

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

Plot No. G-9, Prakashgad, Bandra (E), Mumbai – 400051

Website: www.mahadiscom.in

EXECUTIVE SUMMARY

**Maharashtra State Electricity Distribution Company Limited's Petition for Review of the MYT Order dated 28 March 2025 issued in Case No. 217 of 2024 and Revision in Tariff.
(Case No 75 of 2025)**

Background:

- Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) had filed MYT Petition in Case No. 217 of 2024 before the Maharashtra Electricity Regulatory Commission (MERC / Commission) for approving true up for FY 2022-23 and FY 2023-24, provisional true up for FY 2024-25 and determination of Annual Revenue Requirement (ARR) and Tariff for fifth control period of FY 2025-26 to FY 2029-30.
- The Commission issued MYT Order dated 28 March 2025 in Case No. 217 of 2024
- Subsequently, MSEDCL filed Petition (Case No.75 of 2025) seeking review of certain aspects of the MYT Order dated 28 March 2025. The Commission decided the said review Petition vide its Order dated 25 June 2025.

Proceedings before Hon'ble Bombay High Court & Hon'ble Supreme Court:

- This review Order dated 25 June 2025 was challenged before the Hon'ble Bombay High Court.
- Hon'ble High Court vide its judgment dated 3 November 2025, set aside that Order and remand the matter to MERC with a direction to decide the MSEDCL's review petition afresh after consulting all stakeholders and hearing and taking into consideration their objections, if any.
- Further, Hon'ble Supreme Court vide judgment dated 17 November 2025 has directed MERC to decide the review petition within 12 weeks after hearing all stakeholders.

Public Consultation:

- The Commission has directed MSEDCL to invite suggestions/objections from the public on the Review Petition filed under Case No.75 of 2025 through Public Notice.
- MSEDCL in its Review Petition has indicated apparent errors in MYT Order dated 28 March 2025 in Case No. 217 of 2024.

The key points highlighted in review Petition:

- A. Error in Disallowance of Capex and consequential impact on ARR against:**
 - a. Capex schemes which **in-principle approval has already been granted** by Hon'ble Commission.
 - b. Capex schemes proposed to be funded entirely by **100% grants and consumer contribution** for which no prior in-principle approval is required.
 - c. Capex schemes for **submitted DPRs were prepared strictly in accordance with the provisions of the Capex Regulations & MYT Regulations.**
- B. Error in disallowance of power purchase cost for FY 2024-25:**
- C. Error in Power Procurement Expense for the Fifth Control Period:**
 - a. **Sales Projection Errors:** Hon'ble Commission assumed CAGR method instead of the Resource Adequacy (RA) Framework used by MSEDCL.
 - b. **Technical Minimum & Ramp Constraints Ignored:** Hon'ble Commission's "bucket filling" model ignored - Ramp-up/ramp-down limits, Technical minimum generation level, start-up/shut-down cost which Resulted in Unrealistic zero-despatch assumptions for thermal plants, violating State Grid Code 2020 and IEGC 2023.
 - c. **Other errors such as** Distributed Solar CUF Misapplied, incorrect Energy Charge Rate (ECR) values for MSPGCL thermal stations, Small Hydro Projects Cost Understated, Wrong Variable Charges for GMR Energy, Reagent Cost of FGD Units Ignored
 - d. **Erroneous Demand profile:** Hon'ble Commission used FY 2023-24 demand profile as base for simulations which Ignored changes due to: Agricultural load shift (daytime solar), EV penetration. Data centres, Green hydrogen industries, Industrial growth (GoM's trillion-dollar economy target)
- D. Errors in determination of Agricultural (AG) Sales:**
 - a. Non-Consideration of data to suggest 9.1% technical losses on Agricultural (AG) Feeders;
 - b. Hon'ble Commission has adopted inconsistent approach while approving AG sales index for FY 2022-23 & FY 2023-24. Hon'ble Commission has previously retrospectively approved the AG sales for past period.
 - c. Non-Consideration of the rising trends in AG Sales Index with the increasing sample size.
- E. Erroneous findings with respect to Time-of-Day (TOD) tariff and banking provisions:**

Hon'ble Commission exceeded its jurisdiction by granting a rebate suo-motu during the 00.00 to 06.00 hrs time slot. Error in issuing banking-related directions in the MYT Order

while determining ToD slots and tariffs. Banking of power is exclusively governed by the MERC (Distribution Open Access) Regulations, 2016. The Hon'ble Commission's findings on banking are inconsistent with and contrary to the DOA Regulations.

- F. Error in disallowing the additional ROE for FY 2022-23 and FY 2023-24 for the Distribution Wires Business:** Hon'ble Commission has, without conducting a proper prudence check, merely relied on comments/objections received during the public consultation process on the quality of supply, which was without any technical basis or data, and not a factor for consideration in terms of the regulations.
- G. Erroneous and arbitrary change in classification of the Hotel Industry and undue benefit to the Hotel Industry:** Erroneous interpretation of the GoM 'Tourism Policy of 2024' for recategorization of the Hotel Industry, which provide for Electricity Tariff Refund (Difference between Commercial Tariff and Industrial Tariff). However, Hon'ble Commission has instead erroneously altered the applicable tariff category itself as industrial.
- H. Undue benefit on account of Wheeling charges to specific EHV consumer of MSEDCL due to non-establishment of EHV network by MSETCL:**
- I. Error in non-consideration of assets created through grants and consumer contribution in determination of Operation & Maintenance ("O&M") expenses:** As per Regulation 26.2 (a) of MYT Regulations, normative O&M Expenses are allowed on the Capital Works undertaken with Capital Grant or Subsidy or Consumer Contribution. Hon'ble Commission has erroneously considered the GFA net of assets created out of grants and consumer contributions, resulting in an error apparent on the face of the record.
- J. Disallowance in Interest on Working Capital:** Regulations 32.3 & 32.4 of the MYT Regulations 2024 provide for maintenance spares at 1% of the opening GFA for the year. However, Hon'ble commission erroneously considered GFA net of Consumer Contribution & Grant for wire business and zero maintenance spares for supply business.
- K. Error in calculation of rate of depreciation for FY 2022-23 to FY 2024-25 and for the fifth control period:**
- L. Disallowance of Grid Support Charges:** MSEDCL submits that it has to face multiple commercial and technical challenges due to increased ingress of RTS. Grid Support Charges are applicable on consumers with above 10 kW sanctioned load which are generally high-end LT/ HT consumers which are cross-subsidizing consumers and reduction in energy sales to such high tariff consumers would lead to reduction in Average Billing Rate. The exponential rise in the use of RTS by such consumers would disrupt cross subsidy mechanism inbuilt in the tariff structure

- M. Error in respect of removal of RPO fulfilment of MSEDCL in respect of the power supplied to non-obligated entities at green tariff.**
- N. Erroneous energy balance calculation in True-up period (FY 2022-23 & FY 2023-24):**
- O. Inequitable distribution of savings in Power Purchase Cost:** MSKVY 2.0, policy decisions of the Government of Maharashtra, in addition to provide daytime supply to Agriculture, one of the objectives is to reduce subsidy burden of the Government. However, Approach adopted by Hon'ble Commission allocating Aggregate Revenue Requirement (ARR) and determining separate Average Cost of Supply (ACoS) for Agriculture (AG) and Non-Agriculture (Non-AG) consumers led to increase in Agriculture tariff and hence increase in subsidy burden of the Government and hence is against the stated policy of the Government.

Corresponding financial impact estimated by MSEDCL on account of alleged errors are tabulated below:

Sr. No.	Particulars	UoM	Impact
A.	Erroneous Disallowance of Capex and consequential impact on ARR:		
i.	Capitalisation disallowance for the approved DPR schemes for Fourth and Fifth Control Period.	Rs. Crs.	4,722.51
ii.	Capitalisation disallowance for the 100% grants and consumer contribution funded for fourth and fifth control period.	Rs. Crs.	1582.54
iii.	Capex disallowance for capex schemes for which DPRs are already submitted.	Rs. Crs.	49,319.46
	Total	Rs. Crs.	55,624.51
B.	Error in disallowance of power purchase cost for FY 2024-25	Rs. Crs.	6,057
C.	Power Procurement Expense for the Fifth Control Period		
i.	Errors in estimation of total sales for the Fifth Control Period	MUs	54,094
ii.	Errors in Commission's Power Procurement Model	Rs. Crs.	69,824
iii.	Other errors in projection and determination of power purchase cost		
	a. Inconsistency and apparent error in rate of variable charge/Energy Charge Rate (ECR) of MSPGCL thermal stations assumed in the MYT Order	Rs. Crs.	98.15
	b. Non-consideration of impact of Reagent Cost of FGD on ECR of MSPGCL projects in the MYT Order	Rs. Crs.	3056.71
	c. Error in computation of power purchase cost from Small Hydro projects of MSPGCL	Rs. Crs.	1322.14
	d. Error in computation of power purchase cost from GMR Infra for FY 2026-27 due to wrong VC considered	Rs. Crs.	6.48

Sr. No.	Particulars	UoM	Impact
D.	Errors in determination of Agricultural (AG) Sales: disallowance of technical losses and impact on AG sales index		
	Impact of sharing of Gains/Losses for True-up years of FY 2022-23	Rs. Crs.	2,324
	Impact of sharing of Gains/Losses for True-up years of FY 2023-24	Rs. Crs.	948
E.	Erroneous findings with respect to Time-of-Day (TOD) tariff and banking provisions.	-	-
F.	Error in disallowing the additional ROE for FY 2022-23 and FY 2023-24 for the Distribution Wires Business	Rs. Crs.	382.52
G.	Erroneous and arbitrary change in classification of the Hotel Industry and undue benefit to the Hotel Industry	Rs. Crs.	854.92
H.	Undue benefit on account of Wheeling charges to specific EHV consumer of MSEDCL due to non-establishment of EHV network by MSETCL:	Rs. Cr./Year	127.15
I.	Error in non-consideration of assets created through grants and consumer contribution in determination of Operation & Maintenance (“O&M”) expenses	Rs. Crs.	8,309.27
J.	Disallowance in Interest on Working Capital	-	-
K.	Error in calculation of rate of depreciation for FY 2022-23 to FY 2024-25 and for the fifth control period	-	-
L.	Disallowance of Grid Support Charges	-	-
M.	Error in respect of removal of RPO fulfilment in respect of green power supplied to non-obligated entities at the green tariff	-	-
N.	Erroneous energy balance calculation in True-up period (FY 2022-23 & FY 2023-24)	MUs	363
O.	Inequitable distribution of savings in Power Purchase Cost	-	-

For detailed submission it is requested to refer MSEDCL’s Review Petition on MSEDCL’s website www.mahadiscom.in

Prayers:

- i. *allow the present Review Petition as stated above;*
- ii. *modify the MYT Order dated 28.03.2025 under review in terms of the submissions made in this Review Petition, and the impact thereof be factored in the ARR and the tariff for the respective years;*
- iii. *in the interim, the operation of the MYT Order be kept in abeyance till such time the instant Review Petition is decided by this Hon’ble Commission; and*
- iv. *pass such other or further order(s) or direction(s) as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.”*