



Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd.

(Government of M. P. Undertaking)

Nishtha Parisar, Govindpura Bhopal (M.P.)

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CIN Number: U40109MP2002SGC015119

MD/MK/RA/ 286-287

Bhopal Date 31.01.2025

To,

The Commission Secretary

M.P. Electricity Regulatory Commission,
4th & 5th Floor, Metro Plaza,
E-5, Arera Colony, Bittan Market,
Bhopal (M.P.) 462016

Sub:- Reply of Petition No. 72/2024

Ref:- Representation of Power Foundation of India dtd. 24.01.2025

Apropos above cited subject and reference, the reply to the Objections/Comments/Suggestions raised by Shri Sambit Basu, Power Foundation of India New Delhi on Tariff Petition FY 2025-26 (Petition No. 72/2024) are attached herewith

Encl:- As above


Dy. CGM (RA/ROC)
O/o MD, MP MK VV Co. Ltd

Copy to:-

- i) The CGM (RM), MPPMCL, Infront of Bhojpur Club Arera Colony, Bhopal
- ii) Shri Sambit Basu, Power Foundation of India, B-28, Qutab Institutional Area, New Delhi-110016.


Dy. CGM (RA/ROC)
O/o MD, MP MK VV Co. Ltd

Response of MPMKVVCL on Objections/Suggestions raised by Shri Sambit Basu, Head Research, Power Foundation of India on Tariff Petition for FY 2025-26 (Petition No. 72/2024)

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

As the request is addressed to the Hon'ble Commission, the Hon'ble Commission may take appropriate action in this regard.

- 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.**

It is submitted that the, required Tariff Formats for FY 2023-24 and FY 2025-26 and Audited Accounts, other relevant documents for FY 2023-24 as mandated in MPERC Tariff Regulations 2021 has already been submitted by the Petitioner to the Hon'ble MPERC. Further the Audited Accounts for FY 23-24 has already been displayed on the website of the Petitioner.

- 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.**

It is submitted that, as a part of RDSS scheme Petitioner will be installing/replacing the existing metered connections with prepaid smart meters. The meters so available after replacement is therefore proposed to be utilize for metering of such unmetered consumers. While the metering plan under RDSS is in a phased manner, hence, the metering of unmetered connections could be done in phase manner only as per the availability of released meters. Therefore, it is proposed that till the time all unmetered connections under domestic category are converted into metered connections.

- 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.**

It is submitted that the, that the objector must understand that the Meter replacement is a gradual process and discom is continuously replacing old meter as a part of

RDSS scheme. Further, Petitioner will be installing/replacing the existing metered connections with prepaid smart meters. The meters so available after replacement is therefore proposed to be utilize for metering of such unmetered consumers. While the metering plan under RDSS is in a phased manner, hence, the metering of unmetered connections could be done in phase manner only as per the availability of released meters.

- 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.**

It is submitted that the basis of the projections of the RPO cost has been duly provided in the petition. Stakeholder is requested to refer the chapters A5 Para 5.3 of Tariff Petition of ARR 2025-26.

- 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.**

Pertains to MPPMCL.

- 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.**

Pertains to MPPMCL.

- 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.**

Petitioner's response:

The Petitioners projected annual increase of 4% in Inter-state and Intra-state Transmission Charges. The detailed justification with as shown below :

Inter-state Transmission Charges								
Sr. No.	Particulars	UoM	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1	MP State	Rs. Crore	2,569	2,429	2,797	3,051	2,996	3,116
	EZ	Rs. Crore	756	760	854	806	841	875
	CZ	Rs. Crore	821	772	959	969	1023	1064
	WZ	Rs. Crore	992	897	984	1277	1132	1178
2	YoY Growth	%		-5%	15%	9%	-2%	4%
3	Avg growth	%						4%

Reference: As per the MPPMCL Statement

Intra-state Transmission Charges including SLDC Charges								
Sr.No.	Particulars	UoM	FY 2019- 20	FY 2020- 21	FY 2021- 22	FY 2022- 23	FY 2023- 24	FY 2024-25
1	MP State	Rs. Crore	2,957	5,382	4,718	4,718	5,145	5,111
	EZ	Rs. Crore	986	1,622	1,287	1,560	1,371	1,692
	CZ	Rs. Crore	895	1,919	1,686	1,580	1,813	1,709
	WZ	Rs. Crore	1,076	1,841	1,745	1,577	1,962	1,710
2	YoY Growth	%		82%	-12%	0%	9%	-1%
3	Avg growth	%						16%

Reference: As per the Audited Account of Discoms

From the above, it can be observed that there has been increase in Inter-state and Intra-state Transmission Charges over the years in the range of 4% to 16% on an average basis. The petitioners of the view that at least there will be increase in 4% of above charges for next year. The Petitioners also observed that the Hon'ble Commission in its ARR Order for FY 2024-25 have considered a nominal growth rate of 4% for Inter-state and Intra-state transmission charges. Accordingly, the Petitioners have considered the growth rate of 4%.

- 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.**

It is submitted that, The Commission in its Tariff Regulations, 2021 has allow Return on Equity in two parts, i.e., Base Return on Equity and Additional Return on Equity linked to actual performance. The rate for base Return on Equity has been kept at 14% and an Additional Return on Equity of 2% which is linked to performance has been proposed to be allowed at the time of True-up. Accordingly, the Return on Equity has been calculated on the average equity balance of the respective year with the Rate of 14%. Further details on RoE is explained in chapter A10 of instant Petition.

- 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.**

It is submitted that, the rates of depreciation taken by petitioners as per Tariff Regulations 2021 and its amendment thereof. Further, MPERC Regulations RG-35 (III) of 2021 and its amendment thereof, provides the methodology for computation of Provision for Bad & Doubtful Debts, wherein it is stated that it is to be allowed to the maximum of 1% of yearly revenue. The bad & doubtful debts claimed in the petition is well within aforesaid limit prescribed in the regulation.

- 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.**

It is submitted that, no losses of Disocms has been passed on to consumer and Tariff has been determined considering the Normative losses approved by the Hon'ble MPERC. Further, ARR and Tariff Petition for the Distribution & Retail Supply

Business for FY 2025-26 has been filed before the Hon'ble Commission in accordance with the Norms and principal laid down in "MPERC (Terms & Conditions for determining for Tariff for Distribution and Retail supply of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021(RG-35 (III) of 2021).

Further, As provided in the Section 61 read with Section 62 of the Electricity Act 2003 tariff is proposed in accordance with principle of Cost of supply. Thus, proposal made for Average hike in HT < is based on the principle of Average Cost of Supply to the Company and petitioner act is in line with the Tariff Regulations of Hon'ble Commission. Also, various expenditures heads as well as revenue income showed in Table 145 of tariff petition no. 72/2024.

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

As the request is addressed to the Hon'ble Commission, the Hon'ble Commission may take appropriate action in this regard.


Dy. CGM (RA/ROC)
O/o MD, MP MK VV Co. Ltd