

PFI Comments on Madhya Pradesh DISCOMs' ARR Petition for FY 2025-26

***Before: Hon'ble Madhya Pradesh Electricity Regulatory Commission
Public Hearing***

Summary: MP DISCOMs' ARR Petition for FY 2025-26 (Rs. Cr.)

PFI : No Tariff formats provided by MP DISCOMs on their websites and NOT even on MPERC website for ARR FY 2025-26

PFI vide its email dtd. 10/01/2025 informed Hon'ble Commission about same

DISCOMs' Response

Required Tariff Formats for FY 2025-26 as mandated in MPERC Tariff Regulations 2021 have already been submitted by the Petitioner to Hon'ble MPERC

TARIFF FORMATS SHOULD BE IN PUBLIC DOMAIN

Particulars	Claimed MP DISCOMs	PFI Proposal
1 Power Purchase Cost	46,304	34,520
PFI Proposed Disallowances in Power Purchase Cost		-11784
1a <i>Derived Power Purchase corresponding to Unmetered Sales</i>		-10320
1b <i>Power Purchase Cost for meeting RPO targets as per MoP</i>	N.A	-628
1c <i>Power Purchase from Torrent Power and Essar Power</i>		-130
1d <i>Excess MPPMCL Cost</i>		-461
1e <i>Excess Transmission Charges</i>		-245
2 Depreciation	1,127	1055
3 Return on Equity	695	0
4 Provision for Bad Debts	6	0
5 Others	7,125	7,125
6 Aggregate Revenue Requirement	55,257	42,700

PFI PROPOSED DISALLOWANCES: Rs. 12,557 Cr. IN ARR & TARIFF PETITION OF FY 2025-26 FOR MP DISCOMS

ARR Petition FY 2025-26 (1/9)

A. HUGE UNMETERED SALES (AGRICULTURE AND DOMESTIC)

PFI Observations

- **29,287 MU** Unmetered Agricultural Sales (Total Sales 79,983 MU) – **30%**
- MP DISCOMs - **addition in new unmetered connections**
- MoP (Rights of Consumers) Rules, 2020 - No connection without a meter
- Multiple Directions by MPERC over past few Years for 100 % Metering
- Inefficiencies of MP DISCOMs borne by Honest Metered Consumers
- **INACCURATE Distribution Losses and IMPROPER Energy Accounting**
- Action u/s 142 of the Electricity Act, 2003. DISCOMs to submit ATR to MPERC, with a copy to REC and MoP, stipulating the timelines for metering at least 100% Agricultural DTs
- **Provisionally Disallow 50% of unmetered Agricultural 14,703 MU and in turn PPC. Equivalent PPC without Carrying Cost be allowed during True-up of FY 2025-26 subject to 100% metering of Agricultural DTs. AND Disallow RoE in line with HERC**

DISCOMs' Response

- Under RDSS scheme replacing existing metered connections with prepaid smart meters.
- **Meters so available after replacement will be utilized for metering unmetered consumers.**
- Metering of unmetered connections could be done in phase manner only as per the availability of released meters.

Request to MPERC

- **Take Actions as proposed by PFI**
- **NOT to accept proposal of Meter Replacement of DISCOM : NO LINKING WITH RDSS**
- **DISCOM to also Procure Meters and parallelly provide Meters to Unmetered Connections / Defective Meter**

Category	Consumer	Defective Meter	% Def. Meter
DOMESTIC	3716482	1937058	52.12%
LT INDUSTRY	35228	298	0.85%
NON-DOM.	385787	5065	1.31%
OTHER AG.	731	38	5.20%
HT	26790	380	1.42%
Total	4165018	1942839	46.65%

MP DISCOMs to Submit Action Plan for 100% metering of Agricultural Distribution Transformers in FY 2025-26 and 100% Metering of other Consumers to Hon'ble MPERC which should be approved with implication in PPC to be borne by MP DISCOM / Govt. of MP through Subsidy and not be Socialized in ARR to Honest Consumers.

ARR Petition FY 2025-26 (2/9)

B.1 POWER PURCHASE CORRESPONDING TO UNMETERED SALES

PFI Observations

- As elaborated in above Section, PFI requests Hon'ble MPERC to disallow 14,703 MU of Energy Sales corresponding to unmetered connections. Energy requirement translates to 17,761 MU

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

- Despite availability from cheaper Power Plants, proposed costlier power from some State owned GENCOs, NTPC and IPP Stations. 17,761 MU energy non-requirement should be disallowed from such costlier plants

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 Gadawara 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

DISCOMs' Response

Same as previous slide

Request to MPERC

- Provisionally **disallow Rs. 10,320 Cr.** of PPC
- Further, during True-Up and after completion of proceedings u/s 142 - Equivalent PPC without Carrying Cost be allowed subject to 100% metering of Agricultural DTs.

MP DISCOMs to Submit Action Plan for 100% metering of Agricultural Distribution Transformers in FY 2025-26 and 100% Metering of other Consumers to Hon'ble MPERC which should be approved with implication in PPC to be borne by MP DISCOM / Govt. of MP through Subsidy and not be Socialized in ARR to Honest Consumers.

During True-up of FY 2025-26, considering the Remarkable Progress of Metering, the Equivalent Power Purchase Cost be Allowed. Else, the same be borne by GoMP through Subsidy to DISCOM

ARR Petition FY 2025-26 (3/9)

B.2 POWER PURCHASE COST FOR MEETING RPO TARGETS

MP DISCOMs

- RPO Shortfall 5871 MU
- Additional cost of RPO Rs. 3,143 Cr

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%

PFI Observations

- RPO targets not aligned with MoP
- RPO Shortfall 7892 MU
- MP DISCOM considered Very High RE RATE Rs 4.37/kWh for Solar, Rs. 7.19/kWh for HPO and Rs 4.49/kWh for Others.

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)

Even after considering 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**

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	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)	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)

DISCOMs' Response

The basis of the projections of RPO cost has been duly provided in the petition.

Request to MPERC

- Considering MoP target (higher than MPERC target) net implication is Surplus Amount of Rs. 159 Cr.
- **Disallow Rs. 628 Cr. (469+159) for RPO requirements**

ARR Petition FY 2025-26 (4/9)

B.3 POWER PURCHASE FROM TORRENT POWER AND ESSAR POWER

PFI Observations

- Torrent Power: 97 MU @ Rs. 9.79 /kWh and Essar Power : 119 MU @ Rs. 2.94 /kWh considered by MP DISCOMs and
- 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.
- **PPA of Torrent Power and ESSAR Power has not been approved**

DISCOMs' Response

Pertains to MPPMCL but No Response received from MPPMCL

Request to MPERC

Disallow Rs. 130 Cr.

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

PFI Observations

- Claimed Rs. 209 Cr. of MPPMCL Cost.
- Hon'ble MPERC in previous Tariff Orders directed Petitioners to include MPPMCL power purchase expense under DISCOMs' power purchase expense.
- PFI has computed MPPMCL Cost to be allowed as per the Regulatory provisions

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)

DISCOMs' Response

Pertains to MPPMCL but No Response received from MPPMCL

Request to MPERC

Disallow expense of Rs. 209 Cr. and consider Rs. 252 Cr. as Income of MPPMCL having net impact of reduction in ARR by Rs. 461 Cr.

ARR Petition FY 2025-26 (5/9)

B.5 INTER STATE TRANSMISSION (ISTS) CHARGES

PFI Observations

- **ISTS Charges for FY 2025-26:** escalating FY 2024-25 Transmission Charges by **4%** which in turn are arrived at by escalating the actual ISTS Charges for FY 2023-24 by **4%**
- Actual ISTS Charges in FY 2023-24 (Rs. 2,996 Cr.) were less than actual ISTS Charges in FY 2022-23 (Rs. 3,051 Cr.)
- PFI submits before Hon'ble MPERC 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 FPPAS mechanism**

DISCOMs' Response

- Inter & Intra-State Transmission Charges increased in the range of 4% to 16% over the years on average basis.
- Hon'ble MPERC considered nominal growth rate of 4% in ARR Order for FY 2024-25.

Request to MPERC

- Allow Rs. 2,996 Cr. as ISTS Charges which is **lesser by Rs. 245 Cr.** as claimed.
- No Upfront Loading of Tariff
- Variation, if any, will be factored in FPPAS

(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

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C.1 DEPRECIATION

PFI Observations

- Depreciation not calculated as per Regulatory provisions stipulated in MPERC Regulations.
- PFI recalculation:

Particulars	East DISCOM	Central DISCOM	West DISCOM	State
Opening GFA as on 1 st 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
Closing GFA as on 31 st 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

C.2 PROVISION FOR BAD & DOUBTFUL DEBTS

PFI Observations

- As per MPERC Tariff Regulations: 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
- Yet, Rs. 6 Cr. of Provision for Bad & Doubtful Debts have been claimed

DISCOMs' Response

The rates of depreciation taken by petitioners as per Tariff Regulations 2021 and its amendment thereof

Request to MPERC

- Depreciation as per Regulatory provisions - Rs.1,055 Cr. instead of Rs. 1127 Cr. claimed by the MP DISCOMs
- **Disallow excess Rs. 72 Cr.**

DISCOMs' Response

MPERC Regulations RG-35 (III) of 2021 and its amendment thereof - provides methodology, Provision for Bad & Doubtful to be allowed to the maximum of 1% of yearly revenue.

Request to MPERC

Disallow Rs. 6 Cr.

ARR Petition FY 2025-26 (7/9)

C.3 RETURN ON EQUITY (RoE)

PFI Observations

- Despite huge financial assistance under RDSS and other Govt. schemes MP DISCOMs not able to improve their operations and are struggling with inefficiencies which are loaded on to honest consumers.
- Hon'ble HERC in Tariff Order for FY 2014-15 did not allow any RoE on account of DISCOM inefficiencies and not meeting approved DL Target.

DISCOMs' Response

- Commission in its Tariff Regulations, 2021 has allowed RoE in two parts, i.e., Base RoE and Add. RoE linked to perf.
- Base RoE -14% and Additional RoE of 2% is linked to performance (to be allowed at the time of True-up)
- RoE calculated on the average equity balance of the respective year with the Rate of 14%.

Request to MPERC

- **Rs. 695 Cr. of RoE may kindly be disallowed**

D.2 NO ROAD MAP FOR ENERGY STORAGE

PFI Observations

- No proposal for compliance of 1% ESS target. Projected shortfall of 991 MU.
- Resource Adequacy Plan (CEA Report), dependence on STOA/ MTOA: 0.1-2.8% of the total energy requirement and critical in winter months of peak demand

Request to MPERC

- Energy Storage is an effective tool for Energy arbitrage for DISCOMs in optimization of their Power Purchase Cost.
- Consider Energy Storage as part of their Power Procurement Planning in line with RA Planning formulated by CEA for MP.
- Energy Storage Goals to be specified in line with MoP Order dtd. 19/09/2022.

ARR Petition FY 2025-26 (8/9)

RENEWABLE PURCHASE OBLIGATION (RPO) FOR FY 2025-26

PFI Observations

- Hon'ble MPERC has **not defined any Distributed RPO** Target separately
- Cumulative RPO targets for FY 2025-26 are less than the target defined by MoP – **30.97% vs 33.01% respectively**

Non-alignment with the MoP Rules

Request to MPERC

- Amend RPO Regulations as per MoP notification dated 20/10/2023 to have source wise RPO targets
- Impose penalties on MP DISCOMS in case RPO requirements are not met.

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

PFI Observations

Revenue Gap of Rs. 4,107 Cr. at existing Tariff which is **7.43% of the ARR** projected for FY 2025-26.

Request to MPERC

Determine cost-reflective Tariff for FY 2025-26 as per the principles stipulated in MoP Rules dated 10/01/2024.

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

PFI Observations

- No proposal for PM Surya Ghar – Muft Bijli Yojna submitted
- No proposal related to Demand Side Management (DSM) initiatives.

Request to MPERC

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

ARR Petition FY 2025-26 (9/9)

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

PFI Observations

- *MoP (Rights of Consumers) Rules, 2023* dtd. 14/06/2023 – 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 the consumers with Smart Meters.
- **Not proposed any Peak hours ToD for Domestic consumers upto 10 kW, where Smart Meters have been installed**
- Further, not submitted status of ToD in their area (tariff category wise).

Non-alignment with the MoP Rules

Request to MPERC

Formulate ToD Tariff for all eligible consumers in line with the MoP (Rights of Consumers) Rules, 2023 as amended from time to time.

Power Foundation of India requests Hon’ble MPERC to consider our prayers which we have submitted as comments/suggestions related to ARR Petition for FY 2025-26 vide our letter dtd. 24/01/2025

Thank You!