

No. PFI/Prog/MPERC/2026/036

Dated: 22/01/2026

To,

The Secretary

Madhya Pradesh Electricity Regulatory Commission
5th Floor, Metro Plaza Bittan Market
E-5, Arera Colony, Bhopal – 462 016

Subject: PFI Comments: Madhya Pradesh DISCOMs True Up Petition for FY 2024-25

Reference: a) MPERC inviting Comments on True Up of FY 2024-25 dated 29/12/2025

Dear Sir,

Power Foundation of India (PFI) is a Policy Research and Advocacy entity and a registered society under the aegis of Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and other concerned stakeholders.

With reference to above, PFI has analyzed the True Up Petition for FY 2024-25 filed by Madhya Pradesh DISCOMs, M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd., M.P. Paschim Kshetra Vidyut Vitaran Co. Ltd and M.P. Madhya Kshetra Vidyut Vitaran Co. Ltd., before MPERC. Our comments/ suggestions on the said Petition of are enclosed herewith for your consideration as *Annexure- I* respectively. We would also like to orally submit our comments/ suggestions on the day of Public Hearing through video conference.

PFI request Hon'ble Commission to allow one week time to submit comments/suggestions of MP-DISCOMs ARR Petition FY 2026-27.

The comments have also been emailed to secretary@mperc.nic.in

Warm Regards,

Encl: Annexure – I

Copy to:

1. The Hon'ble Chairperson

Madhya Pradesh Electricity Regulatory Commission

2. The Hon'ble Member

Madhya Pradesh Electricity Regulatory Commission

Yours Sincerely,


Executive Director, PFI

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ANNEXURE-I

PFI Comments/Suggestions: MP-DISCOMs True-up Petition for FY 2024-25

A. UNMETERED ENERGY SALES

- 1) The Hon'ble Commission has approved the total energy sales of 76,524 MU in the ARR Petition for FY 2024-25 whereas Petitioner in the True-Up Petition FY 2024-25 has claimed actual sales of 75,812 MU.
- 2) MP DISCOMs have not furnished detailed information regarding energy sales under the unmetered agriculture category. However, it is observed that DISCOMs in ARR Petition FY 2026-27 have projected unmetered agricultural sales of around 38% of the total projected energy sales.
- 3) Further, it is also observed that other DISCOMs in the country have reduced their unmetered agriculture sales, like DISCOMs of Rajasthan have metered all its unmetered Agriculture connections within a short span of 2-3 years in line with the direction of Hon'ble Commission. The relevant extract from AVVNL petition wherein it has submitted the energy sales trend is as follows:

Petition for Approval of True up for FY 2024-25, ARR, Tariff and Investment Plan for FY 2026-27 | AVVNL

Category	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	FY-25
Domestic	3,389	3,483	3,653	4,027	4,280	4,406	4,964	5,113	6,191
Non-Domestic	1,088	1,172	1,254	1,325	1,046	1,237	1,524	1,603	1,813
Public St. Lights	75	74	84	86	84	88	101	106	104
Agriculture (Metered)	4,151	4,509	4,866	5,288	5,977	6,135	7,350	7,901	8,578
Agriculture (Flat rate)	969	855	590	551	541	322	10	2	-
Small Industry	276	281	273	274	266	271	289	287	301
Medium Industry	781	847	854	858	756	871	850	853	830
Large Industry	2,390	3,348	4,373	4,031	3,935	5,758	8,279	7,869	7,937
PWW (Small)	283	331	359	375	379	387	394	410	410
PWW (Medium)	70	49	36	34	36	33	35	37	38

- 4) The Ministry of Power has notified the Standard Operating Procedure for subsidy accounting and payment on 03.07.2023. The SoP lays down steps to enable proper energy and subsidy accounting and comprises of three major aspects namely “Tariff Determination and Subsidy Declaration”, “Measurement of energy supplied to Subsidized Categories” and “Subsidy billing and collection by DISCOMs”.

“2.2. *Measurement of energy supplied to Subsidized categories*”

*iv. No electricity connection should be released without metering as per extant law and accordingly assessment of energy supplied to subsidized category of consumers, is to be computed on the basis of measured energy through proper metering only. **In case of agriculture category, where consumer level metering has not been adopted, energy may be measured at Distribution Transformers (DT) and feeder level through proper metering of DTs/feeders.***

*v. **In case of dedicated agriculture feeder supplying energy to agricultural consumers, energy measured at feeder level through proper metering shall be considered.** The consumption reflected in feeders shall be adjusted for normative T&D losses as determined by SERC/JERC for determination of subsidy.*

vi. For fixed feeder, till such time the feeders are segregated, total energy shall be measured at feeder level and energy consumed by non-agricultural consumers shall be deducted by to arrive at energy consumption of agricultural consumers. The consumption shall be adjusted for normative T&D losses as determined by SERC/JERC for determination of subsidy.

vii. In no case shall the assessment of energy be computed on the basis of contract load, per HP basis, flat tariff, lumpsum or any other such parameter.

viii. All DISCOMs/PDs shall migrate from flat rate billing to energy per unit rate billing for consumer other than agricultural category.”

- 5) It is imperative to highlight that Punjab has taken cognizance of the above directives of MoP and accordingly submitted the unmetered Agriculture sales in the True-up Petition for FY 2024-25. The relevant extract is as below:

Table 2-2 AP consumption for FY 2024-25 (MU)

Particulars	Actual
Energy pumped in case of 3 Phase 3 Wire AP feeders	15,252.46
Energy pumped in case of 3 Phase 4 Wire AP feeders	0.37
Energy pumped in case of Kandi area mixed feeders (as per SoP on Subsidy Accounting and Payment)	1,004.18
Energy pumped in case of Kandi area pure AP feeders	263.36
Total Energy pumped	16,520.38
Less: Losses @ 10.45% up to 15.06.2024 and Loss @ 10.28% from 16.06.2024	1,702.65
Net AP consumption	14,817.73
Metered AP consumption	125.48
Total AP Consumption	14,943.21

- 6) In view of above, **PFI requests the Hon'ble Commission to direct DISCOMs to submit the unmetered sales details in line with the MoP methodology.**
- 7) It can also be referred from the above guidelines that no electricity connection should be released without meter as per the extent of law and accordingly assessment of energy supplied to subsidized category of consumers should be computed through proper metering only.
- 8) Further, PFI observed that DISCOMs have mentioned excess energy sales of 117.39 MU under the Unmetered Agriculture category over and above the norms approved by the Hon'ble Commission. True-Up Petition provides the detailed computation of such excess unmetered sales for MP Central DISCOM, but similar detailed computations have not been furnished for the other two DISCOMs, namely MP East DISCOM and MP West DISCOM. The relevant extract of the norms for Unmetered Agriculture Category as per Hon'ble Commission is as follow:

For unmetered temporary agriculture consumers under LV 5.1 category:

Particulars	No. of units per HP of sanctioned load per month	
	Urban Area	Rural Area
Type of Pump/ Motor		
Three Phase	220	195
Single Phase	230	205

For unmetered agriculture consumers under LV 5.4 category

Particulars	No. of units per HP of sanctioned load per month	
	Urban/Rural Area	
Type of Pump/Motor	April to Sept	Oct to March
Three Phase	95	170
Single Phase	95	180

- 9) Unmetered connections lead to improper Energy Accounting resulting in loss in revenue and scheduling costly power which increases the Revenue Gap during True-up that is socialized to consumers at large in the ARR by Hon'ble Commission even though Tariff is fixed at Normative Distribution Loss Level as claimed by DISCOMs.
- 10) Accordingly, PFI requests the Hon'ble Commission to direct DISCOMs to submit the detailed computation of excess unmetered sales.
- 11) DISCOMs have submitted that such access unmetered agricultural sales impact them in two ways, i.e., corresponding Revenue loss and reduction in corresponding Power Purchase Cost. Accordingly, DISCOMs have claimed to consider the revenue loss of Rs. 79.14 Cr. and Power Purchase Cost as Rs. 36.76 Cr. Further, DISCOMs requested the Commission to allow the sales as per R-15 statement or consider both revenue loss and power purchase cost reduction.
- 12) PFI requests the Hon'ble Commission to not consider the request of DISCOMs to consider sales as per R-15 statement and to reduce the Power Purchase Cost corresponding to excess unmetered Agriculture sales over and above the norms only.

- 13) Accordingly, PFI has computed the excess Power Purchase Quantum w.r.t. excess unmetered Agriculture sales over and above the norms, as follows:

Particulars	MPEZ	MPCZ	MPWZ	MP State
Excess Sales claimed under Unmetered Agri Category (as claimed by DISCOMs- Table 9) (MU)	7.44	87.7	22.25	117.39
Distribution Loss (as claimed by DISCOMs)	26.66%	26.96%	12.78%	
Energy required at DISCOM periphery (MU)	10.14	120.07	25.51	155.73
Transmission Loss %	2.60%	2.60%	2.60%	
Energy required at State periphery (MU)	10.42	123.28	26.19	159.88

- 14) In view of above, **PFI requests the Hon'ble Commission to reduce the Power Purchase Quantum by 160 MU against the unmetered agriculture sales over the norms specified by Hon'ble Commission. Further, direct DISCOMs to submit the details of DISCOM wise unmetered agricultural sales, detailed computation of excess unmetered sales over norms specified by Hon'ble Commission, steps taken by the DISCOMs to meter the unmetered sales and to submit the unmetered sales as per MoP Standard Operating Procedure for subsidy accounting and payment.**

B. Alignment of R15 as per Tariff Order

- 15) DISCOMs have submitted that it has billed excess unit of 117.39 MU under Unmetered Agriculture category.
- 16) For deviation with respect to the specified norms, MP DISCOMs has submitted various reasons as stated below:
- First billing of an unmetered agriculture consumer could not be initiated in that month.
 - Consumer having arrears become permanently disconnected but it still appears in the billing ledger (R15) as long as it is transferred to the PD in the ledger.

- In the billing ledger, R15, the connected load of consumer is recorded in kW whereas billing is to be done in HP as per the norms approved in the Tariff Order.
- Rounding of connected load to next higher integer.

- 17) PFI observes that MP DISCOMs in its True-Up Petition of FY 2024-25 has not accurately aligned the R-15 Statement with the categories, sub-categories, and slabs of the approved Tariff Schedule, and have not submitted the R-15 reports in accordance with the Tariff Schedule as approved by the Commission.
- 18) **PFI submits before the Hon'ble Commission that there exists a serious flaw in the billing system of the MP DISCOMs, as consumers are not being billed monthly in accordance with the norms approved in the Tariff Order.**
- 19) It is also pertinent to mention that PFI, in its comments on the True-Up for FY 2023-24, had already highlighted the same and had requested the Hon'ble Commission to direct the MP DISCOMs to align the R-15 billing ledger in accordance with the Tariff Schedule as approved for the respective year. The relevant extract is as follow:

- 4) PFI submits before Hon'ble MPERC that there is serious flaw in the Billing system of MP DISCOMs as the consumers are not Billed as per the approved Tariff Schedule on monthly basis. Hon'ble MPERC to inquire from MP DISCOMs as to why Bills are

- 20) Hon'ble MPERC has been reiterating its Directions every year and in recent True-Up Order for FY 2023-24 dated 28th March 2025 again directed MP DISCOMs to submit

the R15 report in accordance with the Tariff Schedule as approved by the Commission. The relevant extract of the said direction is as below:

cannot be ascertained and validated by the Commission. Further, the Commission emphasizes that despite repeated directives to the Petitioners to accurately align the R-15 Statement with the categories, sub-categories, and slabs of the approved Tariff Schedule, and to submit the R-15 reports in accordance with the Tariff Schedule approved by the Commission, the Petitioners are yet to comply with these directives.

- 21) However, no tangible progress has been observed till date in this regard as MP DISCOMs had claimed 117.39 MU of excess sales in the True-Up of FY 2024-25 under Unmetered Agriculture category whereas same was claimed of 106 MU in the True-Up of FY 2023-24.
- 22) In view of above, it is submitted that due to lack in transparency of information submitted by MP DISCOMS, Proper Energy Accounting and Actual Distribution Losses cannot be ascertained. Thus, the inefficiencies of MP DISCOMs are borne by the honest metered consumers even though Tariff is Fixed at Normative Distribution Level.
- 23) **In view of the above, it is proposed to the Hon'ble Commission to direct DISCOMs to submit explanations regarding the non-generation of bills as per the approved Tariff Schedule, resulting in improper accounting of tariff subsidy.**
- 24) **Also, PFI requests Hon'ble Commission to direct DISCOMs to submit the updated R15 report as per the directions issued by the Commission in the Tariff Order.**
- 25) **Further, PFI also requests the Hon'ble Commission to initiate suitable measures in view of the continued non-compliance with repeated directions by the MP DISCOMs, in accordance with the provisions stipulated under Section 142 of the Electricity Act, 2003.**

C. EXCESS DISTRIBUTION LOSSES AND ENERGY REQUIREMENT

26) MP DISCOMs have claimed the AT&C Loss and collection efficiency as follows:

Name of the DISCOM	Distribution Loss	Collection Efficiency	AT&C Loss
MPEZ	26.66%	101.55%	25.53%
MPCZ	26.96%	96.69%	29.38%
MPWZ	12.78%	104.48%	8.87%

27) Accordingly, DISCOMs have submitted the energy requirement to meet the power demand is as follows:

Particulars	MPEZ	MPCZ	MPWZ	MP State
Total Sales Claimed (MU)	21,244	24,567	30,001	75,812
Distribution Loss	26.66%	26.96%	12.78%	
Energy required at DISCOM periphery (MU)	28,968	33,637	34,395	97,000
Transmission Loss (MU) @2.60%	774	899	918	2,590
Energy required at State periphery	29,741	34,536	35,313	99,591
PGCIL Loss @ 2.85%				2,842
Ex Bus energy required (MU)				1,02,433

28) The Hon'ble Commission in the Regulations namely “*Second Amendment to Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for fixation of Charges) Regulations, 2021*” and further in its Tariff Order for FY2024-25 has specified the DISCOM wise Distribution Loss & AT&C Loss, the relevant extract is as follows:

- 1.14 In the earlier Tariff Orders, the Commission had directed the Petitioners to make concerted efforts to reduce the distribution losses in line with the loss trajectory specified by the Commission. The Commission has provided sufficient time to the DISCOMs and specified the loss reduction trajectory with achievable targets. The loss reduction trajectory specified in the MYT Regulations, 2021 and amendments thereof for FY 2024-25 is given in the following table:

Table 5: Distribution Loss Trajectory specified in the Regulations

DISCOMs	FY 2024-25
East DISCOM	19.49%
West DISCOM	13.40%
Central DISCOM	19.57%

FY	Distribution Licensee	AT&C Losses	Billing Efficiency	Collection Efficiency	Distribution Losses
FY 2024-25	East Discom	19.49%	80.51%	100%	19.49%
	West Discom	13.40%	86.60%	100%	13.40%
	Central Discom	19.57%	80.43%	100%	19.57%
	SEZ, Pithampur	1.35%	98.65%	100%	1.35%
FY 2025-26	East Discom	17.00%	83.00%	100%	17.00%
	West Discom	13.00%	87.00%	100%	13.00%
	Central Discom	17.00%	83.00%	100%	17.00%
	SEZ, Pithampur	1.30%	98.70%	100%	1.30%
FY 2026-27	East Discom	14.00%	86.00%	100%	14.00%
	West Discom	12.00%	88.00%	100%	12.00%
	Central Discom	14.00%	86.00%	100%	14.00%
	SEZ, Pithampur	1.25%	98.75%	100%	1.25%

- 29) The variation in AT&C Loss approved by the Hon'ble Commission and claimed by DISCOMs is as follows:

Name of the DISCOM	AT&C Loss Target by Hon'ble Commission	AT&C Loss claimed by DISCOMs	Difference (%)
MPEZ	19.49%	25.53%	6.04%
MPCZ	19.57%	29.38%	9.81%
MPWZ	13.40%	8.87%	(4.53%)

- 30) Accordingly, PFI has computed the energy balance for DISCOMs at normative AT&C loss as follows:

Particulars	MPEZ	MPCZ	MPWZ	MP State
Sales (MU)	21,244	24,567	30,001	75,812
Normative AT&C Loss	19.49%	19.57%	12.78%	
Energy required at DISCOM periphery (MU)	26,387	30,545	34,397	91,328
Intra-state Transmission Loss (%)	2.60%	2.60%	2.60%	
Energy required at State periphery (Mu)	27,091	31,360	35,315	93,766
Inter-State Transmission Loss (%)	2.85%	2.85%	2.85%	
Ex Bus energy required (MU)	27,887	32,281	36,353	96,521

- 31) It is evident from the above table that **DISCOMs have procured additional Power Purchase Quantum of 5,913 MU due to higher AT&C Loss**, the same should be reduced from the Power Purchase Quantum.

Particulars	MP State
Ex-Bus Energy as claimed by MP DISCOMs (MU)	1,02,433
Ex-Bus Energy required as computed by PFI (MU)	96,521
Difference	5,913

- 32) **Accordingly, PFI proposes to the Hon'ble Commission not to consider 5,913 MU of energy and to approve an energy requirement of 96,521 MU, as worked out by PFI. PFI further submits that Power Purchase Cost corresponding to excess Quantum may be reduced from the Power Purchase Cost as computed in the subsequent Section.**

D. POWER PURCHASE COST

D-1. Excess Power Purchase Cost due to unmetered sales

- 33) DISCOMs have highlighted unmetered Agriculture and Domestic sales over and above norm as 117.68 MU (117.39 MU- agriculture & 0.29 MU- domestic) and corresponding Power Purchase Cost as Rs. 36.85 Cr. at an Average Power Purchase Cost of Rs. 3.13/kWh and without considering the impact of distribution loss and transmission loss.
- 34) PFI has computed the excess Power Purchase Cost corresponding to excess unmetered sale by considering the Average Variable Cost claimed by DISCOMs. Accordingly, the excess Power Purchase cost is as follows:

Particulars	MPEZ	MPCZ	MPWZ	MP State
Excess Sales claimed under Unmetered Category (as claimed by DISCOMs) (MU)	7.44	87.70	22.25	117.39
Distribution Loss (%)	26.66%	26.96%	12.78 %	
Energy required at Discom periphery (MU)	10.14	120.07	25.51	155.73
Transmission Loss (%)	2.60%	2.60%	2.60%	
Energy required at State periphery (MU)	10.42	123.28	26.19	159.88
Avg. Variable Cost (Rs./kWh)	2.56	2.56	2.56	
Additional Power Purchase Cost (Rs. Cr.)	2.67	31.61	6.71	40.99

- 35) In view of above, **PFI requests the Hon'ble Commission to reduce the corresponding Power Purchase cost by Rs. 41 Cr.** against the excess unmetered sales. The same may be borne by Govt. of Madhya Pradesh in the form of subsidy.

D-2. Excess Power Purchase Cost due to Higher Distribution Loss

- 36) DISCOMs have claimed the gain/(loss) for deviation in AT&C Loss as follows:

Table 21: Sharing of Gains and Losses as per 2nd amendment to MYT Regulations

S.No.	Particulars	Reference	Units	East	Central	West	State
1	Normative AT&C Losses	A	%	19.49%	19.57%	13.40%	
2	Actual AT&C Losses	B	%	25.53%	29.38%	8.87%	
3	Variation in AT&C losses	C = (A-B)	%	(6.0%)	(9.8%)	4.53%	
4	Actual Quantum of Power Purchase/ Schedule as per SEA for FY 2024-25	D	MUs	30,793.23	35,423.47	36,216.49	1,02,433.18
5	Saved/(Excess) PP Quantum due deviation in AT&C losses	E=C*D	MUs	(1,858.98)	(3,475.79)	1,641.40	(3,693.37)

S.No.	Particulars	Reference	Units	East	Central	West	State
6	Average Actual Power Purchase Cost	F	Rs. / kwh	2.40	2.40	2.40	
7	Gains/(Losses) in PP Cost	G=E*F/10	Rs. Crore	(446.15)	(834.19)	393.94	(886.41)
8	Gains/(Losses) retained by Licensee	H=2/3 of loss or 1/3 of Gains	Rs. Crore	(297.44)	(556.13)	131.31	(722.25)
9	Gains/(Losses) passed on to consumers	I=1/3 of loss or 2/3 of Gains	Rs. Crore	(148.72)	(278.06)	262.62	(164.16)

- 37) Hon'ble Commission in 2nd Amendment to MPERC Tariff Regulations, 2021 has defined the mechanism for sharing of gain/loss on account of controllable factors. The relevant extract is as below:

20. Mechanism for sharing of gains/losses on account of controllable factors :-

20.1. The aggregate gains or losses to the Distribution Licensee on account of controllable factors shall be to the account of the Distribution Licensee except for (i) variation in O&M expenses and (ii) deviation from the AT&C loss reduction trajectory approved by the Commission.

20.2. (a) The treatment of variation in O&M expenses shall be in accordance with Regulation 36.

(b) The gains or losses accrued to the Distribution Licensee on account of deviation from the approved AT&C loss reduction trajectory shall be quantified in terms of Average Power Purchase Cost and shared between the Distribution Licensee and consumers in the following manner: -

(i) Two-third of the gains shall be passed on to the consumers in tariff and rest shall be retained by the Distribution Licensee.

(ii) Two-third of the losses shall be borne by the Distribution Licensee and rest shall be borne by the consumers.

20.3. Detailed methodology for passing on gains or losses to the consumers shall be prepared by the Distribution Licensee and submitted to the Commission for prior approval.

38) PFI observed that DISCOMs have computed the gain/loss due to higher AT&C loss by multiplying the difference in approved and actual AT&C loss with the Total energy requirement for respective DISCOM and with the Average Power Purchase cost of Rs. 2.40/kWh.

39) It is submitted that the process followed of computing Gain/(Loss) on the basis of AT&C Loss is incorrect, since AT&C Loss is a combination of Technical Loss and Commercial Loss, the former loss is depend on the loss of energy in the system and measured in MU terms while the latter is commercial loss like theft, non-payment by consumer etc. and the same was measured in Rs. Cr. term mainly. Due to the basic difference, other SERCs has provision related to Gain/(Loss) for Distribution Loss and Collection Efficiency separately like followed by DERC.

40) Further, DISCOMs have considered Average Power Purchase Cost as Rs. 2.40/kWh and mentioned that this the average of energy charges of Power stations scheduled

as per MoD to meet the actual demand (i.e., by removing the energy charge of Must run plants and cost associated with Technical Minimum scheduling of Power Plants). It is observed that DISCOMs have not submitted the detailed computation of the same with the Petition. Due to lack of information, PFI has considered the average energy charge rate of Rs. 2.56/kWh for computation of Power Purchase Cost.

- 41) PFI in the above section has highlighted the excess power quantum of 5,191 MU against the higher Distribution Loss. Accordingly, PFI has recomputed the excess Power Purchase Cost as follows:

Particulars	MPEZ	MPCZ	MPWZ	MP State
Sales claimed by DISCOM	21,244	24,567	30,001	75,812
Distribution loss as claimed by DISCOM	26.66%	26.96%	12.78%	
Inter-State Transmission Loss	2.85%	2.85%	2.85%	
Intra-state Transmission Loss	2.60%	2.60%	2.60%	
Energy required at State periphery as claimed by DISCOM	30,793	35,423	36,216	1,02,433
Distribution loss as proposed by PFI	19.49%	19.57%	12.78%	
Inter-State Transmission Loss	2.85%	2.85%	2.85%	
Intra-state Transmission Loss	2.60%	2.60%	2.60%	
Energy required at State periphery as per PFI	27,887	32,281	36,352	96,521
Excess Power Procured	(2,906)	(3,142)	135	(5,913)
Avg. Power Purchase Cost (Rs./kWh) as per PFI	2.56	2.56	2.56	
Power Purchase Cost incurred (Rs. Cr.)	(745)	(806)	35	(1,516)
Gain/(Loss) retained by Licensee (Rs. Cr.)	(497)	(537)	12	(1,022)
Gain/(Loss) passed on to Consumers (Rs. Cr.)	(248)	(269)	23	(494)

- 42) It is evident from the above table that DISCOMs have incurred additional Power Purchase Cost of Rs. 1,516 Cr. against the variation in Distribution Loss. In line with Hon'ble Commission Regulations approved mechanism for sharing Gain/(Loss) due to variation in AT&C loss, **PFI has computed the DISCOM wise Gain/(Loss) as tabulated above.**

- 43) Further, PFI has computed the Gain/(Loss) on account of variation in Collection Efficiency as follows:

Particulars	MPEZ	MPCZ	MPWZ	MP State
Revenue from Sale of Power as claimed by DISCOMs	14914	17396	21092	53402
Collection Efficiency as claimed by DISCOMs	101.55%	96.69%	104.48%	
Collection Efficiency target as per Hon'ble Commission	100%	100%	100%	
Deviation in Collection Efficiency	1.55%	(3.31%)	4.48%	
Revenue as per normative collection efficiency	14686	17991	20188	52865
Variation in Revenue due to actual collection efficiency	228	(596)	904	537
Gain/(Loss) retained by Licensee	152	(199)	603	556
Gain/(Loss) passed on to Consumers	76	(397)	301	(20)

- 44) It is evident from the above table that MPEZ & MPWZ have higher collection efficiency than the normative collection efficiency of 100%. PFI has computed the Gain/(Loss) in line with Hon'ble Commission Regulations approved mechanism.
- 45) In view of above, PFI requests the Hon'ble Commission to consider the Gain/(Loss) as computed above for net Power Purchase Cost and Revenue for DISCOMs. Summary is as follows:

(Rs. Cr.)

Particulars	MPEZ	MPCZ	MPWZ	MP State
Gain/(Loss) due to variation in Distribution Loss				
Gain/(Loss) retained by Licensee (Rs. Cr.)	(497)	(537)	12	(1,022)
Gain/(Loss) passed on to Consumers (Rs. Cr.)	(248)	(269)	23	(494)
Gain/(Loss) due to variation in Collection Efficiency				
Gain/(Loss) retained by Licensee	152	(199)	603	556
Gain/(Loss) passed on to Consumers	76	(397)	301	(20)

D-3. Supplementary Bills, Reconciliation of Bills and Other Income

- 46) MP DISCOMs have claimed Supplementary Bills, Reconciliation of Bills and Other Income in Power Purchase Cost, which is as follows:

Particulars	Values (Rs. Cr.)
Supplementary Bills	2,185
Other Income	586
Reconciliation of Bill Amount	(143)
Total	2,628

- 47) DISCOMs have neither submitted the details of such expenses in the Petition nor the same was available in the Audited Accounts. PFI is unable to verify the same due to lack of information.
- 48) PFI observed that DISCOMs in True-up Petition for FY 2023-24 have claimed Rs. 2,628.94 Cr. of Supplementary Bills while Hon'ble Commission has approved only Rs. 2516.93 Cr. (95% of the claimed) after Prudence Check of the Bills.
- 49) In view of above, **PFI requests Hon'ble Commission to direct DISCOMs to submit the details of Supplementary Bills, Reconciliation of Bills and Other Income, and the same may be approved after Prudence Check of the details.**

D-4. POWER PURCHASE COST: PPA Not Approved

- 50) PFI observed that DISCOMs have claimed power procurement from sources which were not approved by the Hon'ble Commission during the ARR for the year FY 2024-25, which is as follows:

Sr. No.	Name of the Generating Stations	Power Purchased (MU)	Power Purchase Cost (Rs. Cr.)
1	Mauda-II	120	71
2	Mahan Energy Limited	358	93
3	Jindal Power	59	30
4	RKM (IB)	80	45
5	RKM (TALCHAR)	80	46
Total		698	285

- 51) Since the True-up is undertaken based on the approved ARR parameters, the claim of the Petitioner towards the said generation source, which was not part of the approved ARR, should not be considered for the True-Up.
- 52) Accordingly, **PFI proposes Hon'ble Commission to not consider the Power Procured from above-mentioned generating stations 698 MU and corresponding Power Purchase Cost of Rs. 285 Cr. and direct DISCOMs to submit the details of above-mentioned Plants and allow same after prudence check.**

D-5. POWER PURCHASE COST: Merit Order Despatch adherence

- 53) MP DISCOMs has claimed that they have adhered Merit Order Despatch (MoD) while procuring power subject to must run profile, technical minimum and market availability to meet the increasing demand.
- 54) However, PFI observes that MP DISCOMs has not submitted monthly reports certified by Madhya Pradesh SLDC that Merit Order Despatch principle has been followed in true spirit while scheduling the Power from various Generating Stations. Therefore, it is requested to Hon'ble Commission to direct MP DISCOMs to submit the details along with certification from Madhya Pradesh SLDC that MoD has been followed in true letter and spirit.

(Rs. Cr.)

Particulars	Claimed by MP-DISCOMs	Proposed by PFI	Difference
Power Purchase Cost	41,705	40,914	(791)
<i>Less: Gain/ (Loss) retained by DISCOMs due to higher AT&C Loss</i>		466	
<i>Less: Unmetered Sales over norms</i>		41	
<i>Less: PPA not approved</i>		285	

E. OPERATION & MAINTENANCE EXPENSES: A&G Expense

- 55) MP East DISCOM has claimed Rs. 5.22 Cr towards compensation for injuries and damages as part of A&G Expenses.

- 56) PFI observes that Section 57 (2) and Section 59 (1) of the Electricity Act 2003 focus on two key points i.e., Compensation and Furnishing Case-wise information. Relevant sections are as follows:

“Section 57. (Consumer Protection: Standards of performance of licensee):

(1) The Appropriate Commission may, after consultation with the licensees and persons likely to be affected, specify standards of performance of a licensee or a class of licensees.

(2) If a licensee fails to meet the standards specified under sub-section (1), without prejudice against any penalty which may be imposed or prosecution be initiated, he shall be liable to pay such compensation to the person affected as may be determined by the Appropriate Commission:

Provided that before determination of compensation, the concerned licensee shall be given a reasonable opportunity of being heard.

...

Section 59. (Information with respect to levels of performance):

(1) Every licensee shall, within the period specified by the Appropriate Commission, furnish to the Commission the following information, namely:-

(a) the level of performance achieved under sub-section (1) of the section 57;

(b) the number of cases in which compensation was made under subsection (2) of section 57 and the aggregate amount of the compensation.”

- 57) Conjoint reading of Section 57 & Section 59 leads to the conclusion that DISCOMs need to submit case-by-case details to the Commission and the Commission will determine the compensation only after going through the merits of each case.

- 58) Further, Hon'ble APTEL vide its Judgment¹ dated 27/09/2012 in Appeal No.141 of 2012 provided clarification of Section 57(2) stating that SERCs will determine compensation on a case-by-case basis after analysing the failure in meeting standard of performance and other details, relevant extract from said judgement is as follows:

“Section 57(2) provides for a case-by-case determination of compensation. Such compensation has to be paid to the affected person. This will make it clear that the State Commission will have to determine on the basis of allegation that a particular

standard of performance had been violated, as to how and what extent the person has been affected due to such violation.”

- 59) PFI observes that MP East DISCOM has not submitted any details or reference of the communications forwarded to the Hon'ble Commission w.r.t. electrical injuries and damages and action taken and have only claimed the compensation amount in the True-Up Petition.
- 60) It is pertinent to note that any penalties or compensation paid by the DISCOM to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., should not be allowed to be recovered through the Aggregate Revenue Requirement.
- 61) In view of above, PFI proposes the Hon'ble Commission to direct MP East DISCOM to submit case-by-case details with reasons of accident and allow pass through of compensation only in cases where the reason is not attributable to the DISCOM. Accordingly, **PFI proposes the Hon'ble Commission to not to consider the same till DISCOM didn't submit the full details with reason else same may be borne by the State Government in the form of subsidy.**
- 62) Accordingly, PFI re-computed the A&G Expenses to be considered for the MPEZ, as follows:

Particulars	Amount (Rs. Cr.)
A&G Expenses (as claimed by MPEZ)	134.33
Less: Compensation for Injury & damages	5.22
Gross A&G Expenses	129.11
Less: A&G Capitalized	3.01
Net A&G Expenses	126.10

- 63) In view of above, **PFI requests Hon'ble Commission to consider A&G Expenses as Rs. 126.10 for MP East DISCOM.** Claim against Compensation for Injury & damages may be borne by Govt. of Madhya Pradesh in the form of subsidy if the reason compensation is attributable to consumers. Further, PFI requests the Hon'ble

Commission to direct MPCZ & MPWZ to submit the details of Compensation for Injury & damages.

F. OPERATION & MAINTENANCE EXPENSES: Additional Operational Expenditure

- 64) MP West DISCOM has claimed an amount of Rs 1.66 Cr towards Additional Operational Expenditure (RDSS), as follows:

Particulars	As Approved in Tariff Order	As per Audited Accounts	Claimed in True Up
Grand Total	1398.28	1542.53	1052.26
Add: Contribution to Pension Trust	70.00	0	70.00
Less: Employee expenses capitalized	(6.96)	(17.12)	(17.12)
Net Employee expenses	1461.32	1525.41	1105.14
A&G expenses	149.55	152.03	152.03
MPERC Fees	0.70	-	-
Other expenses	6.47	2.52	2.52
Less: A&G capitalized	(6.96)	0	0
Net A&G expenses	149.76	154.54	154.54
Gross R&M expenses	220.10	202.22	202.22
R&M capitalized	(6.96)	0	0
Net R&M expense	213.13	202.22	202.22
Additional Operational Expenditure (RRDS)	82.39	1.66	1.66
Net O&M expenses	1,906.60	1,883.83	1,463.57

- 65) PFI observed that no such expenditure towards Additional Operational Expenditure (RDSS) is reflected in the Audited Account of MPWZ.
- 66) Further, MP West DSICOM has not submitted any supporting documentary evidence, such as invoices, agreements, or auditor certification, to provide evidence that the expenditure was actually incurred towards Additional Operational Expenditure (RDSS).
- 67) In view of the absence of confirmation of the expenditure in the audited accounts and lack of supporting documentation, the claim fails to satisfy the prudence check as mandated under the applicable tariff regulations.
- 68) In view of above, **PFI proposes Hon'ble Commission not to consider the claim of Rs. 1.66 Cr towards Additional Operational Expenditure (RDSS) provisionally**

and allow the same only after a satisfactory prudence check and upon submission of adequate supporting document.

G. INTEREST ON PROJECT LOAN

- 69) MP Central DISCOM has claimed Interest on Project loan as Rs. 462 Cr.
- 70) PFI observed that MPCZ has considered Opening Debt associated with GFA as Rs. 4535.84 Cr and referred it as Closing debt as per FY 2023-24 True-Up Order. The relevant extract is as below:

Table 35: Details of Finance Charges Claimed by Central Discom for True-up FY 2024-25 (Rs Crore)

Particulars	As per Audited Accounts	As Approved in Tariff Order	Claimed in True Up
Corrected Opening Debt associated with GFA (Closing debt as Per FY 2023-24 True-up Order)		4,318.04	4,535.84
GFA Addition during the year		1,061.35	245.41

- 71) However, PFI observes that Commission in its True-Up Order for the year FY 2023-24 has approved Closing debt associated with GFA for Central DISCOM of amount Rs 4081.01 Cr. The relevant extract is shown below:

Table 30 : Interest on Project Loans admitted by the Commission for FY 2023-24 (Rs. Crore.)

Particulars	Legend	East DISCOM	West DISCOM	Central DISCOM	Total for State
Opening Debt associated with GFA (Closing debt as per FY 2022-23 True-up Order)	A	3,143.59	1,087.88	4,391.93*	8,623.39
GFA Addition during the year	B	2,726.40	75.77	358.59	3,160.75
Consumer Deposit and Grants during the year	C	1,865.22	75.77	358.59	2,299.58
Net GFA Addition during the year	D=B-C	861.18	-	-	861.18
Addition of Equity admitted (See Table No. 28 Sr.No.8)	E	89.17	-	-	89.17
Net GFA considered as funded through debt	F=D-E	772.01	0.00	0.00	772.01
Debt repayment during the year (See Table No.29 Sr. No.9)	G	326.36	163.97	310.91	801.25
Closing debt associated with GFA	H=A+F-G	3,589.23	923.90	4,081.01	8,594.15

- 72) Thus, PFI has re-computed the value of Interest on Project Loan for the MP Central DISDOM for the year FY 2024-25 as shown in the table below:

Interest on Project Loan	
Particulars	Value (Rs. Cr.)
Opening debt associated with GFA	4081.01
GFA addition during the year	245.41
Consumer deposit and grant during the year	99.18
Net GFA during the year	146.23
Addition of Equity	43.87
Net GFA considered as funded through Debt	102.36
Debt repayment during the year	348.11
Closing Debt associated with GFA	3835.26
Average debt associated with Loan	3958.14
Weighted average rate of interest on Loans	10.07%
Interest on Project Loan	398.58
Other Finance Cost	17.62
Net Interest on Project Loan	416.20

- 73) In view of the above, as per the Regulatory provisions PFI has worked out Rs. 416.20 Cr. as Net Interest on Project Loan against Rs. 462.07 Cr. claimed by MP Central DISCOM in True-Up for the year for FY 2024-25.
- 74) Accordingly, **PFI proposes Hon'ble Commission to consider Interest on Project Loan of Rs 416 Cr. instead of claim of Rs. 462 Cr., the balance may be borne by Govt. of Madhya Pradesh in the form of Subsidy.**

H. Interest on Working Capital

- 75) MP DISCOMs have claimed IoWC as Rs. 122 Cr. as per Regulatory Provisions, as follows:

Sr. no.	Source	Index	Discom	Allowed in the Tariff Order	Actual as per Accounts/ Regulation	Variance
1	Interest and Finance charges on Project Loans	Rs Cr	EZ	254.62	340.62	86.00
		Rs Cr	CZ	345.54	462.07	116.53
		Rs Cr	WZ	132.27	115.13	(17.14)
		Rs Cr	MP State	732.43	917.82	185.39
2	Interest on Working Capital Loan Claimed as per regulation/audited accounts	Rs Cr	EZ	63.57	40.79	(22.79)
		Rs Cr	CZ	54.53	65.45	10.93
		Rs Cr	WZ	19.46	15.97	(3.49)
		Rs Cr	MP State	137.56	122.21	(15.35)
3	Interest on consumer Security Deposit as per accounts	Rs Cr	EZ	83.37	94.32	10.95
		Rs Cr	CZ	110.27	105.72	(4.55)
		Rs Cr	WZ	141.57	132.34	(9.23)
		Rs Cr	MP State	335.21	332.38	(2.83)
4	Total Interest & Finance Charges (1+2+3)	Rs Cr	EZ	401.57	475.73	74.16
		Rs Cr	CZ	510.34	633.25	122.91
		Rs Cr	WZ	293.30	263.44	(29.86)
		Rs Cr	MP State	1,205.21	1,372.42	167.21

- 76) PFI observed that Audited Accounts of DISCOMs reflect that they have incurred huge expenses as Interest on Working Capital as follows:

DISCOM	IoWC	Ref.
MPEZ	82.90	Note 30 of Audited Accounts
MPWZ	134.24	Note 28 of Audited Accounts
MPCZ	0*	Note 29 of Audited Accounts
Total	217.14	Note: No separate head of IoWC is mentioned

- 77) PFI has further observed that during FY 2024-25, DISCOMs have pending subsidy of around Rs. 1942 Cr. (for MPCZ & MPWZ only), the summary of subsidy booked, received and pending subsidy as per Audited Accounts is as follows:

DISCOM	Subsidy Booked by DISCOM	Subsidy Received from GoMP	Balance subsidy
MPEZ	6,651	7,493	No information available
MPCZ	7,974	8,976	874
MPWZ	9,155	10,327	1,067
Total	23,780	26,796	1,942

- 78) Due to this liquidity constraint, DISCOMs has been compelled to rely on short-term borrowings to meet its day-to-day operational requirements, including payment towards power purchase and other statutory dues. As a result, the Interest on

Working Capital has increased and have been claimed as Rs. 217 Cr. for FY 2024-25 as per the audited accounts (for MPEZ & MPWZ only).

- 79) In this regard, reference is drawn up to Section 65 of the Electricity Act, 2003, which clearly stipulates that where the State Government requires a distribution license to provide subsidy to any class of consumers, the State Government shall pay the subsidy amount in advance, so as to compensate Subsidy payment and its timely release are attributable to the State Government, therefore the State Govt. should bear the burden so that this burden will not be socialized at large among the consumers through Tariff. PFI has considered these two parameters for computing the collection efficiency of DISCOM and the same was considered for computing the Revenue (Gap)/Surplus for the year.
- 80) In view of the above, PFI requests Hon'ble Commission to consider Rs. 283 Cr. (Rs. 83 Cr. for MPEZ, Rs. 134 Cr. for MPWZ as per Audited Accounts and Rs. 65 Cr. as claimed by MPCZ) Interest on Working Capital for FY 2024-25 and also request for amending the Regulatory provisions to allow actual interest on Working Capital for the DISCOMs considering the fact that there is outstanding subsidy to be paid by the Govt. Such interest on Working Capital is a prudent cost incurred by the DISCOM which if not allowed will become financial losses to the stressed DISCOM.

(Rs. Cr.)

Particulars	Claimed by MP-DISCOMs	Proposed by PFI	Difference
Interest on Working Capital	122.21	282.59	160.38
MPEZ	40.79	82.90	
MPCZ	65.45	65.45	
MPWZ	15.97	134.24	

I. RETURN ON EQUITY

- 81) MP Central DISCOM has claimed RoE Opening balance of Equity of amount Rs. 2079.43 Cr. The relevant extract is as below:

Table 54: ROE Claimed by Central as True up for FY 2024-25 (Rs. Crore)

Sr. no.	Particulars	Approved in the Tariff Order (A)	Actuals (B)
A	Gross Fixed Assets at the beginning of year (net of consumer contributions)	9,730.54	10,161.24
A1	Opening balance of equity	1,911.22	2,079.43

- 82) However, Hon'ble Commission in its True-Up Order for the year FY 2023-24 has approved Closing Equity balance for Central DISCOM of Rs. 1832.86 Cr. The relevant extract is shown below:

Table 28 : Return on Equity admitted for FY 2023-24 (Rs. Crore)

S. No.	Particulars	East DISCOM	West DISCOM	Central DISCOM	Total for State
1	Opening Equity identified with GFA (Closing equity as per True-up Order of FY 2022-23)	1,611.44	1,163.24	1,832.86*	4,607.54
2	GFA Addition during the year	2,726.40	75.77	358.59	3,160.75
3	Consumer Deposit and Grants received during the year	1,865.22	369.78	658.22	2,893.22
4	Consumer Deposit and Grants considered during the year**	1,865.22	75.77	358.59	2,299.58
5	Net GFA Addition during the year	861.18	-	-	861.18
6	Actual Equity Addition	89.17	9.51	138.23	236.91
7	30% of addition to net GFA considered as funded through equity	258.35	-	-	258.35
8	Net GFA considered as funded through equity (Min (5,6))	89.17	-	-	89.17
9	Closing Equity Considered for FY 2023-24	1,700.61	1,163.24	1,832.86	4,696.71
10	Average Equity identified with GFA and considered for FY 2023-24	1,656.03	1,163.24	1,832.86	4,652.13
11	Rate of Return (%)	15.50%	14.00%	14.75%	-
12	RoE admitted in True-up of FY 2023-24	256.68	162.85	270.35	689.88

- 83) Further, MP Central DISCOM has mentioned in paragraph no. 12.5.5 that it has achieved Rural metering target of 92% for FY 2024-25 (As per Regulation 2021) and accordingly claimed additional RoE of 0.75%. However, PFI observed that MPCZ has not provided or submitted the details about rural metering with the Petition.

- 84) Thus, PFI has re-computed the Return on Equity for FY 2024-25 by considering Closing Equity of FY 2023-24 approved by the Hon'ble Commission in True-up Order as opening equity of FY 2024-25 and considering RoE as 14%(till the as:

Return on Equity	
Particulars	Value (Rs. Cr.)
Opening balance of Equity	1,832.86
Actual capitalization of assets	146.23
Addition of Equity for capitalized assets	108.76
Normative Equity Addition (30%)	43.87
Excess/ Shortfall of additional equity over normative	64.89
Equity eligible for return	1,854.80
Rate of Return	14%
Return on Equity	259.67

- 85) **Accordingly, PFI proposes Hon'ble Commission to consider for the Return on Equity as Rs. 259.67 Cr. against the claim of Rs. 309.95 Cr. The balance may be borne by Govt. of Madhya Pradesh in the form of subsidy.**

(Rs. Cr.)

Particulars	Claimed by MP-DISCOMs	Proposed by PFI	Difference
Return on Equity of MPCZ	309.95	259.67	(50.28)

J. Lease Liability charges for Smart Meters

- 86) DISCOMs have claimed Lease liability charges for smart meters, summary is as follows:

DISCOM	No. of Smart Meter Installed (in lakh)	Upfront Amount (Rs. Cr.)	CAPEX EMI (Rs. Cr.)	Total lease charges (Rs. Cr.)
MPEZ	6.09	107.31	3.33	111.04
MPWZ	Not provided	63.81	17.98	81.79
MPCZ	0.25	4.43	0	4.43

- 87) PFI has observed that DISCOMs have not submitted the details of the TOTEX model. PFI requests the Hon'ble Commission to direct DISCOMs to submit the details of TOTEX model.

K. OTHER INCOME

- 88) MP DISCOMs have claimed Other Income as Rs. 769 Cr. as per Regulation/Accounts.
- 89) PFI has observed that DISCOMs have claimed lower Other Income than reflected in Audited Accounts. The summary is as follows:

(Rs. Cr.)

DISCOMs	Claimed by DISCOMs	As per Audited Accounts	Difference
MPEZ	345.67	1072.78	727.11
MPWZ	286.87	930.97	644.1
MPCZ	136.87	671.32	534.45
Total	769.41	2675.07	1905.66

In view of above, PFI proposes Hon'ble Commission to consider the Other Income as per Audited Accounts.

L. Impact due to Prior Period Capitalization

- 90) MPCZ in the Petition has mentioned that they have considered the impact of asset of Rs. 906.31 Cr. capitalized retrospectively from the FY 2014-15 which have received Completion Report in the current Financial year. The relevant extract is as follows:

8.3.3 Notwithstanding above, the Central Discom further wishes to submit that during the financial year 2024-25, assets amounting to **Rs. 906.31 Crores** have been capitalized retrospectively from the FY 2014-15. This capitalization pertains to periods prior to FY 2024-25, based on **completion reports received in the current financial year**. As per Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the effects of such capitalization have already been applied retrospectively in the financial statements and the financial statements for the previous financial years 2023-24 and 2022-23 have been restated, as **documented in Note 37 of the Audited Financial Statements for FY 2024-25**. As such assets were already put to use in previous relevant years and being giving the services to the consumers, however due to delay in completion report from the field, such assets could not get capitalized in the accounts and Petitioner was not able to claim various expenses such as interest on loan, return on equity, depreciation, interest on working capital corresponding to such assets over the past years. Since, the impact of such capitalization has already been given by the Petitioner by restating the financials on past years, the regulatory impact of the same is being claimed by the

Petition for True-up of ARR for FY 2024-25 & Recovery of Supplementary Power Purchase Cost

Petitioner in the present True-up exercise. The detailed working of the same is being discussed in the separate chapter “Impact of Prior Period Expenses” of this petition.

- 91) Further, MPCZ in Petition has submitted that prime reason for delay in completion report are as follows:
 - Delay in completion of Ancillary works
 - Pending Work Completion Report and documentations
 - Logistical and operational challenges on the Ground
- 92) MPCZ accordingly computed the impact of prior period CAPEX as follows:

Table 72: Summary of Prior Period Impact for Central Discom (Rs. Cr)

Sr.No.	Particulars	FY 2024-25
1	Total Depreciation on account of prior period GFA addition	204.91
2	Total Return on Equity on account of prior period GFA addition	198.81
3	Total interest in loan on account of prior period GFA addition	219.30
4	Net impact of prior period items	623.02

- 93) **PFI requests the Hon'ble Commission to not consider the net impact of Rs. 623 Cr. provisionally** and direct DISCOMs to submit the scheme-wise or asset-wise details with reason of delay and to approve the same after Prudence check of the reasons. Claim against prior period CAPEX may be borne by Govt. of Madhya Pradesh in the form of subsidy if the reason of delay in capitalization is not attributable to DISCOM.

M. SUMMARY

- 94) As stipulated above, summary of PFI Comments on True-up of FY 2024-25 for MP-DISCOMs is as follows, Hon'ble Commission is requested to kindly consider the same. (Rs. Cr.)

Sr. No.	Particulars	Claimed by MP-DISCOMs	Proposed by PFI	Difference
1	Sales (MU)	75,812	75,812	
2	Power Purchase Cost	41,705	40,914	(791)
2a	<i>Less: Unmetered sales over norms</i>		41	
2b	<i>Less: Variation in AT&C Loss</i>		466	
2c	<i>Less: Unapproved PPA</i>		285	
3	Inter-State Transmission Charges	5,877	5,877	
4	O&M Expenses	4,324	4,317	(7)
4a	Employee Cost	3,208	3,208	
4b	A&G Cost	413	407	
4b-i	<i>Less: Compensation for Injury & damages</i>		5	
4c	R&M Cost	703	701	
4c-i	<i>Less: Operation Expenditure (RDSS)</i>		2	
5	Depreciation	1,003	1,003	

Sr. No.	Particulars	Claimed by MP-DISCOMs	Proposed by PFI	Difference
6	Interest on project Loans	918	872	(46)
6a	Less: Additional Debt related to CAPEX of Prior Period		46	
7	Interest on Working Capital	122	283	160
8	Interest on Consumer Security Deposit	332	332	
9	Return on Equity	732	682	(50)
9a	Less: Additional Equity related to CAPEX of Prior Period		50	
10	Bad & Doubtful Debts	5	5	0
11	Prior Period Expenses	632	0	(632)
11a	Less: CAPEX of Prior Period		632	
12	Lease Charges for Smart Meters	197	197	
13	ARR	55,848	54,482	(1,366)
14	Less: Other Income - Retail & Wheeling	769	2,675	1,906
15	Net ARR	55,078	51,807	(3,272)
16	Revenue Gap of MP DISCOMs True-Up of FY2022-23 (as claimed by DISCOMs)	1,923	1,923	0
17	Total ARR for FY 2024-25	57,001	53,729	(3,272)
18	Revenue from Sale of Power	53,402	53,402	
19	Net Revenue Deficit/Surplus	(3,599)	(328)	3,272

- 95) As above, PFI requests the Hon'ble Commission to consider the submissions made by PFI and as part of the Prudence Check. Further, **PFI request the Hon'ble Commission that the elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers, rather it should be borne by Govt. of Madhya Pradesh in the form of additional subsidy. Accordingly, the revised subsidy is of Rs. 30,068 Cr. (Rs. 3,272 Cr. + Rs. 26,796 Cr.) instead of received subsidy of Rs. 26,796 Cr. for FY 2024-25 which should be paid by Govt. of Madhya Pradesh to DISCOMs.**

PRAYERS BEFORE HON'BLE MPERC:-

- 1) To consider the comments / suggestions of Power Foundation of India (PFI) on ARR & Tariff Petition of MP DISCOMs.
- 2) To initiate proceedings under Section 142 of the Electricity Act 2003 related to non-adherence of Hon'ble Commission repeated directions for metering unmetered Sales.
- 3) To direct DISCOMs to submit the RPO compliance as per MoP RPO Trajectory and impose penalty in case of non-compliance.
- 4) The inefficiencies of MP DISCOMs should not be allowed to socialize to consumers at large rather it should be borne by Government of Madhya Pradesh by providing revised subsidy of Rs 30,068 Cr. instead of received subsidy of Rs. 26,796 Cr. for FY 2024-25.
- 5) To direct DISCOMs to meter all the unmetered Agriculture consumers within five years.
- 6) To direct DISCOMs to submit action plan to reduce the AT&C Loss as per Hon'ble Commission trajectory.
- 7) To consider the additional submissions, if any, made by PFI for MP DISCOMs Tariff Petition for True-up of FY 2024-25.