49.8 Incentive shall be payable at a flat rate of 50.0 paise/kWh for actual energy generation in excess of ex-bus energy corresponding to target Plant Load Factor during peak hours and at a flat rate of 25.0 paise/kWh for actual energy generation in excess of ex-bus energy corresponding to target Plant Load Factor during off-peak hours, on a cumulative basis within each Season (High Demand Season or Low Demand Season, as the case may be), as specified in Regulation 45.3 of these Regulations.</p>	<ul style="list-style-type: none"> • It is understood that this is applicable to MSPGCL generating stations only. • MSEDCL further suggests that as per the existing provision, 25 paise/kWh shall be continued for peak hours and incentive of 15 paise/kWh may be provided for off peak hours.
Regulation 51: Pumped Storage Hydro Generating Stations	
	<ul style="list-style-type: none"> • It has been observed that the availability of the Ghatghar plant is 32% and 41% in FY 17-18 and FY 18-19 respectively due to major break downs which compelled MSEDCL to procure costly power from other sources. In spite of poor availability, MSPGCL raised the claims for full Annual Fixed charges and 100% Lease rentals as there is no provision for pro rata reduction for non-availability. This resulted into adverse financial impact on MSEDCL. (Details attached as Annexure). • Presently, Ghatghar PSS is not covered under MYT Regulations. Therefore MSEDCL proposes that the Annual Fixed charges including Lease Rentals for Ghatghar Pumped Storage Project shall be linked to its Normative Annual Plant Availability Factor. • MSEDCL also submits that provision of Regulations 51.8 should be made applicable

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	to Ghatghar PSS also so that if Ghatghar PSS fails to achieve the normative availability, capacity charges and lease rent should be adjusted on pro-rata basis.
Regulations 59: Operational Norms	
<p>59.1 Target availability for the Transmission Licensee shall be as under:</p> <p>(a) For full recovery of Annual Transmission Charges:</p> <p style="padding-left: 20px;">(a) AC system : 98 per cent</p> <p style="padding-left: 20px;">(b) HVDC bi-pole links and HVDC back-to-back stations : 95 per cent</p> <p>(b) For Incentive consideration:</p> <p style="padding-left: 20px;">(c) AC system : 99 per cent;</p> <p style="padding-left: 20px;">(d) HVDC bi-pole links and HVDC back-to-back stations : 96 per cent;</p>	<ul style="list-style-type: none"> As can be seen from Explanatory Memorandum, the availability of HVAC system is consistently more than 99.5% in last 3-4 years. Maintaining such availability is possible because of use of modern technology and therefore it is necessary to provide progressive targets for this also. Hence MSEDCL proposes that for incentive consideration, availability of AC system shall be considered as 99.5 per cent.
Regulations 60: Operation and Maintenance expenses	
<p>60.7 The O&M expenses for the GIS bays shall be allowed as worked out by multiplying 0.70 to the normative O&M expenses for bays as allowed in Regulation 60.2 to 60.5.</p>	<ul style="list-style-type: none"> GIS S/s is almost maintenance free, it should be lowered to 0.50. Semi GIS S/s also to be added.
Regulations 68: Transmission Losses	
<p>68. The energy losses in the intra-State transmission system, as determined by the State Load Despatch Centre and approved by the Commission, shall be considered as Transmission Losses and borne by the Transmission System Users in proportion to their usage of the intra-State transmission system:</p> <p style="color: red;">Provided that the quantum of energy consumed by the auxiliary equipment of a transmission sub-station and the transformer losses within the sub-station shall not be accounted for under the Transmission Losses:</p> <p style="color: red;">Provided further that the energy consumed for supply of power by the transmission sub-station to the associated offices of the Licensee, its housing colony and other facilities, and for construction works at the sub-station, shall not be considered as energy consumed by the auxiliary equipment of a transmission sub-station.</p>	<ul style="list-style-type: none"> Difference in energy at G<>T and T<>D Periphery should be considered as Transmission Loss; There are no norms at present specifying the trajectory for transmission loss. This is deterrent as inefficiency (if any) due to intra-state transmission loss is currently passed on to the consumers and licensee also may not be inclined to control the same also. Hence, MSEDCL proposes to consider transmission loss as controllable parameter

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	<p>with trajectory and sharing of any efficiency / inefficiency to be undertaken in line with Distribution Loss norm applicable to Distribution Licensee</p> <ul style="list-style-type: none"> The energy losses in the intra-State transmission system, as specified in the MYT Regulations 2019 shall be considered as norm to be achieved by the STU and shall be borne by the Transmission System Users in proportion to their usage of the intra-State transmission system. The Difference in the Actual loss as determined by State Load Despatch Centre and approved by the Commission, to be considered under Mechanism for pass-through of gains or losses on account of controllable factors for the sharing proportion amongst the Transmission System Users.
Part G – Distribution Wire Business	
Regulation 72: Components of Aggregate Revenue Requirement for Distribution Wires Business	
<p>72.2 The Wheeling Charges of the Distribution Licensee shall be determined by the Commission on the basis of a Petition for determination of Tariff filed by the Distribution Licensee in accordance with Part B of these Regulations:</p> <p>Provided that the Wheeling Charges may be denominated in terms of Rupees/kWh or Rupees/kVAhor Rupees/kW/month or Rupees/kVA/month, for the purpose of recovery from the Distribution System User, or any such denomination, as may be stipulated by the Commission:</p> <p>Provided further that the Wheeling Charges shall be determined separately for LT voltage, HT voltage, and EHT voltage, as applicable</p> <p>Provided also that in case of a Deemed Distribution Licensee whose tariff is yet to be determined</p>	<ul style="list-style-type: none"> MSEDCL suggests that the voltage wise Wheeling Losses may be continued to be determined separately for LT level, 11 kV, 22 kV, 33 kV and EHT. Hence following proviso may be added <p>Provided further that the Wheeling losses shall be determined separately for LT, 11 KV, 22 KV, 33 KV, EHT voltage.</p>

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<p>by the Commission till the date of coming into of these Regulations, the Commission may determine the ceiling Wheeling Charges that may be charged by such Deemed Distribution Licensee till such time as considered appropriate by the Commission.</p> <p>72.3 The Wheeling Charges shall continue to be billed at the Tariff approved by the Commission and applicable as on March 31, 2020 for the period starting from April 1, 2020 till approval of Wheeling Charges by the Commission in accordance with these Regulations.</p>	
Regulation 74: Operation & Maintenance Expenses	
<p>74.1 The Distribution Licensees shall be permitted to recover Operation and Maintenance expenses relating to the Distribution Wires Business in accordance with this Regulation.</p> <p>74.2 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, 2019, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission:</p> <p style="color: red;">Provided that the average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2018, and shall be escalated at the respective escalation rate for FY 2018-19 and FY 2019-20, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2020:</p> <p style="color: red;">Provided further that the escalation rate for FY 2018-19 and FY 2019-20 shall be computed by considering 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index [2011-12 series] of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index [2011-12 series] for Industrial Workers (all-India) of the respective past five financial years as per the Labour Bureau, Government of India:</p> <p style="color: red;">Provided also that at the time of true-up for each Year of this Control Period, the Operation and Maintenance expenses shall be derived on the basis of the Final Trued-up Operation and Maintenance expenses after adding/deducting the sharing of efficiency gains/losses, for the base year ending March 31, 2020, excluding abnormal expenses, if any, subject to prudence check by the</p>	<ul style="list-style-type: none"> • MSEDCL submits that historically Hon'ble Commission has been disallowing the legitimate O&M Expenses and allowing the O&M Expenses based on CPI/WPI Methodology. Due to this, the need based real O&M Expenses were never brought out and they are suppressed due to historical disallowances. • MSEDCL has been time and again highlighting its precarious financial position before the Hon'ble Commission in its various submissions. Due to depleted financial position, MSEDCL did not have sufficient cash and therefore it was not able to spend the O&M expenses as required. Hence, the O & M expenditure figures are on lower side and don't reflect the factual position. • MSEDCL in the past 2-3 years has also taken various cost control measures at head office

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<p>Commission, and shall be considered as the Base Year Operation and Maintenance expenses.</p> <p>74.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index [2011-12 series] of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index [2011-12 series] for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:</p> <p>Provided that, in the Truing-up of the O&M expenses for any particular year of the Control Period, an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index [2011-12 series] of the respective past five financial years (including the year of Truing-up) and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index [2011-12 series] for Industrial Workers (all-India) of the respective past five financial years (including the year of Truing-up), as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Expenses for that year.</p> <p>74.4 The impact of Wage Revision, if any, may be considered at the time of true-up for any Year, based on documentary evidence and justification to be submitted by the Petitioner:</p> <p>Provided that if actual employee expenses are higher than normative expenses on this account, then no sharing of efficiency losses shall be done to that extent:</p> <p>Provided further that efficiency gains shall not be allowed by deducting the impact of Wage Revision and comparison of such reduced value with normative value.</p> <p>74.5 Provisioning of expenses shall not be considered as actual expenses at the time of true-up, and</p>	<p>as well as on field. O&M expenditure also got affected as it is constrained to spend less. Therefore it has resulted into substantial reduction in O&M expenses which in turn reflected in lower Audited figures of O&M.</p> <ul style="list-style-type: none"> • MSEDCL further submits that with concentrated efforts, it has been able to save power purchase expenses considerably and now is in a position to spend on required things, O&M being one of them. With improved financial position, now it will be possible for MSEDCL to actually spend the required amount on O&M Expenses including for R&M activities. • MSEDCL also submits that with increased R&M activities, the employee expenses shall increase commensurate to the R&M activities and therefore, the O&M expenses in future is going to increase substantially. • Therefore, MSEDCL suggests that instead of taking average of Trued-up O&M expenses, average of normative O&M expenses for the three Years ending March 31, 2019 should be considered as baseline O&M expenses which then be escalated at the respective escalation rate to arrive at the O&M

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<p>only expenses as actually incurred shall be considered.</p> <p>74.6 In case the expenditure on Repairs & Maintenance falls below 20% of total O&M expenses allowed under these Regulations, then such savings in Repairs & Maintenance shall not be set off against other heads of O&M expenses.</p> <p>74.7 In the case of a Deemed 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.</p>	<p>expenses for the base year ending March 31, 2020.</p> <ul style="list-style-type: none"> • MSEDCL submits that Operation and Maintenance expense being a controllable cost; any variation in O&M Expenses will add financial burden on MSEDCL without any fault by way of sharing of gains/losses. The WPI/CPI methodology has a lacuna since the same does not cover the escalation in Dearness Allowance, increase in infrastructure, coverage area and consumer base. • 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 MSEDCL 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. Thus MSEDCL Network is continuously expanding. • Considering the extensive infrastructure addition that is likely to happen in MSEDCL area, the O&M is bound to increase. • The additional infrastructure will require

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	<p>additional manpower, additional R&M and thereby increased operations and maintenance expenses. The WPI/CPI methodology doesn't take into account such factors.</p> <ul style="list-style-type: none"> • The earlier provision for the O&M Expenses as per MYT Regulations 2011 permitted recovery on the basis of wheeled energy, consumer base and gross fixed assets (GFA) which was addressing the above issues to certain extent. • This base principle is applicable at present also and should have been the parameters for deciding the base for the respective year. There has been substantial increase in the sales; consumer base and GFA for the Petitioner in last 4-5 years. • MSEDCL also submits that the no. of sub-stations, distribution network under MSEDCL is increasing every year. This growing infrastructure is leading to increase in manpower required to maintain the network. There should be a separate provision for cost involved for additional distribution network along with employee. MSEDCL also submits that historically Hon'ble Commission has been disallowing the legitimate O&M Expenses and allowing the O&M Expenses based on CPI/WPI Methodology instead of Audited Figures.

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	<ul style="list-style-type: none"> • Considering that the escalation factor, based on WPI/CPI, is itself comes to be on lower side, the provision regarding the reduction of escalation by an efficiency factor of 1% needs to be removed. With the present level of Distribution losses, MSEDCL has already achieved significant efficiency. With the kind of consumer base, area of service and far flung infrastructure, it is becoming challenging to improve efficiency further. Hence, provision of reduction of 1% efficiency factor may be removed. • Regarding newly added provision for consideration of wage revision MSEDCL submits that Annual Accounts should be sufficient for analyzing the impact of wage revision. • In regulation 74.4 Clarity is required with which normative expenses; actual employee expenses will be compared. • MSEDCL submits that the wage revision may not be effected in the same year it is due and there may be delay. Hence, till such time, MSEDCL makes the provision for such impact. This is as per the prevalent accrual accounting practices and laws. Hence, these may be allowed as and when such provision is made. If Hon'ble Commission doesn't allow the provision then arrears paid in a

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	year may be allowed without any sharing.
Regulation 75 – Provision for Bad and doubtful debts	
<p>In the MYT Order, for each Year of the Control Period, the Commission may allow a provision for writing off of bad and doubtful debts up to 1.5%1% of the amount shown as Trade Receivables or Receivables from Wheeling Charges in the latest Audited Accounts of the Distribution Licensee in accordance with the procedure laid down by the Licensee, subject to prudence check:</p> <p>Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts during the year, subject to the above ceiling of 1% of the amount shown as Trade Receivables or Receivables from Wheeling Charges in the audited accounts of the Distribution Licensee for that Year, after prudence check:</p> <p>Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised:</p> <p>Provided also that in the Year when the cumulative provisioning for write-off of bad and doubtful debts allowed by the Commission, duly allocated for the Distribution Wires Business, exceeds five per cent of the amount shown as Trade Receivables or Receivables from Wheeling Charges in the audited accounts of the Distribution Licensee, no such appropriation shall be allowed, which would have the effect of increasing the cumulative provisioning beyond the said maximum.</p> <p>Provided also that the actual amount of bad and doubtful debts written off by the Distribution Licensee shall have to be adjusted by the Distribution Licensee against the accumulated provision for bad and doubtful debts and shall not be allowed separately as an expense in the Aggregate Revenue Requirement of the Distribution Licensee.</p>	<ul style="list-style-type: none"> • MSEDCL submits that this provision for bad debt assumes collection efficiency in excess of 99%, which is impractical to the pan-state electricity distribution business having varied consumers categories like MSEDCL have. • MSEDCL submits that the contribution of Agricultural sector in the total consumption is significant and the collection efficiency from rural area, which is largely agrarian dependent, is quite low. The arrears from agriculture consumers, who are mainly located in rural areas, consists more than 50% of total arrears of MSEDCL. There is lower probability of recovery of receivables from Agriculture consumers. • The Income Tax Act provides for higher provision for the rural branches of the Banks which are mainly catering to AG Loans. Hence, MSEDCL suggest that on similar lines separate norms for AG Category and Other categories needs to be specified so as to properly address the issue. • Further, the cumulative ceiling for provision of Bad Debts needs to be increased to 7.5% considering the significant Ag consumers in MSEDCL area. • In view of the above, the present provision

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	<p>for bad & doubtful debt needs to be increased and should be linked to revenue considering the challenges in the distribution business.</p> <ul style="list-style-type: none"> Hence, MSEDCL requests for separate dispensation regarding provision for doubtful debts for Agriculture Non Agriculture categories.
Part H: Retail Supply of Electricity	
<p>80.4 The Distribution Licensee may offer a rebate to the consumers on the Tariff and charges determined by the Commission:</p> <p>Provided that the Distribution Licensee shall submit details of such rebates to the Commission every quarter, in the manner and format, as stipulated by the Commission:</p> <p>Provided further that the impact of such rebates on the Distribution Licensee shall be borne entirely by the Distribution Licensee and the impact of such rebate shall not be passed on to the consumers, in any form:</p> <p>Provided also that such rebates shall not be offered selectively to any consumer/s, and shall have to be offered to the entire consumer category/sub-category/consumption slab in a non-discriminatory manner.</p>	<ul style="list-style-type: none"> In MTR Petition, MSEDCL proposed rebates to New Industries for greenfield projects, incremental consumption and for bulk consumption which were disallowed by MERC MSEDCL is currently in a power surplus situation and going to continue as such for some years to come in future. In this scenario, MSEDCL not only requires backing down the generating Station but also it has to provide Zero Schedule to some of the Generating Stations. Since last one year, MSEDCL is taking utmost efforts to sell this surplus power by way of exploring all possible options such as Sale through Short term Tenders and Sale on power Exchanges but due to high variable prices of available energy with MSEDCL as well as the ample available power in the Country from IPPs, MSEDCL could sell very small quantum of power as compared to

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	<p>available surplus power.</p> <ul style="list-style-type: none"> • Thus, there is a need to implement innovative schemes for boosting power demand more particularly in subsidizing categories and thus, with an objective of utilization of surplus power MSEDCL has proposed the aforementioned incentives. • MSEDCL further submits that any benefit of increase in sales in subsidizing categories due to such innovative measures will get passed on to all its consumers by way of reduction in tariff in future. • Thus, such rebates which will act as a catalyst in the boosting the subsidizing sales should be allowed to recovered in ARR as MSEDCL is a revenue neutral entity. • MSEDCL further submits that this action of MSEDCL will be adding incremental revenue and at the same time will be able to promote industrial growth to that extent. • Hence, the provision for impact of rebate to be borne by Licensee may be deleted.
Regulation 83: Operation & Maintenance Expenses	
<p>83.1 The Distribution Licensees shall be permitted to recover Operation and Maintenance expenses relating to the Retail Supply Business in accordance with this Regulation.</p> <p>83.2 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, 2019, excluding abnormal Operation and</p>	<ul style="list-style-type: none"> • MSEDCL submits that historically Hon'ble Commission has been disallowing the legitimate O&M Expenses and allowing the O&M Expenses based on CPI/WPI Methodology. Due to this, the need based

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<p>Maintenance expenses, if any, subject to prudence check by the Commission:</p> <p>Provided that the average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2018, and shall be escalated at the respective escalation rate for FY 2018-19 and FY 2019-20, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2020:</p> <p>Provided further that the escalation rate for FY 2018-19 and FY 2019-20 shall be computed by considering 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index [2011-12 series] of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index [2011-12 series] for Industrial Workers (all-India) of the respective past five financial years as per the Labour Bureau, Government of India:</p> <p>Provided also that at the time of true-up for each Year of this Control Period, the Operation and Maintenance expenses shall be derived on the basis of the Final Trued-up Operation and Maintenance expenses after adding/deducting the sharing of efficiency gains/losses, for the base year ending March 31, 2020, excluding abnormal expenses, if any, subject to prudence check by the Commission, and shall be considered as the Base Year Operation and Maintenance expenses.</p> <p>83.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index [2011-12 series] of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index [2011-12 series] for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:</p> <p>Provided that, in the Truing-up of the O&M expenses for any particular year of the Control Period, an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index [2011-12 series] of the respective past five financial years (including the year of Truing-up) and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index [2011-12 series] for Industrial Workers (all-India) of the</p>	<p>real O&M Expenses were never brought out and they are suppressed due to historical disallowances.</p> <ul style="list-style-type: none"> • MSEDCL has been time and again highlighting its precarious financial position before the Hon'ble Commission in its various submissions. Due to depleted financial position, MSEDCL did not have sufficient cash and therefore it was not able to spend the O&M expenses as required. Hence, the O & M expenditure figures are on lower side and don't reflect the factual position. • MSEDCL in the past 2-3 years has also taken various cost control measures at head office as well as on field. O&M expenditure also got affected as it is constrained to spend less. Therefore it has resulted into substantial reduction in O&M expenses which in turn reflected in lower Audited figures of O&M. • MSEDCL further submits that with concentrated efforts, it has been able to save power purchase expenses considerably and now is in a position to spend on required things, O&M being one of them. With improved financial position, now it will be possible for MSEDCL to actually spend the required amount on O&M Expenses

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<p>respective past five financial years (including the year of Truing-up), as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Expenses for that year.</p> <p>83.4 The impact of Wage Revision, if any, may be considered at the time of true-up for any Year, based on documentary evidence and justification to be submitted by the Petitioner:</p> <p>Provided that if actual employee expenses are higher than normative expenses on this account, then no sharing of efficiency losses shall be done to that extent:</p> <p>Provided further that efficiency gains shall not be allowed by deducting the impact of Wage Revision and comparison of such reduced value with normative value.</p> <p>83.5 Provisioning of expenses shall not be considered as actual expenses at the time of true-up, and only expenses as actually incurred shall be considered.</p> <p>83.6 In case the expenditure on Repairs & Maintenance falls below 20% of total O&M expenses allowed under these Regulations, then such savings in Repairs & Maintenance shall not be set off against other heads of O&M expenses.</p> <p>83.7 In the case of a Deemed 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.</p>	<p>including for R&M activities.</p> <ul style="list-style-type: none"> • MSEDCL also submits that with increased R&M activities, the employee expenses shall increase commensurate to the R&M activities and therefore, the O&M expenses in future is going to increase substantially. • Therefore, MSEDCL suggests that instead of taking average of Trued-up O&M expenses, average of normative O&M expenses for the three Years ending March 31, 2019 should be considered as baseline O&M expenses which then be escalated at the respective escalation rate to arrive at the O&M expenses for the base year ending March 31, 2020. • MSEDCL submits that Operation and Maintenance expense being a controllable cost; any variation in O&M Expenses will add financial burden on MSEDCL without any fault by way of sharing of gains/losses. The WPI/CPI methodology has a lacuna since the same does not cover the escalation in Dearness Allowance, increase in infrastructure, coverage area and consumer base. • Such norms based on WPI/CPI are suitable for stable networks or for Licensees where the boundaries are not expanding such as

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	<p>Mumbai Licensees.</p> <ul style="list-style-type: none"> • In Mumbai, the no. of consumers are increasing within selected Distribution area, whereas MSEDCL 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. Thus MSEDCL Network is continuously expanding. • Considering the extensive infrastructure addition that is likely to happen in MSEDCL area, the O&M is bound to increase. • The additional infrastructure will require additional manpower, additional R&M and thereby increased operations and maintenance expenses. The WPI/CPI methodology doesn't take into account such factors. • The earlier provision for the O&M Expenses as per MYT Regulations 2011 permitted recovery on the basis of wheeled energy, consumer base and gross fixed assets (GFA) which was addressing the above issues to certain extent. • This base principle is applicable at present also and should have been the parameters for deciding the base for the respective year. There has been substantial increase in

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	<p>the sales; consumer base and GFA for the Petitioner in last 4-5 years.</p> <ul style="list-style-type: none"> • MSEDCL also submits that the no. of sub-stations, distribution network under MSEDCL is increasing every year. This growing infrastructure is leading to increase in manpower required to maintain the network. There should be a separate provision for cost involved for additional distribution network along with employee. MSEDCL also submits that historically Hon'ble Commission has been disallowing the legitimate O&M Expenses and allowing the O&M Expenses based on CPI/WPI Methodology instead of Audited Figures. • Considering that the escalation factor based on WPI/CPI is itself comes to be on lower side, the provision regarding the reduction of escalation by an efficiency factor of 1% needs to be removed. With the present level of Distribution losses, MSEDCL has already achieved significant efficiency. With the kind of consumer base, area of service and far flung infrastructure, it is becoming challenging to improve efficiency further. Hence, provision of reduction of 1% efficiency factor may be removed. • Regarding newly added provision for

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	<p>consideration of wage revision MSEDCL submits that Annual Accounts should be sufficient for analyzing the impact of wage revision.</p> <ul style="list-style-type: none"> In regulation 83.4 Clarity is required with which normative expenses; actual employee expenses will be compared. <p>MSEDCL submits that the wage revision may not be effected in the same year it is due and there may be delay. Hence, till such time, MSEDCL makes the provision for such impact. This is as per the prevalent accrual accounting practices and laws. Hence, these may be allowed as and when such provision is made. If Hon'ble Commission doesn't allow the provision then arrears paid in a year may be allowed without any sharing.</p>
Regulation 84: Provision for Bad & Doubtful Debts	
<p>In the MYT Order, for each Year of the Control Period, the Commission may allow a provision for writing off of bad and doubtful debts up to 1.5%1% of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the latest Audited Accounts of the Distribution Licensee in accordance with the procedure laid down by the Licensee, subject to prudence check:</p> <p>Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts during the year, subject to the above ceiling of 1% of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the audited accounts of the Distribution Licensee for that Year, after prudence check:</p> <p>Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised:</p>	<ul style="list-style-type: none"> MSEDCL submits that this provision for bad debt assumes collection efficiency in excess of 99%, which is impractical to the pan-state electricity distribution business having varied consumers categories like MSEDCL have. MSEDCL submits that the contribution of Agricultural sector in the total consumption is significant and the collection efficiency from rural area, which is largely agrarian dependent, is never so high. The arrears from agriculture consumers, who are mainly located in rural areas, consists more than

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<p>Provided also that in the Year when the cumulative provisioning for write-off of bad and doubtful debts allowed by the Commission, duly allocated for the Retail Supply Business exceeds five per cent of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the audited accounts of the Distribution Licensee, no such appropriation shall be allowed, which would have the effect of increasing the cumulative provisioning beyond the said maximum.</p>	<p>50% of total arrears of MSEDCL. There is lower probability of recovery of receivables from Agriculture consumers.</p> <ul style="list-style-type: none"> • Hence, in view of the above, the present provision for bad & doubtful debt needs to be increased and should be linked to revenue considering the challenges in the distribution business. • The Income Tax Act provides for higher provision for the rural branches of the Banks. Hence, MSEDCL suggest that on similar lines separate norms for AG Category and Other categories needs to be specified so as to properly address the various issues related to Agriculture category consumers. • Further, the ceiling may be increased to 7.5% considering the significant Ag consumers in MSEDCL area. • MSEDCL further submits that during truing up actual bad debt written off may be allowed without any ceiling.
Regulation 90: Determination of Retail Supply Tariff	
<p>90.3 The Commission shall endeavour to gradually reduce the cross-subsidy between consumer categories with respect to the Average Cost of Supply in accordance with the provisions of the Act.</p>	<ul style="list-style-type: none"> • MSEDCL suggest that till the time tariff are not brought to $\pm 20\%$ of average cost of supply, cross subsidy surcharge shall be at actual without any ceiling.
<p>90.4 While determining the tariff, the Commission shall also keep in view the cost of supply at different voltage levels and the need to minimise tariff shock to consumers.</p>	<ul style="list-style-type: none"> • The provision related to tariff shock in unclear/ambiguous as there is no specific definition of tariff shock provided in the Act/

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	Tariff Policy/ Electricity Rules and thus is proposed to be deleted.
Annexure-I: Depreciation Schedule	
Depreciation Rate for Meters: 5.28%	<ul style="list-style-type: none"> With advanced technology and consequent obsolescence, the meters and similar items get obsolete and replaced very fast. Therefore, the useful life of meters and similar assets should be considered less (say 5-7 years) and depreciation rate needs to be increased to 15% or more instead of existing 5.28%.
Suggestion to Introduce New Regulation for Generating Companies	
	<p>A new regulation shall be added to address the following concern:</p> <p>Annual Coal Utilization Plan</p> <p>At the time of MYT Petition, Hon'ble Commission should mandate Generating Companies to submit the most efficient Annual Coal Utilization Plan including the details of mines and corresponding plants where coal will be utilized from Generating companies. This Plan should clearly indicate cost saving which is being passed onto the consumers. Hon'ble Commission should approve the coal related parameters based on the above plan after prudence check. Further, it is also suggested that generating company should clearly indicate minimum total variable cost of all plants</p>

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	together so as to achieve optimization by not running all plants but running only efficient plant with least variable cost.

Annexure: Ghatghar PSS

- The Ghatghar PSS having contracted capacity of 250 MW is one of the important generating units to meet out the state peak demand and to integrate RE Energy.
- As per Hon'ble MERC's Order dated 27.12.2012 (in Case No. 02 of 2012); the designed generation and pumping power for Ghatghar PSS is shown in the table below:

Sr. No.	Particulars	Energy (Mus)
1	Designed Daily Generation	1.50
2	Designed Annual Generation	469.50
3	Designed Annual Pumping	641.40

- Hon'ble MERC, vide its Order dated 27.12.2012 (in Case No. 02 of 2012) has approved the lease rent for Ghatghar PSS as under:

Particular	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Lease Rent (Rs. Crs)	212.28	205.07	197.86	190.65

- Hon'ble Commission, vide its Order dated 12.09.2018 (in Case no. 196 of 2017), has approved combined Annual Fixed charges of Small Hydro Power Station including Ghatghar PSS as under:

Particular	Units	FY 2018-19	FY 2019-20
AFC for hydro station other than Koyna, Bhira TR and Tillari approved by the Commission	Rs. Crs.	105.95	110.83

- During FY 2017-18 and FY 2018-19, the actual generation from Ghatghar PSS was very less as compared to its annual design parameters due to the major breakdown. The details of the generating unit 01, 02 of Ghatghar PSS under force outage for more than a month period is during FY 2017-18 and FY 2018-19 as under:

Sr. No.	Name	Trip Date	Synchronization Date	Tripping Day	Reason
1	Ghatghar Unit-2	7/28/17, 00:00	3/31/18 , 14:00	246.58	Due to common pressure shaft.

Sr. No.	Name	Trip Date	Synchronization Date	Tripping Day	Reason
2	Ghatghar Unit-1	7/28/17, 00:00	10/5/17, 11:25	69.48	RBDV leakage attending work.
3	Ghatghar Unit-1	4/14/18, 23:45	8/13/18, 02:12	120.10	Stator Earth Fault
4	Ghatghar Unit-2	6/29/18 , 01:12	9/1/18 , 00:00	63.95	Stator Earth Fault
5	Ghatghar Unit-2	9/1/18, 00:00	12/17/18, 12:20	107.51	Stator Earth Fault

- Due to this major and frequent breakdowns, the availability of Ghatghar was very less during FY 2017-18 and FY 2018-19 as under:

FY	Possible Generation (MUs)	Actual Generation (MUs)	% (Actual Gen./Possible Gen.)
2017-18	469.5	150.12	32%
2018-19	469.5	190.19	41%

- Further, MSPGCL is claiming 100% of fixed charges and lease rent from MSEDCL in spite of poor availability of Ghatghar PSS. Due to this, there is unnecessary financial burden of Rs. 119.738 Crs. On MSEDCL due to less availability of Ghatghar PSS in FY 2017-18 and FY 2018-19.
- Presently, as per Regulation 50.8 MYT 2015, there is a provision of capacity charge disallowance for Pumped Storage Scheme, if the outage of the plant is more than 15% in a year. However, Ghatghar PSS is not considered for the same.
- Further, in the Regulation 51.8 of the Draft MYT Regulation 2019, Hon'ble Commission has proposed the provision of capacity charge disallowance for Pumped Storage Scheme, if the outage of the plant is more than 15% in a year.
- Hence, MSEDCL requests Hon'ble MERC to consider Annual Fixed Charge and Lease Rent disallowance on pro-rata basis for Ghatghar PSS as per Regulation 51.8 of Draft MYT Regulation 2019.