No. PFI/Prog/MPERC /2025/3
Dated: 24th January 2025

To,

The Secretary
Madhya Pradesh Electricity Regulatory Commission (MPERC)
5th Floor "Metro Plaza"
E-5 Arera Colony, Bittan Market
Bhopal- 462016, Madhya Pradesh

Subject: Comments from PFI on MP DISCOMS Tariff Petition No. 72 /2024 for ARR and Tariff for FY 2025-26

Reference: MPERC Public Notice dtd. 31/12/2024

Dear Sir,

Power Foundation of India (PFI), a not-for-Profit society under the aegis of Ministry of Power (GoI) supported by leading Central Power Sector Organizations is committed to address challenges in the Power Sector for the benefit of consumers, investors and ensuring sustainable development of the Sector.

With reference to your above-mentioned Public Notice, PFI has analyzed the ARR and Tariff Petition for FY 2025-26 filed by MP DISCOMS (Tariff Petition No. 72 /2024) before Hon'ble MPERC. Our comments/ suggestions on the said Tariff Petition are enclosed herewith for your consideration as ***Annexure–I*** which have also been emailed to secretary@mperc.nic.in. We would also like to orally submit our comments / suggestions on the day of Public Hearing through video conference.

Warm Regards,

Encl: Annexure – I

Copy to:

1. Hon'ble Chairperson, MPERC
2. East DISCOM (setracez@yahoo.co.in)
3. West DISCOM (cecomwz@gmail.com)
4. Central DISCOM (regulatorycellcz@gmail.com)
5. MPPMCL (cgmrmmppmcl@gmail.com)

Yours Sincerely,
Sambit Basu
Head Research , PFI

ANNEXURE-I

Comments/Suggestions from Power Foundation of India (PFI) MP DISCOMs ARR & Tariff Petition FY 2025-26

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

2) Madhya Pradesh Electricity Regulatory Commission has sought comments / suggestions from various stakeholders on Tariff Petition filed by MP DISCOMs on ARR and Tariff for FY 2025-26. PFI has observed that the DISCOMs have filed the ARR Petition for FY 2025-26 under ***MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021.*** Regulation 7.3 of the said Regulations specify that the DISCOMs need to submit complete information for determination of ARR and Tariff including the **Tariff Formats**, *as per Annexure-I of the Regulations*, which shall also form part of the Tariff application. Further, Regulation 7.7 specify that DISCOMs need to put all details of the Petition (including Tariff Formats) on its website within 3 working days of Admission Order of Tariff Petition. Relevant Regulations are as follows:

"

7.3 The Distribution Licensee shall submit the information for determination of ARR and Tariff for the Tariff Period 1n the formats annexed with these Regulations (Annexure-I). The information furnished by the Licensee in these formats shall form a part of the application. The Licensee is also required to publish in an abridged form, the application for ARR & tariff determination for the Tariff Period in the manner as may be directed by the Commission. The Licensee shall also have to file additional information as may be directed by the Commission in such formats as and when required for the purpose of finalization of ARR/Tariff.

...

7.7 The Distribution Licensee shall put all the details of the petition filed before the Commission on its Website not later than 3 working days

of receipt of a formal Order of the Commission conveying its acceptance by the Commission."

3) **PFI observes that no Tariff formats have been provided by any MP DISCOMs on their respective websites and even on MPERC website along with the Tariff Petition for FY 2025-26.** PFI vide its email dtd. 10/01/2025 *(copy enclosed herewith as Appendix-A)* informed Hon'ble Commission that Tariff Petitions uploaded on MPERC and MP DISCOMs website do not have Audited Accounts for FY 2023-24 and Tariff Forms mandated under MPERC *Tariff Regulations 2021* for True-up FY 2023-24, APR FY 2024-25 and FY 2025-26 and that the said information is critical to analyse the Tariff Petitions by any stakeholder in order to submit comments / suggestions thereafter. **However, till date PFI has neither received any response on the request for Tariff Formats and Audited Accounts for FY 2023-24 nor found the same uploaded on the website of MP DISCOMs or MPERC.**

4) PFI submits that this is a serious non- compliance of the Regulatory provisions by all MP DISCOMs. Therefore, PFI requests Hon'ble Commission to take appropriate action against MP DISCOMs for non- compliance of directions stipulated in the *MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021*.

5) Hence, based on the publicly available limited information, PFI has reviewed and analyzed the said ARR & Tariff Petition for FY 2025-26, and our comments / suggestions on the same are as follows:

A. HUGE UNMETERED SALES (AGRICULTURE AND DOMESTIC)

6) MP DISCOMs in the ARR Petition for FY 2025-26 have projected huge unmetered Agricultural Sales nearly at same levels (wrt total sales) as that considered in the True-Up Petition for FY 2023-24. **29,287 MU is projected Unmetered Agricultural Sales out of Total Sales of 79,983 MU in FY 2025-26.**

7) For FY 2025-26, the unmetered Agriculture Sales have been projected to increase by around 10% for MP State over assessed unmetered Sales for FY 2023-24. The

Unmetered Agricultural Sales are quite high ranging from 30% to 40% of Total Sales across all MP DISCOMs, as tabulated below:

Area	Sub-category	East DISCOM				Central DISCOM			
		FY 24	FY 25	FY 26	Inc./ wrt total	FY 24	FY 25	FY 26	Inc./ wrt total
Urban	Unmetered Agriculture	252	260	273		171	138	134	
Rural	Unmetered Agriculture	6,141	6,428	6,750		9,344	9,810	10,285	
Total	**Unmetered Agriculture**	**6,393**	**6,688**	**7,023**	**10%**	**9,515**	**9,948**	**10,419**	**10%**
	Total Sales	**19414**	**20710**	**22299**	**31%**	**23743**	**25254**	**26663**	**39%**

Area	Sub-category	West DISCOM				MP State			
		FY 24	FY 25	FY 26	Inc./ wrt total	FY 24	FY 25	FY 26	Inc./ wrt total
Urban	Unmetered Agriculture	160	158	158		583	556	565	
Rural	Unmetered Agriculture	10,864	11,336	11,687		26349	27574	28722	
Total	**Unmetered Agriculture**	**11024**	**11,494**	**11,845**	**7%**	**26932**	**28130**	**29287**	**9%**
	Total Sales	**28335**	**29586**	**31021**	**38%**	**71491**	**75550**	**79983**	**37%**

8) Further, MP DISCOMs have also considered increase in number of unmetered agricultural connections (both in Urban and Rural) in FY 2025-26 as shown below:

Growth rate assumed by East DISCOM

Area	Category	Urban		Rural	
Unmetered Permanent	Consumer	5%	Nominal Growth Considered	5%	Nominal Growth Considered
	Load	5%	Nominal Growth Considered	5%	Nominal Growth Considered
	Consumption	5%	Nominal Growth Considered	5%	Nominal Growth Considered

Growth rate assumed by Central DISCOM

Area	Category	Urban		Rural	
Unmetered Permanent	Consumer	-5.9%	Negative growth considered	3.7%	Nominal Growth Considered
	Load	-2.8%	Negative growth rate considered	4.8%	Nominal Growth Considered
	Consumption	-2.8%	Negative growth rate considered	4.8%	Nominal Growth Considered

Growth rate assumed by West DISCOM

Area	Category	Urban		Rural	
Unmetered	Consumer	0%	No growth rate considered	1%	Nominal Growth Considered
	Load	0%	No growth rate	3%	Nominal Growth

Area	Category	Urban		Rural	
Permanent			considered		Considered
	Consumption	0%	No growth rate considered	3%	Nominal Growth Considered

9) **As noted from above tables, MP DISCOMs have proposed addition in new unmetered connections in FY 2025-26 as well which implies that DISCOMs themselves are proposing to provide new connections which will be unmetered in the FY 2025-26. However, MoP *Electricity (Rights of Consumers) Rules, 2020* dtd. 31/12/2020 states that no connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Relevant extract of the said Rules is as follows:**

> *"**5. Metering –** (1) No connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Any exception to the smart meter or prepayment meter shall have to be duly approved by the Commission. The Commission, while doing so, shall record proper justification for allowing the deviation from installation of the smart pre-payment meter or prepayment meter."*

10) MP DISCOMs have submitted that the unmetered Sales have been arrived at using the norms approved by the Tariff Orders as follows:

ii) For unmetered agriculture consumers under LV 5.4 category, assessed consumption shall be as per following norms:

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**

11) So, the assessment of unmetered Agriculture Sales has been made by MP DISCOMs based on sanctioned load per horsepower (HP) basis. However, MoP issued SOP dtd. 3/07/2023 under *Electricity (Amendment) Rules 2022* dtd. 29/12/2022 wherein various provision related to measurement of energy, subsidy billing and collections, etc., has been stipulated. Relevant extract of the said SOP is as follows:

"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 mixed feeder, till such time the feeders are segregated, energy shall be measured at feeder level and energy consumed by non-agricultural consumers shall be deducted 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 contracted load, per HP basis, flat tariff, lumpsum or any other such parameter*."*

12) So, MP DISCOMs have clearly violated the MoP *Electricity (Amendment) Rules 2022* by not computing unmetered Agriculture Sales on the basis of Energy supplied through DT and Feeder level.

13) Further, Hon'ble MPERC has time and again directed MP DISCOMs to meter all unmetered Agriculture consumers. The latest Directive has been issued in the Tariff Order for FY 2024-25 dtd. 6/03/2024 wherein Hon'ble MPERC directed MP DISCOMs to ensure that meters on all unmetered agriculture connections should be installed by the end of the current financial year, i.e., FY 2024-25. Before this, Hon'ble MPERC

in Tariff Order for FY 2023-24 dtd. 28/03/2023 also directed MP DISCOMs to ensure that meters on all unmetered agriculture connections are installed by the end of FY 2023-24. However, till date the MP DISCOMs have not metered all existing unmetered connections and to the dismay have again proposed unmetered connections in FY 2025-26 as well. **MP DISCOMs in this instant Petition has submitted that there are around 4.64 lakhs unmetered consumers under domestic categories and have proposed that till the time all unmetered connections under domestic category are converted into metered connections, they should be allowed to bill the same as per the existing norms.**

14) It is pertinent to state that, the Government of India has approved the Revamped Distribution Sector Scheme (RDSS) to support DISCOMs in improving their operational efficiencies. One of the components on which RDSS Scheme focuses is Metering. Under this part, Prepaid Smart metering for consumers, and System metering at Feeder and Distribution Transformer level with communicating feature along with associated Advanced Metering Infrastructure (AMI) it to be done. The Total sanctioned funds under RDSS for MP State is Rs. 18,389 Cr. out of which total Gross Budgetrary sanctioned is Rs. 7,114 Cr. *(Source: RDSS portal)*. The Hon'ble MPERC vide Order dated 30/12/2022 in Petition No. 70 of 2022 (East DISCOM) has allowed the Capital Investment Plan of Rs. 9,466 Crore for the period FY 2022-23 to FY 2025-26 under RDSS and other Govt. schemes. Similarly, Hon'ble MPERC has allowed CAPEX Plan for other MP DISCOMs (West and Central) as well to invest on Consumer and DT Metering under RDSS and other Govt. Schemes. As per the Result Evaluation Matrix of RDSS 100% Feeder Separation is to be done for Agriculture and DT Metering to be done. Similarly, Smart Metering is to be done for Domestic Consumers as well. As per RDSS, the targeted timelines for achieving various components of metering is as follows:

Types of meter	Priority Areas (1st phase)	Other Areas
Consumer Meter	Dec-2023	Mar-2025
DT Meter	Dec-2023	Mar-2025
Feeder Meter	Dec-2022	Dec-2022

15) Hon'ble MPERC in Tariff Order for FY 2024-25 has shown that only 16% Agricultural DTs are metered at State level till Sept, 2023, as tabulated below. The DISCOMs in the instant Tariff Petition have not submitted the revised status of meterisation of Agriculture DTs, but it is clear that MP DISCOMs are substantially lagging behind the timelines as agreed upon in RDSS :

DISCOMs	Agricultural DTR		
	Total no. of Pre-Dominant Agricultural DTRs	No. of DTRs provided with meters	Percentage (%) of DTRs provided with meters
East DISCOM	1,16,418	16,278	13.98%
West DISCOM	1,87,303	14,023	7.49%
Central DISCOM	2,97,467	64,827	21.79%
State	**6,01,188**	**95,128**	**15.82%**

16) The Hon'ble Commission, while approving the CAPEX Plan for RDSS to MP DISCOMs categorically mentioned that MP DISCOMs are required to comply with the physical and financial targets as per the proposed timelines and in case of delay, reasons to be submitted by the DISCOMs. **However, no reasons have been submitted by MP DISCOMs in the instant Petition for not meeting the Metering targets as stipulated in the Govt. Schemes.** Relevant extract of the MPERC Order for approval of CAPEX Plan is as follows:

"The Petitioner is required to comply with the physical and financial targets as per proposed timelines and the circle-wise cost-benefit in terms of Net Present Value (NPV)/ Internal Rate of Return (IRR)/ payback period submitted by it and approved by the Commission vide order dated 30/12/2022 in Petition No. 70/2022. In case of slippage to meet these targets, details thereof must be submitted. Supporting documents in case of cost/time over run such as Interest During Construction (IDC) reports, Program Evaluation Review Technique (PERT) charts, or Critical Path Method (CPM) charts, clearly showing the delays and the financial impacts of such delays must be submitted to the Commission. ***It must clearly be indicated as to which agency the cost escalation due to delay is attributable to and***

whether any liquidated damages/penalties have been assigned to such parties." (Emphasis added)

17) Further, Hon'ble MPERC in the Tariff Order for FY 2024-25 also dtd. 6/03/2024 has directed MP DISCOMs to adhere to pre-determined timelines outlined under RDSS for achievement of Meterisation. Relevant extract of the said Order is as follows:

> ***"7.10 Adhering to the timelines of RDSS***
>
> ***Commission's Directives:***
>
> *The Petitioners are directed to adhere to the pre-determined timelines outlined under RDSS for achievement of Meterisation, upgradation of distribution infrastructure in terms of loss reduction, and modernisation. Further, the Petitioners are required to ensure timely fulfilment of stipulated works within the targeted timelines outlined under RDSS for availing financial assistance and additional incentive over and above Gross Budgetary Support (GBS). The Commission also directs the Petitioners to submit quarterly status reports on the aforesaid directions to the Commission."*

18) **Despite the support by GoI through various Schemes like RDSS and the directions of the Hon'ble MPERC, MP DISCOMs have not put in effort to meter even 100% Agricultural Distribution Transformers and have again proposed such huge unmetered Sales for FY 2025-26. Due to such staggering unmetered Sales proposed by MP DISCOMS, the actual Distribution losses cannot be accurately ascertained, and the inefficiencies of the MP DISCOMs will be borne by honest metered consumers. PFI requests Hon'ble MPERC is requested to take stern suitable measures for non- compliance of such repeated Directions by MP DISCOMS in terms of the provisions stipulated under Section 142 of the Electricity Act, 2003.**

19) It is also pertinent to note that Hon'ble MPERC in True-Up of past years has adopted an approach wherein the Commission disallowed some portion of the monthly sales of domestic and agricultural unmetered consumers stating as the same is booked in excess of the monthly norms as approved by the Hon'ble Commission. MP DISCOMs

in True-Up Petition for FY 2023-24 has worked out such excess Sales more than the norms defined by the Hon'ble Commission as 106 MU for Agriculture and Domestic.

20) Further, the Agriculture and Domestic are subsidized categories which are being Cross subsidized by other subsidizing categories like Industries, Commercial, etc. As per the existing tariff approved by Hon'ble MPERC, Agriculture ABR is 89% of the ACoS while ABR of Domestic category is 97% of the ACoS. Further, Agriculture and Domestic categories are heavily subsidized by the Govt. of MP, for instance in FY 2023-24 the electricity subsidy paid by Govt. of MP to MP DISCOMs is Rs. 23,635 Cr. For unmetered Agriculture connections, Fixed Charges and Energy Charges are 100% waived off through Subsidy while in case of metered connections, 100% Fixed Charges & 70% Energy Charges are waived off. In such a heavy subsidization Tariff structure, MP DISCOMs are trying to take advantage of the Govt. Subsidy booked under unmetered Agricultural Sales to increase their collection and at the same time might hide their actual Distribution losses through inflating the unmetered Agricultural Sales.

21) MP DISCOMs for FY 2025-26 have proposed Distribution losses as approved by Hon'ble MPERC, i.e., 17%, 13% and 17% for East, West and Central DISCOMs. However, in True-UP of FY 2023-24, MP DISCOMs have submitted that target Distribution losses were 15.50% for East DISCOM, 16.50% for Central DISCOM and 14.50% for West DISCOM for 2023-24, whereas the actual loss level achieved in FY 2023-24 has been 28.04%, 25.70% and 12.33% for East Discom, Central Discom and West Discom respectively, as shown below:

MP DISCOMs (Distribution loss)	Target FY 2023-24	Actual FY 2023-24	Claimed FY 2025-26
East	15.5%	28.04%	17%
West	14.5%	12.33%	13%
Central	16.5%	25.7%	17%

22) From above, it can be clearly seen that actual loss levels of MP DISCOMs for FY 2025-26 would tend to remain more than as claimed for FY 2025-26 as it seems nearly impossible for the DISCOMs to reduce their losses from 28% (East) and 26%

(Central) to 17% level in just 2 years. The DISCOMs have attempted to hide their actual loss levels by booking significant Sales under unmetered Agricultural category. Despite huge financial assistance under RDSS and other Govt. schemes the MP DISCOMs are not able to improve their operations and are struggling with the inefficiencies. Despite such inefficient operations, MP DISCOMs have claimed Rs. 695 Cr. as a Return on their operations and have arrived at Rs. 4,107 Cr. of Revenue Gap.

23) **In view of above, PFI submits in case of such huge unmetered Sales, Distribution losses of MP DISCOMs cannot be ascertained accurately, and proper Energy Accounting cannot be done. Thus, PFI requests Hon'ble MPERC to take stern measures in terms of the provisions stipulated under Section 142 of the Electricity Act, 2003 for non-compliance of repeated Directions by MP DISCOMS. Separate non- compliance proceedings may be initiated against MP DISCOMs. DISCOMs may be directed to submit Action Taken Report (ATR) to the Hon'ble Commission, with a copy to REC and MoP, stipulating the timelines for metering at least 100% Agricultural Distribution Transformers.**

24) **Till the non-compliance Proceedings gets completed to the satisfaction of the Hon'ble MPERC, PFI requests Hon'ble Commission to not allow any unmetered Agriculture and Domestic Sales for FY 2025-26 as the same is against MoP Rules. MP DISCOMs have been given ample time and support to improve their operational efficiency, however DISCOMs have failed to do so. If at all such unmetered Sales are to be allowed in view of giving some time to the DISCOMs to convert all existing unmetered connections into metered, it should not be more than 50% of the proposed unmetered Sales.**

25) **MP DISCOMs have proposed 29,287 MU of unmetered Sales in Agriculture and 120 MU in Domestic, except for Temporary connections, which sums to 29,407 MU. So, the Hon'ble Commission may provisionally disallow 14,703 MU of the Sales, i.e., 50% of the unmetered Energy Sales and in turn its corresponding Power Purchase Cost. The detailed submission for disallowance of Rs. 10,320 Cr. of Power Purchase Cost on account of unmetered Sales of 14,703 MU is given in the subsequent Section.**

26) **It is proposed that MP DISCOMs may be directed to submit action plan for metering atleast 100% Agricultural Distribution Transformers at first level. The approval of such action plan by Hon'ble MPERC should be 100% metering of Agricultural Distribution Transformers within the target date of maximum two years. Equivalent Power Purchase Cost without Carrying Cost to be allowed during True-up of FY 2025-26 only when 100% Agricultural Distribution Transformers are metered.**

27) It is pertinent to note that Hon'ble Haryana Electricity Regulatory Commission (HERC) in Tariff Order for FY 2014-15[1] did not allow any Return on Equity to Haryana DISCOMs on account of inefficiencies on the part of DISCOMs and not meeting the approved Distribution loss Target. The relevant extract of HERC Tariff Order is as follows:

> ***" Return on Equity (ROE):***
> *The Commission is conscious of the fact that the MYT Regulations, 2012 provides for upto 14% return inclusive of MAT/ taxes, if any, on the equity capital deployed in the distribution and retail supply business. However, the Commission finds that the accumulated losses of the two distribution licensees i.e. UHBVNL and DHBVNL have completely eroded their net worth including equity capital deployed in the business. The Commission, on several occasions, has emphasized the need for recapitalization of the state owned distribution companies and infusion of fresh equity by the State Government over and above the equity component of the annual incremental capital expenditure to be undertaken by the distribution companies to modernize and augment the distribution system to meet the increasing load and consumer base of the power utilities as well as their obligations to meet the standard of performance specified by the Commission in order to better serve the electricity consumers in Haryana. However, the Discoms have attempted to make good the accumulated losses through FRP which provides for takeover of 50% of the short – term liabilities by the State Govt. while servicing of the balance amount is to be done by the Discoms.*

[1] https://herc.gov.in/WriteReadData/Orders/O20140529b.pdf

The return on equity either comes from the profit earned from the business in the form of dividend or from the accumulated reserves and surplus. In the present case there is neither any profit nor reserves and surplus. Thus ROE is neither available to the Discoms for ploughing back in the business thereby reducing capital expenditure related borrowings and interest cost thereto which is passed on to the electricity consumers of Haryana nor the same is available for appropriation as dividend payable to the equity holder i.e. in this case the State Government. Thus, in effect any ROE that could have been allowed would be diverted to funding of losses.

....

Additionally, the Commission has also taken note of that the Discoms failed to achieve the distribution loss reduction trajectory set by the Commission and on the contrary re-stated the loss – levels on one plea or the other including sales, so far, attributed to discovery of 'ghost consumers' i.e. consumers who exists only on the books of the Discoms. In these circumstances, the Commission does not consider it appropriate to allow any return on equity in the FY 2014-15, to the distribution licensees and reiterates that the distribution / AT&C loss trajectory as per the FRP which has in principle approval of the Commission shall not be re-visited."

28) **Even many other SERCs and CERC provide reduction in RoE when certain normative targets are not met.** For instance, CERC reduces rate of return on equity by 0.25% in case of failure to achieve the normative ramp rate and reduced by 1% if CoD without Free Governor Mode Operation.

29) **Thus, PFI requests Hon'ble Commission to not allow any Return on Equity (RoE) to MP DISCOMs in line with the philosophy of Hon'ble HERC mentioned above.** Despite huge financial assistance under RDSS and other Govt. schemes MP DISCOMs are not able to improve their operations and are struggling with inefficiencies which are loaded on to the benign consumers**.** So, Rs. 695 Cr. of RoE as claimed by MP DISCOMs for FY 2025-26 as a Return on their operations may kindly be disallowed by the Hon'ble Commission. The detailed submission with regard to disallowance of RoE is submitted in the subsequent Sections of these submission.

30) So, the total disallowance on account of unmetered Sales of 14,703 MU (50% of the total unmetered Sales) is Rs. 11,015 Cr. As tabulated below which has been covered in the subsequent sections herewith :

Sr. No.	Particulars	Amount (Rs. Cr.)
1	**Provisional Disallowance** : Power Purchase Cost	10,320
2	**Disallowance:** Return on Equity	695
Disallowance for Unmetered Sales – violations of repeated directions of MPERC and MoP Rules		**11,015**

B. POWER PURCHASE REQUIREMENT

B.1 POWER PURCHASE CORRESPONDING TO UNMETERED SALES

31) As elaborated in above Section, PFI requests Hon'ble Commission to disallow 14,703 MU of Energy Sales corresponding to unmetered connections proposed by the DISCOMs for FY 2025-26. Energy requirements corresponding to such unmetered Sales 14,703 translates to 17,761 MU as tabulated below:

Sr. No.	Particulars	Quantum (MU)
1	Disallowance of unmetered Energy Sales	14,703 (50% of proposed unmetered sales)
2	Distribution Loss	15%
3	Energy requirement at DISCOMs periphery	17,298
4	State Transmission loss	3%
5	**Energy requirement at State periphery due to unmetered Sales**	**17,761**

32) PFI has observed that despite availability from cheaper Power Plants, MP DISCOMs have proposed costlier power from some State owned GENCOs, NTPC and IPP Stations. The Average Power Purchase Cost (APPC) as submitted by DISCOMs for FY 2025-26 is 3.81 Rs./kWh (excluding Transmission Charges and losses), however, APPC from such costlier Power Plants is 6.14 Rs./kWh, as tabulated below. PFI requests Hon'ble Commission to disallow Power Purchase Quantum proposed from

such Costlier Power Stations in view of 17,761 MU of Energy non-requirement due to unmetered Sales, as follows:

Sr. No.	Generating Stations	Availability (MU)	Quantum (MU)	PLF	Total Cost (Rs. Cr.)	ECR (Rs./kWh)	Total per unit cost (Rs./kWh)
1	Singaji STPS Phase-I	8203	5061	62%	2,954.05	3.37	5.84
2	Singaji STPS Phase-II	8953	5809	65%	3,142.86	3.15	5.41
3	NTPC Khargone STPS, Unit-I & II	5009	2670	53%	2,039.39	3.92	7.64
4	NTPC Gadarwara STPS, Unit-2	3309	1958	59%	1,267.12	3.73	6.47
5	Jaypee Bina Power	2176	1300	60%	916.95	3.63	7.05
	Total		**16,798**		**10,320**		**6.14**

33) Thus, PFI requests Hon'ble MPERC to provisionally disallow **Rs. 10,320 Cr.** of Power Purchase Cost as shown above, from costlier Power Plants attributable to the unmetered Sales proposed by the DISCOMs for FY 2025-26 due to the detailed reasons elaborated in the earlier Section of these submissions. Further, during True-Up and after completion of proceedings u/s 142 of the Act related to unmetered Sales, the corresponding Power Purchase Cost may be Trued-Up without any carrying cost to MP DISCOMs.

B.2 POWER PURCHASE COST FOR MEETING RPO TARGETS

34) MP DISCOMs have projected the RPO requirements for FY 2025-26 as per *MPERC (Co-generation and generation of electricity from Renewable sources of energy) Regulations 2022* and its subsequent amendments wherein the Commission has set a different source wise RPO Target from Wind, HPO and others different from the RPO Target specified by MoP vide its notification dtd. 20/10/2023[2]. MPERC has not defined any Distributed RPO Target separately and has kept the same in "Other" category. Even the cumulative RPO targets for FY 2025-26 as specified by MPERC are less than the target defined by MoP, as shown below:

[2] https://powermin.gov.in/sites/default/files/Notification_Regarding_Renewable_Purchase_Obligation_RPO.pdf

Sr. No.	FY 2025-26	Wind	Hydro	Distributed RE	Other RE	Total RE
1	MPERC RPO	3.36%	1.48%	26.13%		**30.97%**
2	MoP RPO Targets	1.45%	1.22%	2.1%	28.24%	**33.01%**

35) MP DISCOMs in FY 2025-26 have projected a cumulative shortfall of 5,871 MU while computing the RPO requirements as per the RPO trajectory specified by the Hon'ble Commission, as shown above, with cumulative target of 30.97%. However, PFI has computed the RPO requirements as per the RPO Targets specified by MoP and has observed that MP DISCOMs will have shortfall of 7,892 MU in RE quantum for FY 2025-26, as shown below:

Sr. No.	Particulars	Wind RPO	HPO	DRE	Other	ESO	Total
1	Energy Requirement (MU)	99,089	99,089	99,089	99,089	99,089	
2	RPO Targets (%)	1.45%	1.22%	2.10%	28.24%	1.00%	
3	RPO Targets (MU)	1,437	1,209	2,081	27,983	991	
4	Energy projected (MU)	3,229	508	0	22,071	0	
5	RPO Achievement (%)	225%	42%	0%	79%	0%	
6	**Surplus/(Deficit) MU**	**1,792**	**(701)**	**(2,081)**	**(5,912)**	**(991)**	**(7,892)**

36) Furthermore, MP DISCOMs have considered additional cost of RPO procurement as Rs. 3,143 Cr. considering very high per unit price of Rs 4.37/kWh for Solar, Rs. 7.19/kWh for HPO and Rs 4.49/kWh for Others. DISCOMs submitted that they have considered the rate of procurement for RPO fulfilment as the weighted average price of power from various plants under the respective RPO categories as estimated for FY 2025-26. **However, PFI has observed that the proposed rate of RPO fulfillment is very high as compared to the price prevailing for RE power. Recent discovered RE tariff shows that the RE tariff has reduced to very significant lower levels and the RE price has now become very competitive.** So, while computing the additional cost for fulfilling RPO, PFI has considered the RE tariff as per the prevailing tariff as shown below. For computing the RPO requirements for DRE, PFI has considered rate equal to the lowest tariff discovered in Solar/Wind Bidding in MP, as per the *MP (Grid Interactive RE Systems and related matters)*

Regulations 2024 and for HPO as per the Hydel Power Stations submitted by MP DISCOMs in the Tariff Petition.

Sr. No.	Particulars	Wind RPO	HPO	DRE	Other	ESO	Total
1	Energy Requirements (MU)	99,089					
2	RPO Targets (%) : as per MoP	**1.45%**	**1.22%**	**2.10%**	**28.24%**	**1.00%**	**33.01%**
3	RPO Targets (MU)	1,437	1209	2,081	27,983	991	
4	Energy projected (MU)	3,229	508	0	22,071	0	
5	RPO Achievement (%)	225%	42%	0%	79%	0%	
6	**Surplus/(Deficit) (MU)**	**1792**	**(701)**	**(2081)**	**(5,912)**	**(991)**	**(7,892)**
7	Additional RPO requirement (MU)	**0**	**(701)**	**(289)**	**(5,912)**	**(991)**	**(7,892)**
8	Per Unit Price for Additional RPO (Rs/kWh)	0	2	2.5	2.5	3.5	
9	Cost for Additional Procurement (Rs. Cr.)	0.00	170	520	1478	347	2515
10	Revenue from Sale of Surplus Power (Rs. Cr.)						2674
11	**Net Cost Implication of RPO (Rs. Cr.)**						**(159)**

37) As shown above, even after considering the RPO requirement as specified by MoP targets (which is higher than MPERC target) for FY 2025-26, **net implication is Surplus Amount of Rs. 159 Cr. while MP DISCOMs have claimed Rs. 469 Cr. of Expense which implies that the MP DISCOMs**. This is due to the reason that MP DISCOMs have considered higher per unit cost of RE while computing the RE requirement. So, PFI requests the Hon'ble Commission to not consider the higher per unit cost submitted by DISCOMs while computing the RPO requirements and disallow **Rs. 628 Cr. (469+159) for RPO requirements of MP DISCOMs for FY 2025-26 by considering MoP RPO Targets and current market Tariff discovered for various Renewable Energy sources.**

B.3 POWER PURCHASE FROM TORRENT POWER AND ESSAR POWER

38) MP DISCOMS in the ARR Petition for FY 2025-26 have also considered Power Purchase from Stations- 1) Torrent Power- 97 MU and 2) Essar Power STPS- 119 MU. However, Hon'ble MPERC in Tariff Order dtd. 6/03/2024 did not approve the Power Purchase from these 2 sources on account of non- compliance of Commission's Directions. Relevant extract of the Hon'ble MPERC aforesaid Order is as follows:

"2.61 Availability of concessional energy from Essar Power submitted in the Petition is not in accordance with the Commission's Order dated 4th May, 2016 in SMP No 51/2015. Therefore, the availability from Essar Power as proposed by the Petitioners for FY 2024-25 has not been considered in this Order. Also, the Commission has not considered the availability and the cost thereon, for the Sugen Torrent Generating Station in view of the approach previously followed by the Commission in its Retail Supply Tariff Orders from 2016-17 onwards."

39) It has been noticed by PFI from past Tariff Orders of MPERC that PPA of Torrent Power has not been approved. Despite this MP DISCOMs have proposed Rs. 95 Cr. of Power Purchase from Torrent Power. Further, MP DISCOMs have proposed Rs. 35 Cr. of Power from Essar Power in FY 2025-26. Although the Power Purchase rate of this Plant is less than the APPC but it is against the methodology followed by Hon'ble MPERC in earlier Tariff Orders. **Therefore, PFI requests the Hon'ble Commission to disallow the Power Purchase from these 2 sources amounting to Rs. 130 Cr. in accordance with the methodology followed in the earlier Tariff Orders.**

B.4 MP POWER MANAGEMENT COMPANY LTD. (MPPMCL) COST

40) MP DISCOMs have claimed Rs. 209 Cr. of MPPMCL Cost for FY 2025-26 wherein the DISCOMs have considered all Cost elements like Purchase of Power from MP GENCO and other Sources, Bank Charges as shown below:

Table 106: MPPMCL Cost Details for FY 2025-26

S. No.	Particulars	FY 26 (Projected)
I.	Revenue from operations (including Revenue Subsidy)	
II.	Other income	406.41
III.	Income from other business allocated to Licensed business	
IV	**Total Revenue (I + II+III)**	**406.41**
V	**Expenses:**	
	Purchase of Power from MP Genco	
	Purchase of Power from Other Sources	460.47
	Open Access Charges	14.02
	Banking Charges	
	Bank Charges	3.91
	Depreciation and amortization expenses	10.41
	Interest & Finance Charges	0.13
	Repairs and Maintenance	15.13
	Employee costs	64.80
	Administration and General expenses	46.51
	Net prior period credit charges	-
	Other Debits, Write-offs	-
	Other Charges	-
	Total Expenses	**615.38**
VI	Profit before exceptional and extraordinary items and tax (IV-V)	
VII	Exceptional items	
VIII	**Profit before extraordinary items and tax (VI – VII)**	**(208.97)**

41) However, Hon'ble Commission in previous Tariff Orders had directed the Petitioners to include power purchase expense booked towards MPPMCL cost under DISCOMs' power purchase expense. The Commission did not allow Power expenses of MPPMCL and allow only the expenses towards Operation and Maintenance Expenses, depreciation, Interest and Finance charges and Other Debit/Write-offs. The relevant extract of the Commission's Tariff Order dtd. 6/03/2024 is as follows:

> ***" Commission's Analysis***
>
> *2.115 The Commission has observed that most of the expenses included in MPPMCL costs relates to power purchase. The Commission in previous Tariff Orders had directed the Petitioners to include power purchase expense booked towards MPPMCL cost under DISCOMs' power purchase expense. The Petitioners have submitted that the major cost under power purchase is towards payment of bills, which could not be passed on to DISCOMs through monthly bills, open access charges paid for banking of power and short-term power purchase and sale. However, from FY 2024-25 all the bills are likely to be passed through the monthly bills to the DISCOMs, hence, revenue from operations has been considered as nil in FY 2024-25 as per Petitioners' submission.*
>
> *2.116 The Commission has observed that MPPMCL has been doing exchange/banking of energy with third parties outside Madhya Pradesh whereby during the availability of surplus power in the State, electricity is supplied to the parties having requirement of power and during the period of power deficit in the State, the banked electricity is taken back by the Company. It is also observed that MPPMCL has not been able to return the full quantum of power drawn from banked energy in the same financial year and therefore, has been owing liability in financial terms against the banking. The Commission is of the opinion that such transactions do not involve any expense except for Open Access charges. As per the directions in previous Tariff Orders, these expenses are required to be booked under the head of power purchase of respective DISCOMs. Therefore, the Commission has not admitted such power purchase expense under MPPMCL cost.*

2.117 Further, the Commission has admitted only the expenses of MPPMCL towards Operation and Maintenance Expenses, depreciation, Interest and Finance charges and Other Debit/ Write-offs shall be considered at the time of true up subject to prudence check "

42) In view of above, PFI has computed the MPPMCL Cost to be allowed as per the Regulatory provisions, as shown below:

Sr. No.	Particulars	Value (Rs. Cr.)
1	Open Access Charges	14.02
2	Bank Charges	3.91
3	Depreciation and amortization expenses	10.41
4	Interest & Finance Charges	0.13
5	Repairs and Maintenance	15.13
6	Employee costs	64.8
7	Administrative and General expenses	46.51
8	Total expenses	**154.91**
9	Other Income (as claimed)	406.41
	Net MPPMCL Cost/ (Income)	**(252)**

43) Thus, PFI requests Hon'ble Commission to disallow expense of Rs. 209 Cr. as claimed by the DISCOMs for MPPMCL Cost and consider **Rs. 252 Cr. as Income of MPPMCL for FY 2025-26 having net impact of reduction in ARR by Rs. 461 Cr.**

B.5 INTER STATE TRANSMISSION (ISTS) CHARGES

44) MP DISCOMs have considered Inter State Transmission Charges for FY 2025-26 by escalating the Transmission Charges for FY 2024-25 by 4%. Further, ISTS Charges for FY 2024-25 are arrived at by escalating the actual ISTS Charges paid during FY 2023-24 by 4%, as shown below:

Table 104: Inter State Transmission Charges (Rs Crores)

Sr. no	Particulars	FY 23	FY 24	FY 25	FY 26
1	East Discom	805.75	841.06	874.70	909.69
2	Central Discom	968.65	1,022.93	1,063.85	1,106.41
3	West Discom	1,276.58	1,132.47	1,177.77	1,224.88
4	**MP State**	**3,050.98**	**2,996.47**	**3,116.32**	**3,240.98**

45) PFI observed that the actual ISTS Charges paid in FY 2022-23 were Rs. 2051 Cr. which reduces to Rs. 2996 Cr. in FY 2023-24. However, the DISCOMs have considered escalation of 4% y-o-y on the ISTS Charges paid for FY 2023-24 to arrive at the ISTS Charges for FY 2025-26. So, it is not prudent to consider such exaggerated escalation and load such high Charges on the consumers. PFI submits before the Hon'ble Commission to consider ISTS for FY 2025-26 same as actuals for FY 2023-24. Any difference in Actual and Approved Transmission Charges will be automatically factored in Fuel and Power Purchase Adjustment Surcharge (FPPAS) mechanism for FY 2025-26, thus it will not be prudent to escalate the ARR of FY 2025-26 and allow upfront loading in Tariff, due to increased Power Purchase Cost, for the consumers of Madhya Pradesh.

46) So, PFI requests the Hon'ble Commission to allow **Rs. 2996 Cr. as ISTS Charges for FY 2025-26** which is lesser by Rs. 245 Cr. as claimed by MP DISCOMs.

B.6 SUMMARY OF POWER PURCHASE

47) Based on the rationale mentioned above, PFI prays before Hon'ble MPERC to allow the following Power Purchase Cost in the ARR of FY 2025-26 for MP DISCOMs and inefficiencies of DISCOMs may not be passed on to the consumers rather it should be borne by Govt. of MP, if any:

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOMs	PFI Working	Disallowance
1	Derived Power Purchase for Unmetered Sales	10,320	0	**10,320**
2	Power Purchase Cost for meeting RPO as per MoP Targets	469	(159)	**628**
3	Power Purchase from Torrent Power and Essar Power	130	0	**130**
4	MPPMCL Cost	209	(252)	**461**
5	ISTS Charges	3,241	2,996	**245**
	POWER PURCHASE COST DISALLOWANCES			**11,784**

48) **PFI requests Hon'ble Commission to consider above submissions of PFI and proposes to disallow Rs. 11,784 Cr. from the Power Purchase Cost claimed by the DISCOMs.**

C. OTHER EXPENSE ITEMS

C.1 DEPRECIATION

49) MP DISCOMs have not computed Depreciation as per Regulatory provisions stipulated in *MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021*, as tabulated below:

Table 132: Discom-wise Depreciation for FY 2025-26 (Rs. Crores)

Particulars	East Discom	Central Discom	West Discom	MP-State
Building	1.36	4.97	6.29	12.62
Hydraulic Works	0.00	0.28	0.00	0.28
Other Civil Works	1.55	0.12	0.79	2.46
Plant & Machinery	159.37	82.08	104.13	345.58
Line Cable Networks etc.	253.11	151.06	230.65	634.82
Vehicles	0.18	0.00	0.41	0.59
Furniture & fixtures	0.00	0.10	0.33	0.43
Office Equipment	11.54	13.27	6.96	31.77
RGGVY, IPDS, Soubhagya, DDUGJY, RRRDS	0.00	73.70	0.00	73.70
Amortization of Intangible Assets	6.38	3.10	1.97	11.45
Supervision assets	0.00	0.00	0.00	0.00
Capital Stores & Spares	0.00	13.21	0.00	13.21
Total	**433.50**	**341.89**	**351.59**	**1126.92**

50) As shown above, PFI submits that the DISCOMs have not computed Depreciation for FY 2025-26 as per Regulations in vogue. PFI has worked out Depreciation based on the methodology adopted by the Hon'ble Commission in the Tariff Orders as shown below:

Particulars	East DISCOM	Central DISCOM	West DISCOM	State
Opening GFA as on 1st April, 2025	9,144.07	10,030.10	5,673.96	24,848.13
Add: Addition during Financial Year	1418.57	1250.7	1018.19	3,687.46
Less: Consumer Contribution/Grants in FY	941.7	724.7	307.79	1,974.19

Particulars	East DISCOM	Central DISCOM	West DISCOM	State
Closing GFA as on 31st March, 2026	9,620.94	10,556.10	6,384.36	26,561.40
Average GFA	9,382.51	10,293.10	6,029.16	25,704.77
Rate of Depreciation	4.49%	3.87%	3.90%	4.10%
Depreciation	**421.27**	**398.34**	**235.14**	**1,054.75**

Note- Addition and Consumer Grants considered as per the Petition while Opening and Rate of Depreciation as approved by the Commission in Tariff Order for FY 25

51) As per above working done of PFI, the Depreciation as per the Regulatory provisions comes out to be Rs.1,055 Cr. instead of Rs. 1127 Cr. claimed by the MP DISCOMs for FY 2025-26. Thus, PFI requests Hon'ble Commission to disallow **excess Rs. 72 Cr.** claimed by MP DISCOMs while considering Depreciation for ARR of FY 2025-26.

C.2 RETURN ON EQUITY (RoE)

52) MP DISCOMs have claimed Rs. 695 Cr. of RoE as a Return on their operations. In the earlier Sections, PFI has submitted that due to huge unmetered Sales (29,407 MU) as proposed by the DISCOMs for FY 2025-26, Distribution losses of the DISCOMs cannot be ascertained accurately and proper Energy cannot be done. PFI has requested Hon'ble MPERC to take stern suitable measures in terms of the provisions stipulated under Section 142 of the Electricity Act, 2003 for non-compliance of repeated Directions by MP DISCOMS.

53) MP DISCOMs have been given ample time and support to improve their operational efficiency, however, the DISCOMs have failed to do so.

54) The Hon'ble Commission while approving the CAPEX Plan for RDSS to MP DISCOMs categorically mentioned that the MP DISCOMs are required to comply with the physical and financial targets as per the proposed timelines.

55) Further, Hon'ble MPERC in the Tariff Order for FY 2024-25 dtd. 6/03/2024 also has directed MP DISCOMs to adhere to the pre-determined timelines outlined under RDSS for achievement of Meterisation.

56) **Despite the support by GoI through various Schemes like RDSS and the directions of Hon'ble MPERC, MP DISCOMs have not put in effort to meter at least 100% Agricultural Distribution Transformers and have again proposed such huge unmetered Sales for FY 2025-26.**

57) Further, as submitted above, Hon'ble HERC in Tariff Order for FY 2014-15 did not allow any Return on Equity to the Haryana DISCOMs on account of inefficiencies on the part of DISCOMs and not meeting the approved Distribution loss Target. Relevant extract of the Tariff Order of HERC is as follows:

> "***Return on Equity (ROE):***
>
> *The Commission is conscious of the fact that the MYT Regulations, 2012 provides for upto 14% return inclusive of MAT/ taxes, if any, on the equity capital deployed in the distribution and retail supply business. However, the Commission finds that the accumulated losses of the two distribution licensees i.e. UHBVNL and DHBVNL have completely eroded their net worth including equity capital deployed in the business. The Commission, on several occasions, has emphasized the need for recapitalization of the state owned distribution companies and infusion of fresh equity by the State Government over and above the equity component of the annual incremental capital expenditure to be undertaken by the distribution companies to modernize and augment the distribution system to meet the increasing load and consumer base of the power utilities as well as their obligations to meet the standard of performance specified by the Commission in order to better serve the electricity consumers in Haryana. However, the Discoms have attempted to make good the accumulated losses through FRP which provides for takeover of 50% of the short – term liabilities by the State Govt. while servicing of the balance amount is to be done by the Discoms.*
>
> *The return on equity either comes from the profit earned from the business in the form of dividend or from the accumulated reserves and surplus. In the present case there is neither any profit nor reserves and surplus. Thus ROE is neither available to the Discoms for ploughing back in the business thereby reducing capital expenditure related borrowings and interest cost thereto which is passed on to the*

electricity consumers of Haryana nor the same is available for appropriation as dividend payable to the equity holder i.e. in this case the State Government. Thus in effect any ROE that could have been allowed would be diverted to funding of losses.

….

***Additionally, the Commission has also taken note of that the Discoms failed to achieve the distribution loss reduction trajectory set by the Commission and on the contrary re-stated the loss – levels on one plea or the other including sales, so far, attributed to discovery of 'ghost consumers' i.e. consumers who exists only on the books of the Discoms. In these circumstances, the Commission does not consider it appropriate to allow any return on equity in the FY 2014-15, to the distribution licensees and reiterates that the distribution / AT&C loss trajectory as per the FRP which has in principle approval of the Commission shall not be re-visited**."*

58) In view of above, PFI requests the Hon'ble Commission to not allow any Return on Equity (RoE) as the Regulatory principles adopted by Hon'ble HERC. Despite huge financial assistance under RDSS and other Govt. schemes MP DISCOMs are not able to improve their operations and are struggling with inefficiencies which are loaded on to the honest consumers. **So, Rs. 695 Cr. of RoE as claimed by MP DISCOMs for FY 2025-26 as a Return on their operations may kindly be disallowed by the Hon'ble Commission.**

C.3 PROVISION FOR BAD & DOUBTFUL DEBTS

59) MP DISCOMs have claimed Rs. 6 Cr. of Provision for Bad & Doubtful Debts, however, the Commission has not considered any provision for Bad and doubtful debt for FY 2024-25 as these shall be allowed based on actual bad debts written off.

60) PFI submits that Regulation 37 of the *MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021* specifies the methodology for computation of Bad and Doubtful Debts. Any expenses against bad and doubtful debts should be considered only at time of true-up based on actual bad debt written off after prudence check.

61) **Therefore, PFI submits before Hon'ble MPERC to not consider Rs. 6 Cr. of Provision for Bad and Doubtful debts in the ARR of FY 2025-26.**

D. OTHER ISSUES

D.1 IMPLEMENTATION OF PROVISIONS OF SOP FOR SUBSIDY ACCOUNTING AND BILLING

62) MoP issued *Electricity (Amendment) Rules, 2022* dtd. 29/12/2022 wherein it specified that the accounting of subsidy is to be done in accordance with the Standard Operating Procedure (SOP) issued by the Central Government. The relevant extract from the said amended Rules is as under:

> *"15.* ***Subsidy Accounting.—****Accounting of due subsidy for the purpose of section 65 of the Act, shall be done by the distribution licensee, in accordance with the Standard Operating Procedure issued by the Central Government, in this regard."*

63) Further, in pursuant to above amendment, the MoP issued the SOP dtd. 03/07/2023 wherein various provision related to subsidy declaration, measurement of energy, subsidy billing and collections, etc., has been stipulated to ensure compliance towards subsidy accounting and payment. Relevant extract of the said SOP is as follows:

> ***"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 mixed feeder, till such time the feeders are segregated, energy shall be measured at feeder level and energy consumed by non-agricultural consumers shall be deducted 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 contracted load, per HP basis, flat tariff, lumpsum or any other such parameter**."*

64) MP DISCOMS in the instant Petition have submitted that at present unmetered agriculture consumers are billed as per norms provided by the Hon'ble Commission. To comply with the provisions of the SOP the norms specified by the Hon'ble UPERC would become null and the common units or new norms will be determined as per energy measured at Distribution Transformers and feeder level. There would be different norms for consumer connected at dedicated feeder and mixed feeder. This would create complexity and uncertainty of bill amount among the consumers at different DT and feeder level. In order to overcome such envisaged difficulties, the MP DISCOMs have proposed to measure energy at circle level covering the respective DTs and feeders. This will ensure common norms for each consumer at circle level. The DISCOMs have also proposed a formula to determine the norms at Circle level, as shown below:

"Units per HP per Month at circle level (Urban/Rural) or Common Measured Norms = [(1- Normative losses) * {Σ input energy of agriculture feeder at Circle level + Σ adjusted input energy of mixed feeder at Circle level}] / Σ HP Sanctioned of agriculture and mixed feeders (permanent + temporary) in the circle

65) PFI submits to the Hon'ble Commission that there is no requirement to specify any norms for the unmetered Agriculture or Domestic consumers as the SOP specified by the MoP under Electricity (Amendment) Rules, 2022 dtd. 29/12/2022 is very apt, suitable for every consumer category and simple to follow. Further, any deviation from the said SOP is not permitted for any class of consumers and the SOP is to be

followed in toto by the DISCOMs. PFI requests the Hon'ble Commission to direct the MP DISCOMs to compute the Energy supplied to the unmetered Agriculture consumers as per the methodology specified in the said SOP, on the basis of Energy supplied to the Distribution Transformer and Feeder.

66) Thus, Hon'ble MPERC is requested to consider disallowance of Rs. 10,320 Cr. on account of Power Purchase corresponding to the unmetered Sales. The said inefficiencies of MP DISCOMS may be borne by MP State Government in the form of subsidy. PFI observes from the Tariff Order dtd. 1/04/2024 of BERC that the Government of Bihar has extended a subsidy to the DISCOMs to meet their financial losses arising due to higher AT&C loss beyond the trajectory fixed by the Commission. **The Government of Bihar (GoB) provides 2 types of subsidy to Bihar DISCOMs i.e., Tariff Subsidy and AT&C Loss Subsidy.** Tariff Subsidy is the subsidy received from GoB related to consumers towards tariff to reduce the burden of cost of electricity and the same is credited to the consumer accounts. AT&C Loss subsidy is a subsidy to the Discoms to meet their financial losses arising due to higher AT&C loss beyond the trajectory fixed by the Commission for meeting the power purchase requirement as per the actual Distribution losses.

67) Relevant extract of the said Tariff Order of BERC is as follows:

"Treatment of Subsidy from GoB for Power Purchase

The Government of Bihar has extended a subsidy to the Discoms to meet their financial losses arising due to higher AT&C loss beyond the trajectory fixed by the Commission. This Financial support is primarily to facilitate the Discoms to pay the power purchase bills and accordingly the Government has arranged a subsidy of Rs.4276.92 Crore for FY 2022-23 for both Discoms combinedly.

On a query SBPDCL, vide letter No.41 dated 08.01.2024, has provided the details of subsidy and stated that both the Discoms have received a Combined Tariff Subsidy of Rs.7800.86 Crore and AT&C Loss Subsidy of Rs.1093.94 Crore for FY 2022-23. Further, the Discoms have also received arrear AT&C Loss Subsidy of Rs.3182.98 Crore pertaining to FY18, FY19, FY20 and FY21. The AT&C Loss subsidy is revenue in nature and therefore recognized as revenue in the books of account. The summary *of Discom wise Tariff Subsidy and AT&C Loss Subsidy received and allocated is represented below:*

Nature of Subsidy	Total Subsidy Received (Rs Crore)	Allocation of Subsidy NBPDCL (Rs Crore)	SBPDCL (Rs Crore)
Tariff Subsidy	7,800.96	3,623.04	4,177.92
AT&C Loss Subsidy	1,093.92	1,021.92	3,255.00
Arrear AT&C Loss Subsidy (FY18 to FY21)	3,183.00		
Total	**12,077.88**	**4,644.96**	**7,432.92**

The audited accounts of Discoms also depict the subsidy amount of Rs.1021.92 Crore for NBPDCL and Rs. 3255.00 Crore for SBPDCL totaling to Rs.4276.92 Crore for FY 2022-23."

68) **MP DISCOMs may be directed to submit action plan for 100% metering of Agricultural Distribution Transformers in FY 2025-26. The approval of such action plan by Hon'ble MPERC should be 100% metering of Agricultural Distribution Transformers within the target date of maximum two years. Equivalent Power Purchase Cost without Carrying Cost to be allowed during True-up of FY 2025-26 only when 100% Agricultural Distribution Transformers are metered. If not done so, then inefficiencies of MP DISCOMs to the extent of Rs. 10,320 Cr. as elaborated above, should not be allowed to pass through to the end consumers and the Govt. of MP should bear the same in the form of subsidy like Govt. of Bihar.**

D.2 NO ROAD MAP FOR ENERGY STORAGE

69) India's evolving energy storage policy framework underscores its commitment to enhancing grid flexibility and supporting renewable energy integration. Since 2019, a robust regulatory ecosystem has been crafted to support energy storage deployment through national initiatives around technical standards, legal frameworks, transmission charges, Resource Adequacy (RA) planning, market mechanisms, and financial incentives, as well as state-level initiatives.

70) In a significant regulatory development, the MoP clarified Legal Status to ESS on January 29, 2022. The order identifies Energy Storage Systems (ESS) as an essential

component of the power system under the Electricity Act of 2003, permitting ESS to function as a standalone or integrated element within generation, transmission, or distribution networks. The ESS can be operated by various entities, and standalone ESS projects can be licensed independently and granted connectivity under specific rules, encouraging broader ESS applications and ownership models.

71) The Waiver of Inter-State Transmission System (ISTS) Charges for solar, wind (onshore and offshore), and green hydrogen projects was mandated by the Ministry of Power (MoP) on November 23, 2021, with subsequent amendments in November 2021, December 2022, and May and June 2023. This waiver also applies to Hydro Pumped Storage Projects (PSP) and Battery Energy Storage Systems (BESS) commissioned up to June 30, 2025.

72) The Central Electricity Authority (CEA) on 28/06/2023, has established RA planning guidelines at both national and state levels, an important step forward, and has recently come up with state-wise RA reports with up to 5-year or 10-year RA projections. The CEA Resource Adequacy guidelines also outline a framework for incorporating ESS in RA planning.

73) Recent national and state government policies have begun to lay a foundation that will support ESS deployment and its integration into RA planning and procurement, electricity markets, and system operations.

74) The CEA in its Report for Resource Adequacy Plan[3] for the State of Madhya Pradesh for the period from FY 2024-25 to FY 2034-35 has identified that:

- Madhya Pradesh is likely to witness an energy deficit ranging from 20 MUs to 20000 MUs in different years from 2024-25 to 2034-35 with the existing and planned capacity addition.
- Madhya Pradesh is deficit in fulfilment of its Renewable Purchase Obligations (RPO) and needs to contract renewable capacities for fulfilling them. It requires

[3] https://cea.nic.in/wp-content/uploads/resource_adequacy_st/2024/09/MP_Report_2024_25_to_2034_35.pdf

to contract Solar and wind capacities from 2023/24 and hydro from 2026/27 till 2029/30.

- Madhya Pradesh is likely to have unserved energy in coming years and need to contract fossil and non- fossil capacities for meeting energy requirements other than the planned capacities.
- **The energy requirement to be met from STOA ranges about 0.1-2.8% of the total energy requirement but is critical in winter months of peak demand to fulfil the end consumer demand.**

75) Many DISCOMs in the country have initiated the bidding process for ESS and for many of them the tariff discovered has also been adopted by respective SERCs. Few such DISCOMs along with their ESS proposal pertaining to the objective of Energy Arbitrage are as follows:

Category	Energy Storage Tender_ DISCOMs	Capacity
BESS	GUVNL Phase II (March 2024)	500 MWh
	GUVNL Phase III (June 2024)	1000 MWh
	MSEDCL (August 2024)	600 MWh
	UPPCL (August 2024)	1200 MWh
	GUVNL Phase IV (August 2024)	800 MWh
PSP	MSEDCL (Sept 2024)	24000 MWh

76) Various SERCs, have approved the Energy Storage based on the proposal received from their DISOCMs. Like, in Delhi, DERC has approved a 20 MW/40 MWh standalone BESS project for their DISCOM on 1/05/2024. On 26/09/2024, MERC approved the procurement of 1000 MW of energy storage from pumped hydro storage (PHS) projects in Maharashtra, with an additional greenshoe option of 2000 MW, allowing for potential expansion. The bid results, as outlined in MERC's order, provide a benchmark for competitive energy storage costs in the region. For projects designed to discharge up to 8 hours daily, with a maximum continuous discharge of 5 hours—enabling two cycles per day—the levelized cost of storage is estimated at ₹3.2 per kWh. This price is highly competitive.

77) Standalone and co-located ESS can play an important role in meeting RA requirements under India's emerging RA framework. Going forward, state-level RA

frameworks need to be closely aligned with long-term planning and resource procurement processes to support cohesive implementation.

78) **However, in the Tariff Petition for ARR of FY 2025-26, it is noted that the MP DISCOMs has not submitted any proposal for compliance of 1% ESS target. The DISCOMs have projected shortfall of 991 MU of ESS for FY 2025-26.**

79) **In view of above, PFI submits that Energy Storage is an effective tool for Energy arbitrage for DISCOMs in optimization of their Power Purchase Cost. For instance, in BESS, Batteries can be charged in the off-peak hours and can be discharged in Peak hours, thus, avoiding reliance of DISCOMs on high-cost short term Power from markets or not scheduling the high-cost Power Plants. With steep reduction in Battery prices in CY 2024 and active participation by various DISCOMs, as stipulated above, MP DISCOMs necessitates to also consider Energy Storage as part of their Power Procurement Planning in line with Resource Adequacy Planning formulated by CEA for MP.**

D.3 PM SURYA GHAR – MUFT BIJLI YOJNA AND DEMAND SIDE MANAGEMENT

80) PM Surya Ghar: Muft Bijli Yojana, the world's largest domestic rooftop solar initiative, is transforming India's energy landscape with a bold vision to supply solar power to one crore households by March 2027. By March 2025, installations under the scheme are expected to exceed 10 lakh, with the numbers doubling to 20 lakh by October 2025, reaching 40 lakh by March 2026, and ultimately achieving the target of one crore by March 2027[4]. The scheme is projected to add 30 GW of solar capacity through rooftop installations in the residential sector, significantly contributing to India's renewable energy goals.

81) Through this rooftop solar scheme many domestic consumers will have Net metering connections which will have a sizeable impact on the domestic category sales. However, in the Tariff Petition for ARR of FY 2025-26, it is noted that the MP DISCOMs have not submitted any proposal related to **PM Surya Ghar – Muft Bijli Yojna**.

[4] https://pib.gov.in/PressReleasePage.aspx?PRID=2081250

82) Further, MP DISCOMs has also not submitted any proposal related to **Demand Side Management (DSM) initiatives**. DSM is a strategic approach to energy conservation that seeks to manage consumer demand for energy rather than simply supply it. It is a coordinated set of activities and programs undertaken by electric utilities, developers, government agencies, and end-use customers to ensure that electric power service can be delivered to consumers at the lowest cost consistent with reliable supply. DSM also seeks to promote energy conservation and peak load reduction through voluntary or mandatory actions taken by the above-mentioned participants.

83) In view of above, PFI submits that Sales forecast for MP DISCOMs in ARR of FY 2025-26 may be done considering the impact of **PM Surya Ghar – Muft Bijli Yojna and Demand Side Management (DSM) initiatives**.

D.4 SUMMARY OF MP DISCOMs ARR & TARIFF PETITION FOR FY 2025-26

84) To summarize, PFI proposes following expenditures not to be considered by Hon'ble MPERC in the ARR of FY 2025-26 for MP DISCOMS:

(Rs. Cr.)

Sr. No.	Particulars (Rs.Cr)	Claimed	PFI Working	Disallowances
1	Power Purchase Cost	**46,303**	**34,639**	**11,664**
1a	*Derived Power Purchase corresponding to Unmetered Sales*	*10,320*	*0*	*10,320*
1b	*Power Purchase Cost for meeting RPO targets as per MoP*	*469*	*(159)*	*628*
1c	*Power Purchase from Torrent Power and Essar Power*	*130*	*0*	*130*
1d	*MPPMCL Cost*	*209*	*(252)*	*461*
1e	*ISTS Charges*	*3,241*	*2,996*	*245*
1f	*Other Power Purchase elements*	*31,934*	*31,934*	*0*
2	Depreciation	**1,127**	**1,055**	**72**
3	Return on Equity	**695**	**0**	**695**
4	Provision for Bad and Doubtful debts	**6**	**0**	**6**
5	Others	**7,126**	**7,126**	**0**
	Aggregate Revenue Requirement	**55,257**	**42,820**	**12,557**

85) **As above, PFI requests the Hon'ble Commission to consider the submissions made by PFI and as part of the Prudence Check disallow Rs. 12,557 Cr. of ARR as submitted by the MP DISCOMs in their ARR & Tariff Petition for FY 2025-26.**

E. OTHER ISSUES PERTAINING TO NON-ALIGNMENT WITH MoP (GoI) RULES

E.1 RENEWABLE PURCHASE OBLIGATION (RPO) FOR FY 2025-26

86) MP DISCOMs has projected the RPO requirements for FY 2025-26 as per MPERC (Co-generation and generation of electricity from Renewable sources of energy) Regulations 2022 and its subsequent amendments wherein the Commission has set a different source wise RPO Target from Wind, HPO and others different from the RPO Target specified by MoP vide its notification dtd. 20/10/2023[5]. MPERC has not defined any Distributed RPO Target separately and has kept the same in "Other"

[5] https://powermin.gov.in/sites/default/files/Notification_Regarding_Renewable_Purchase_Obligation_RPO.pdf

category. Even the cumulative RPO targets for FY 2025-26 as specified by MoP are less than the target defined by MoP, as shown below:

Sr. No.	FY 2025-26	Wind	Hydro	Distributed RE	Other RE	Total RE
1	MPERC RPO	3.36%	1.48%	26.13%		**30.97%**
2	MoP RPO Targets	1.45%	1.22%	2.1%	28.24%	**33.01%**

87) Further, in case the specified RPO is not complied by the obligated entities, MoP has proposed penalty as specified in Sub Section (3) of section 26 of the Energy Conservation Act, 2001.

88) **Therefore, PFI suggests that Hon'ble MPERC should amend the RPO Regulations as per MoP notification dated 20/10/2023 to have source wise RPO targets same as that of MoP and should impose penalties on MP DISCOMS in case the RPO requirements are not met.**

E.2 REVENUE GAP (ELECTRICITY (AMENDMENT) RULES, 2024 DTD. 10/01/2024)

89) MoP vide *Electricity (Amendment) Rules, 2024* dtd. 10/01/2024 has specified the following with regards to Revenue Gap between approved Annual Revenue Requirement and estimated Annual Revenue from approved tariff:

> ***"23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff–*** *The tariff shall be* ***cost reflective*** *and there* ***shall not be any gap*** *between approved Annual Revenue Requirement and estimated annual revenue from approved tariff except under natural calamity conditions:*
>
> *Provided that such gap, Created if any,* ***shall not be more than three percent of the approved Annual Revenue Requirement****.*
>
> *…."*

90) The Rules have clearly specified that the tariff shall be cost reflective and there shall not be any gap between approved Aggregate Revenue Requirement and Estimated Annual Revenue from approved tariff except under natural calamity conditions. And

if at all, the Gap is Created it shall not be more than 3% percent of the approved Annual Revenue Requirement.

91) **It is noted from the Tariff Petition of MP DISCOMS that for ARR of FY 2025-26 there is a Revenue Gap of Rs. 4,107 Cr. at existing Tariff which is 7.43% of the ARR projected for FY 2025-26.**

92) Hon'ble APTEL in its judgement dated 11/11/2011 in OP 1 of 2011 has laid the significance of cost reflective tariff as follows:

> *"56. It is to be pointed out in this context, that the legislative intent in enacting the Act, 2003 is to secure effective Regulations characterised by tariff rationalisation with timely cost reflective tariff determination based on the principles set out in Section 61 read with the National Tariff Policy. ..."*

93) Section 62 of the Act empowers SERCs to determine the Tariff on cost plus basis for the utilities regulated by them engaged in generation, transmission and distribution of electricity. Section 63 empowers SERCs to adopt the Tariff discovered through transparent process of bidding. Determination of cost-reflective tariff of Distribution Licensees by SERCs plays a significant role as it lays the foundation of routing revenue up the supply chain.

94) Hon'ble Supreme Court's in its judgement in PTC India Vs. CERC dated 15/03/2010 has ruled that the term "tariff" includes within its ambit not only the fixation of rates but also the rules and regulations relating to it. Through Sections 61 and 62 of the Act, the Appropriate Commission shall determine the actual tariff in accordance with the provisions of the Act, including the terms and conditions which may be specified by the Appropriate Commission under Section 61 of the said Act. Under the 2003 Act, it becomes clear from Section 62 with Section 64, that although tariff fixation is legislative in character, the same under the Act is made appealable vide Section 111. These provisions, namely, Sections 61, 62 and 64 indicate the dual nature of functions performed by the Regulatory Commissions, viz, decision-making and specifying terms and conditions for tariff determination.

95) Similarly, Hon'ble APTEL vide its judgment dated 04/09/2012 in Appeal No. 94 of 2012 has stated that the term 'Regulate' has got a wider scope and implication not

merely confined to determination of tariff. Section 61 and 79 not only deal with the tariff but also deal with the terms and conditions of tariff. The terms and conditions necessarily include all terms related to tariff.

96) Further, Tariff Policy, 2016, also states that in terms of the Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.

97) **In view of above, PFI submits before MPERC to determine cost-reflective Tariff for FY 2025-26 as per the principles stipulated in MoP rules dated 10/01/2024.**

E.3 TIME OF DAY (ELECTRICITY (RIGHTS OF CONSUMERS) AMENDMENT RULES, 2023 DTD. 14/06/2023)

98) *Electricity (Rights of Consumers) Amendment Rules, 2023* dtd. 14/06/2023 stipulates that every consumer category except Agriculture should have Time of Day (TOD) Tariff with effect from 01/04/2025 and shall be made effective immediately after installation of Smart Meters, for consumers with Smart Meters.

99) Further, the Rules also stipulate that ToD Tariff for Commercial and Industrial consumers during peak period of the day shall not be less than 1.20 times the normal tariff and for other consumers, it shall not be less than 1.10 times the normal tariff. Further ToD during Off-peak hours should be at least 20% less than the normal tariff (not more than 80% of the normal tariff). Although, the MP DISCOMS have proposed Off-peak and peak Tariff for HT and LT consumers (except Domestic) which is in compliance with the Consumer Rules formulated by MoP.

100) **However, it is to be noted that the MP DISCOMS has not proposed any Peak hours ToD for Domestic consumers upto 10 kW, where Smart Meters have been installed for FY 2025-26.**

101) **Further, MP DISCOMS has also not submitted the status of ToD in their area (tariff category wise). The said status report should provide benefit derived from ToD through flattening of Load Curve and avoiding procurement of costly power in Peak Period.**

102) PFI observes that the cost of power purchase during peak hours is quite high. Time of Day (ToD) Tariff is an important Demand Side management (DSM) measure to flatten the load curve and avoid such high-cost peaking power purchases. Accordingly, in ToD Tariff regime peak hour consumption is charged at higher rates which reflect the higher cost of power purchase during peak hours. At the same time, a rebate is being offered on consumption during off-peak hours. This is also meant to incentivise consumers to shift a portion of their loads from peak time to off-peak time, thereby improving the system load factor and flattening the load curve. The ToD Tariff is aimed at optimizing the cost of power purchase, which constitutes over 80% of the Tariff charged from the consumers. It also assumes importance in the context of propagating and implementing DSM and achieving energy efficiency.

103) Introduction of higher peak hour Tariff would initially generate additional revenue which would compensate for the reduction in revenue on account of lower Tariff during off peak hours. In the long run, this would provide signals to the consumers to reduce load during peak hours and, wherever possible, shift this consumption to off-peak hours. Any loss of revenue to the utility on account of shifting of load from peak to off-peak hours in the long run would by and large get compensated by way of reduction of off-peak surplus to the extent of increase in off-peak demand.

104) The ToD Tariff would thus have immediate as well as long-term benefits for both, consumers as well as the utility and contribute towards controlling the rise in power purchase costs

105) **Thus, PFI requests MPERC to formulate ToD Tariff for all eligible consumers in line with the MoP Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023 as amended from time to time.**

PRAYERS BEFORE HON'BLE MPERC :-

1) **To consider the comments / suggestions of Power Foundation of India (PFI) on ARR & Tariff Petition No. 72 /2024 of MP DISCOMs.**

2) **To direct MP DISCOMs to submit Tariff Formats for FY 2023-24 and FY 2025-26 and Audited Accounts for FY 2023-24 as mandated in MPERC Tariff Regulations 2021. To kindly provide date extension of submitting comments on True-up of FY 2023-24 based upon submission of such Audited Accounts and its availability on MPERC website.**

3) **To initiate proceedings under Section 142 of the Electricity Act 2003 related to non-adherence of Hon'ble MPERC repeated directions for metering huge unmetered Sales and violation of Ministry of Power (GoI) Rules.**

4) **To provisionally disallow 50% of the unmetered Agricultural & Domestic Sales, i.e., 14,703 MU and in turn provisionally disallow Rs. 10,320 Cr. of Power Purchase Cost while approving the Energy Sales of MP DISCOMs. MP DISCOMs may be directed to submit action plan for 100% metering of Agricultural Distribution Transformers in FY 2025-26. The approval of such action plan by Hon'ble MPERC should be 100% metering of Agricultural Distribution Transformers within the target date of maximum two years. Equivalent Power Purchase Cost without Carrying Cost to be allowed during True-up of FY 2025-26 only when 100% Agricultural Distribution Transformers are metered. If not done so, then inefficiencies of MP DISCOMs to the extent of Rs. 10,320 Cr. should not be allowed to pass through to the end consumers and the Govt. of MP should bear the same in the form of subsidy.**

5) **To consider the targets specified by MoP in notification dated 20/10/2023 while approving the RPO requirements of MP DISCOMs and accordingly approve surplus of Rs. 159 Cr. as net cost implication of RPO for MP DISCOMs for FY 2025-26 by considering current market arrived rates for various Renewable Energy projects.**

6) **To consider disallowing Rs. 130 Cr. of Power Purchase Cost on account of Power Purchase proposed from M/s Torrent Power and M/s Essar Power.**

7) **To consider surplus of Rs. 252 Cr. as income of MPPMCL for FY 2025-26 and disallow Rs. 209 Cr. expenses as claimed by MP DISCOMs.**

8) **To consider Rs. 2,996 Cr. as the Inter State Transmission Charges for MP DISCOMs for FY 2025-26 which is same as actuals for FY 2023-24. The variation in actual from approved to be allowed in FPPCA.**

9) **To disallow Rs. 695 Cr. of Return on Equity on account of inefficiencies of MP DISCOMs with respect to huge unmetered Sales of Agricultural and Domestic which has resulted in improper Energy Accounting and non-determination of Actual Distribution Loss.**

10) **To consider the proposal of PFI for allowing Depreciation and Provision for Bad and Doubtful Debts as per the Regulatory Provisions and as worked out by PFI**

11) **The inefficiencies of MP DISCOMs should not be allowed to socialize to consumers at large rather it should be borne by Government of MP through additional Subsidy.**

12) **To consider the additional submissions, if any, made by PFI for MP DISCOMs Tariff Petition for ARR & Tariff of FY 2025-26.**

Appendix-A

From:	Himanshu Chawla
Sent:	10 January 2025 14:54
To:	secretary@mperc.nic.in
Cc:	Director General; Mohammad Ashfaq; Sambit Basu
Subject:	Information_ MP DISCOMs Petitions | True-Up FY 24 and ARR & Tariff FY 26

Dear Sir,

MPERC vide its Public Notices, *attached herewith*, dated 31/12/2024 and 6/01/2025 has sought comments from the stakeholders on the Tariff Petitions filed by MP DISCOMs related to ARR FY 2025-26 and True-Up FY 2023-24

Power Foundation of India (PFI) wishes to submit the comments / suggestions on the said Tariff Petitions. PFI is a not-for-Profit society under the aegis of Ministry of Power (GoI) supported by leading Power Sector organizations and is committed to address challenges in the Power Sector for the benefit of consumers, investors and ensuring sustainable development of the Sector. We have already submitted our comments to other SERCs on the relevant Tariff Petitions.

It is noted that the said Tariff Petitions uploaded on MPERC and MP DISCOMs website do not have Audited Accounts for FY 2023-24 and Tariff Forms mandated under MPERC *Tariff Regulations 2021* for True-up FY 2023-24, APR FY 2024-25 and FY 2025-26. The said information is very essential to analyse the Tariff Petitions by any stakeholder in order to submit comments / suggestions thereafter.

Therefore, it is requested to inform DISCOMs & relevant department of MPERC to upload the above-mentioned information and if possible kindly also email us the same. Also, it is requested to provide minimum 21 days' time, from uploading of such information, for enabling submission of stakeholders comments / suggestions on the Tariff Petitions for ARR FY 2025-26 and True-Up FY 2023-24.

Thanks and Regards.

Himanshu Chawla
Senior Specialist (Regulatory)

www.powerfoundation.org.in

(An Autonomous Society under the aegis of Ministry of Power, Govt. of India)

B-28, Qutab Institutional Area, New Delhi 110016
Direct Landline: +91 11 69650020, Extn: 120
Cell No: +91 9650135375
Board Number: +91 11 69650000