

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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CASE No. 219 of 2022

In the matter of

Petition of Jawaharlal Nehru Port Trust (JNPT) for approval of Truing-up of FY 2021-22, Provisional Truing-up of FY 2022-23, and Aggregate Revenue Requirement (ARR) and Tariff for the Multi-Year Tariff period for FY 2023-24 and FY 2024-25 for its Distribution Business

Coram

Shri. Sanjay Kumar, Chairperson
Shri. I M Bohari, Member
Shri. Mukesh Khullar, Member

ORDER

Dated: 31 March 2023

Jawaharlal Nehru Port Trust (JNPT) has filed its Petition on 30 November 2022 for Truing-up of FY 2021-22, Provisional Truing-up of FY 2022-23, and Aggregate Revenue Requirement (ARR) and Tariff for the Multi-Year Tariff period for FY 2023-24 and FY 2024-25 for its Distribution Business in accordance with Regulation 5 of the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019.

The Commission, in exercise of its powers vested under Sections 61, 62 and 63 of the Electricity Act, 2003 (EA 2003) and all other powers enabling it in this behalf, and after taking into consideration the submissions made by JNPT and all other relevant material, has approved the Truing-up of ARR for FY 2021-22, Provisional Truing-up of ARR for FY 2022-23 and determination of the ARR and Tariff for FY 2023-24 and FY 2024-25.

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LIST OF ABBREVIATIONS

Abbreviation	Expansion
ABR	Average Billing Rate
ABT	Availability Based Tariff
ACoS	Average Cost of Supply
AMR	Automated Meter Reading
ARR	Aggregate Revenue Requirement
ATE/APTEL	Appellate Tribunal for Electricity
Capex	Capital Expenditure
CERC	Central Electricity Regulatory Commission
CPI	Consumer Price Index
CSD	Consumer Security Deposit
CSS	Cross-Subsidy Surcharge
DEEP	Discovery of Efficient Electricity Price
DPR	Detailed Project Report
DSM	Demand Side Management
EA 2003	Electricity Act, 2003
ECB	External Commercial Borrowings
FAC	Fuel Adjustment Charge
FY	Financial Year
GDAM	Green Day Ahead Market
GEPL	Gigaplex Estate Private Limited
GFA	Gross Fixed Assets
GTAM	Green Term Ahead Market
GoI	Government of India
HT	High Tension
IEEE	The Institute of Electrical and Electronics Engineers
InSTS	Intra-State Transmission System
IoWC	Interest on Working Capital
IT & ITeS	Information Technology & Information Technology-enabled Services
JNPA	Jawaharlal Nehru Port Authority
JNPT	Jawaharlal Nehru Port Trust
KRC	KRC Infrastructure and Projects Private Limited
LD	Liquidated Damages
LT	Low Tension
MBPPL	Mindspace Business Parks Pvt. Ltd.
MkVAh	Million kilo Volt Ampere hours
MPL	Manikaran Power Limited
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MSETCL	Maharashtra State Electricity Transmission Company Limited
MSLDC	Maharashtra State Load Despatch Centre

Abbreviation	Expansion
MVA	Million Volt Ampere
MYT	Multi Year Tariff
PBT	Profit Before Tax
PPA	Power Purchase Agreement
RBI	Reserve Bank of India
RE	Renewable Energy
REC	Renewable Energy Certificate
RoE	Return on Equity
RPO	Renewable Purchase Obligation
SEZ	Special Economic Zone
SMS	Short Message Service
SOP	Standards of Performance
STOA	Short-Term Open Access
STU	State Transmission Utility
ToD	Time-of-Day
TSU	Transmission System User
TTSC	Total Transmission System Cost
TVS	Technical Validation Session
UI	Unscheduled Interchange
VCoS	Voltage-wise Cost of Supply
WPI	Wholesale Price Index

1. BACKGROUND AND SALIENT FEATURES OF THE ORDER

1.1 Background

- 1.1.1 M/s. Jawaharlal Nehru Port Trust (hereinafter referred to as “JNPT” or “JNPT”) is a major port notified under Major Port Trusts Act, 1963. JNPT has been notified as a Developer of SEZ by the Ministry of Commerce and Industry, Government of India on 11 August 2014 vide SEZ notification No. S. O. 2047 (E). The SEZ is being developed over an area of 277.38 Hectares situated in the villages of Savarkahar, Karal, Sonari and Jaskhar of Uran Taluka, District Raigad of the Maharashtra.
- 1.1.2 The SEZ has been planned to be developed within the port area to ensure end-to-end facilities for export-based industries including manufacturing, warehousing, assembly, packaging and finally shipment. The following sectors have been shortlisted for inclusion in the overall development plan based on their export potential and linkages to port:
- Engineering cluster,
 - Textile and apparel,
 - Electronics manufacturing,
 - Logistic Centre, and
 - Multi services/ ITeS/ Healthcare etc.
- 1.1.3 The Commission, after following the due regulatory process, vide its Order dated 14 June 2018 in Case No. 47 of 2018 confirmed the status of JNPT as a deemed Distribution Licensee for the notified SEZ area under Section 14 of the EA, 2003. Further, the Commission has also allowed JNPT to charge consumers in its license area, the tariff that is applicable to the respective category of consumers in the MSEDCL area of supply, as a ceiling tariff, as an interim arrangement till the time the ARR and Tariff of JNPT is approved. The Commission vide its notification No. MERC/TEC/Licence Conditions/JNPT/2018/5036 dated 13 November 2018 notified; specific conditions of Distribution License applicable to JNPT.
- 1.1.4 **Multi Year Tariff Regulations, 2019:** On 1 August 2019, the Commission notified the MERC MYT Regulations, 2019, applicable for determination of ARR and Tariff for the 4th Control Period from FY 2020-21 to FY 2024-25.
- 1.1.5 **Petition for approval of Truing-up of FY 2021-22, Provisional Truing-up of FY 2022-23, and Aggregate Revenue Requirement (ARR) and Tariff for the Multi-Year Tariff period for FY 2023-24 and FY 2024-25:** JNPT submitted that its operation as a Distribution Licensee commenced from 11 August 2021, i.e., in FY 2021-22. In line with Regulation 5 of the MERC MYT Regulations, 2019, it filed its MYT Petition on 30 November 2022.
- 1.1.6 JNPT’s prayers are as under:

- i. To admit the MTR Petition as per the provisions of MERC MYT Regulations 2019, consider for further proceedings before the Hon'ble Commission;*
- ii. To approve the Truing-up and Provisional truing up and Revenue Gap/ (Surplus) for FY 2021-22 and FY 2022-23 and recovery of the same through tariff, as proposed by JNPT;*
- iii. To approve the ARR for FY 2023-24 and FY 2024-25 and its recovery through revised tariff as proposed by JNPT;*
- iv. To determine JNPT's share of the Transmission Charges and MSLDC Charges, and consider the same while approving the ARR for JNPT for the Control Period;*
- v. To approve Retail Supply Tariff for FY 2023-24 and FY2024-25 and the Tariff schedule, as proposed by JNPT;*
- vi. To approve the Schedule of Charges as proposed by JNPT;*
- vii. Condone any inadvertent omissions, errors, short comings and permit JNPT to add/change/modify/alter this filing and make further submissions as may be required at a future date; and*
- viii. Pass such other and further Orders as deemed fit and proper in the facts and circumstances of the case.*

1.2 Technical Validation Session

- 1.2.1 On 9 December 2022 and 10 December 2022, the Commission raised preliminary data gaps and sought certain information. JNPT submitted its reply on 20 December 2022.
- 1.2.2 The Commission held a Technical Validation Session (TVS) on 22 December 2022. The list of persons at the TVS is at **Appendix-I**.
- 1.2.3 Thereafter, JNPT submitted its revised Petition on 4 January 2023.
- 1.2.4 The Commission raised additional data gap query on 17 February 2023. JNPT submitted its reply on 20 February 2023.

1.3 Admission of Petition and Public Consultation Process

- 1.3.1 JNPT filed the revised Petition on 4 January 2023 after incorporating the replies to data gaps raised by the Commission.
- 1.3.2 The Commission admitted the MYT Petition on 11 January 2023. In accordance with Section 64 of the EA, 2003, it directed JNPT to publish its Petition in the prescribed abridged form and manner, to ensure public participation. The Commission also directed it to reply expeditiously to the suggestions and objections received. JNPT issued a Public Notice inviting suggestions and objections from the public on 14 January 2023 in the daily newspapers Active Times, The Free Press Journal (English); and in Lakshadeep, Navshakti

(Marathi). JNPT's Petition and its Executive Summary were made available for inspection or purchase at JNPT's offices. The Petition was made available on JNPT's website free of cost in downloadable format. The Executive Summary of the Petition and Public Notice were also made available on the website of the Commission in downloadable format.

- 1.3.3 The Commission did not receive any written suggestions and objections from the stakeholders. The Commission held a e-Public Hearing on 7 February 2023 at 12.00 hrs. The list of persons at the Public Hearing is provided at **Appendix- II**.
- 1.3.4 The Commission has ensured that the due process contemplated under the Law to ensure transparency and public participation was followed at every stage and adequate opportunity was given to all concerned to express their views. As no suggestions and objections has been received no separate chapter on the same has been included in this Order.

1.4 Organisation of the Order

This Order is organised in the following Sections:

- **Section 1** provides a brief background of the quasi-judicial regulatory process undertaken by the Commission;
- **Section 2** discusses the components of True Up for FY 2021-22 and details the Commission's analysis and approval of the various components;
- **Section 3** discusses the components of APR for FY 2022-23 and details the Commission's analysis and approval of the various components;
- **Section 4** discusses the components of ARR for FY 2023-24 and FY 2024-25, and details the Commission's analysis and approval of the various components;
- **Section 5** details the Commission's Tariff Philosophy and the category-wise tariffs applicable for the FY 2023-24 and FY 2024-25, including determination of Wheeling Charges and Cross-Subsidy Surcharge;
- **Section 6** details the Schedule of Charges;
- **Section 7** summarises the Directives of the Commission, and
- **Section 8** sets out the Applicability of this Order followed by the approved Tariff Schedule in Annexure-I to Annexure-III.

2. TRUING-UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2021-22

2.1 Background

2.1.1 The operation of JNPT as a Deemed Distribution Licensee commenced from 11 August 2021, i.e., FY 2021-22. The Commission vide its Order dated 30 January 2021 in Case No. 5 of 2021 allowed JNPT to charge consumers in its license area, the tariff that is applicable to the respective category of consumers in the MSEDCL area of supply, as a ceiling tariff, as an interim arrangement till the time the ARR and Tariff of JNPT is approved. Accordingly, from 11 August 2021, JNPT charged ceiling tariff as applicable to respective categories for retail sale of electricity in its license area, except for Fuel Adjustment Charge (FAC). The tariff presently charged to these categories is shown in the table below:

Table 1: Category-wise tariff charged by JNPT in FY 2021-22

Category	Fixed/ Demand Charges	Wheeling Charges (Rs/Unit)	Energy Charges (Rs./ unit)
LT II A (0 to 20 kW)	Rs. 415 per month	1.38	5.57
LT II B (>20 kW and <=50 kW)	Rs. 415 /kVA/Month	1.38	5.57
LT II C (>50 kW)	Rs. 415 /kVA/Month	1.38	5.57
HT I (A) Industrial	Rs. 432/kVA/Month	0.56	5.3
HT II Commercial	Rs. 432/kVA/Month	0.56	5.57
LTVII (B) (ii) LT Public Service – Others	Rs. 312/kVA/Month	1.38	5.04
LTV(ii) LT Industries	Rs. 312/kVA/Month	1.38	5.30

2.1.2 JNPT submitted that the category-wise tariff of MSEDCL was made applicable as the ceiling tariff for JNPT's area of supply, which comprises separate Wheeling Charges for the Wires Business. JNPT has estimated ARR separately for the Wires Business and Retail Supply Business which forms the base for the projection of ARR for the Wires Business and Supply Business for the fourth Control Period. For the allocation of expenses, JNPT has considered Allocation Matrix specified in Regulation 71 of the MERC MYT Regulations, 2019, wherever the actual break-up of expenses and revenue is not available.

2.1.3 JNPT has sought Truing-up for FY 2021-22 under the MERC MYT Regulations, 2019, Truing-up is to be done against the forecast approved in the Commission's previous Tariff Order. The Commission has not approved ARR for the years for which the True up is being sought. Hence, JNPT has sought the true-up based on audited/ actual values and normative values, wherever appropriate, in accordance with the MERC MYT Regulations, 2019.

2.1.4 In the Petition, JNPT has stated that it commenced operations from 11 August 2021 while in the excel based model the date of commencement of operations is considered as 14 August 2021. In response to a query of the Commission in this regard JNPT has submitted that it commenced its operations on 11 August 2021. Pursuant to the clarification from JNPT, the Commission has considered the actual date of start of operations as 11 August 2021. In this Section, the Commission has analysed all the elements of actual expenditure and revenue of JNPT SEZ for FY 2021-22 after prudence check, has undertaken the Truing-up of expenses and revenue.

2.2 Energy Sales

JNPT's Submission

2.2.1 JNPT submitted that it commenced its operation in August 2021 in the midst of the COVID-19 pandemic. The COVID-19 pandemic related restrictions have affected growth in manufacturing and industrial sector and affected the potential load growth in the license area.

2.2.2 The actual energy sales for FY 2021-22 in terms of 'MU' and 'MkVAh' are as under:

Table 2: Category-wise actual Energy Sales for FY 2021-22 submitted by JNPT

Consumer Category	FY 2021-22	
	Actual (MU)	Actual (MkVAh)
HT Category		
Industrial HT-I (A)	0.41	0.43
Commercial HT-(II)	0.27	0.30
Sub-total	0.69	0.73
LT Category		
Commercial LT-II (A)	0.00	0.00
Commercial LT-II (B)	0.03	0.03
Commercial LT-II (C)	0.00	0.01
Industrial LT-V (II)	0.13	0.14
Public Service LT VII(B)(II)	0.06	0.06
Sub-total	0.22	0.23
Total	0.91	0.96

Commission's Analysis and Ruling

2.2.3 As no base-line data is available, the Commission accepts actual category-wise sales for FY 2021-22 as submitted by JNPT. The category-wise sales as submitted by JNPT and approved by the Commission are given in the table below:

Table 3: Category-wise Energy Sales for FY 2021-22 approved by the Commission (in MU and MkVAh)

Consumer Category	Sales in MU		Sales in MkVAh	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
HT Category				
Industrial HT-I (A)	0.41	0.41	0.43	0.43
Commercial HT-(II)	0.27	0.27	0.30	0.30
Subtotal	0.69	0.69	0.73	0.73
LT Category				
Commercial LT-II (A)	0.00	0.00	0.00	0.00
Commercial LT-II (B)	0.03	0.03	0.03	0.03
Commercial LT-II (C)	0.00	0.00	0.01	0.01
Industrial LT-V (II)	0.13	0.13	0.14	0.14
Public Service LT VII(B)(II)	0.06	0.06	0.06	0.06
Subtotal	0.22	0.22	0.23	0.23
Total	0.91	0.91	0.96	0.96

2.3 Energy Balance

JNPT's Submission

- 2.3.1 JNPT has considered the Energy Balance after considering the actual energy sales, and Distribution Loss as discussed in the related sections.
- 2.3.2 The actual Energy Balance for FY 2021-22 as submitted by JNPT is shown in the following table:

Table 4: Energy Balance for FY 2021-22 submitted by JNPT (MU)

Particulars	UoM	FY 2021-22
Energy Sales	MU	0.91
Distribution Loss	%	36.92%
Energy Requirement at T<> D	MU	1.44
Intra-State Transmission Loss	%	1.37%
Energy Requirement at G<>T	MU	1.46

Commission's Analysis and Ruling

- 2.3.3 The Commission has noted the submissions of JNPT and observes that the InSTS losses claimed by JNPT for FY 2021-22 are low compared to the approved InSTS loss level for FY 2021-22. The Commission vide its Order dated 30 March 2022 in Case No. 327 of 2019 had approved InSTS loss level of 3.18% for the 4th Control Period. The Commission observes that, JNPT has computed the energy balance by considering the actual energy sales, grossed it

up with the Distribution loss level of 36.92% to arrive at energy at T<>D periphery. The difference between actual energy purchased and as recorded at G<>T periphery and energy at T<>D periphery as derived is attributed to the InSTS loss level which is derived as 1.37% by JNPT. JNPT has claimed the same as InSTS loss.

2.3.4 In reply to a query raised by the Commission regarding submission of MSLDC certified T<>D drawl for FY 2021-22, JNPT submitted that, it has requested MSLDC to certify the actual T<>D drawl vide its emails dated 1 November 2022 and 13 December 2022, the same is yet to be received. Thus, it is clear that, JNPT in its submission has not considered inputs from MSLDC for carrying out the energy balance for FY 2021-22.

2.3.5 The Commission has considered the information received from MSLDC for energy at T<>D periphery and energy drawl (loss adjusted) for FY 2021-22 for JNPT. The same is as follows:

Table 5: Energy at interface levels as received from MSLDC for JNPT in FY 2021-22

Particulars	In kWh	In MU
Drawl T<>D (from August 2021 onwards)	1442213	1.44
Drawl G<>T (from August 2021 onwards)	1490052	1.49
InSTS loss	47839	0.05
InSTS loss (%)	3.21%	

2.3.6 While approving the energy balance for FY 2021-22 the Commission has considered the information received from MSLDC regarding energy at T<>D interface, actual level of InSTS loss incident i.e., 3.21% and energy drawl i.e., energy at G<>T interface. It is observed that, there is minor variation in the energy drawl as submitted by JNPT i.e., 1.46 MU and as informed by MSLDC i.e., 1.44 MU. JNPT is directed to reconcile the energy drawl at G<>T based on information received from MSLDC. Based on this the Commission has derived the distribution loss levels as 37.02% which is higher than JNPT's claim for the year.

2.3.7 Accordingly, the total energy requirement approved for FY 2021-22 is as shown in the table below:

Table 6: Energy Balance for FY 2021-22 approved by the Commission

Particulars	Unit	FY 2021-22	
		Petitioned	Approved in this Order
Energy Sales	MU	0.91	0.91
Distribution loss	%	36.92%	37.02%
Energy Requirement at T<>D	MU	1.44	1.44
Intra-State Transmission Loss	%	1.37%	3.21%
Energy Requirement at G<>T	MU	1.46	1.49

2.4 Distribution Loss

JNPT's Submission

- 2.4.1 JNPT has submitted that after considering the actual energy sales, actual energy purchase and actual Intra-State Transmission Loss for FY 2021-22 from August 2021 to March 2022, the Distribution Loss is 36.92% which is mainly due to higher no-load losses.
- 2.4.2 JNPT has submitted that high Distribution Loss of 36.92% is due to the fact that connectivity was granted to JNPT to supply in its license area at 220 kV by STU based on the estimated load of around 50 MVA. Considering the huge power requirement and criticality of electricity supply, JNPT has developed the entire network with an incoming supply at 220 kV level and internal supply at 33 kV and 11 kV underground network. However, the load realised during FY 2021-22 is less than 1 MW leading sub-optimal utilisation of assets resulting in higher no-load losses which are reflected in the higher distribution loss during the year. JNPT submitted that distribution loss is only on account of technical loss in the system.

Commission's Analysis and Ruling

- 2.4.3 In reply to a query raised by the Commission regarding higher no-load losses, JNPT submitted the computation of no-load losses for FY 2021-22 as follows:

Table 7: Computation of No-Load Losses for FY 2021-22 as submitted by JNPT

Transformer	Nos.	No Load Loss in Watts	Total No Load Loss
50MVA	2	22064	44128
8 MVA	8	6700	53600
500KVA	1	643	643
100KVA	2	202.84	405.68
Total No Load Loss			98776.68
Total No of Hours during 2021-22			5088
Total Energy lost due to no load loss (kWh)			502576
Input units in FY 2021-22 (Sep 21 to Mar 22)			1438226
Billed units in FY 2021-22 (Sep21 to Mar 22)			907162
Loss			531064
Loss in %			36.92
Adjusting loss considering no load loss			28489
Loss in % after adjustment of No-load loss			1.98

- 2.4.4 Further, JNPT submitted that it has now optimised the no load losses by switching off the transformers (mainly 1*50 MVA and few 8 MVA transformers) considering the very low load of ~1 MW. Further, JNPT would endeavour to reconfigure the network so that further transformers will be switched off in such a manner that there is adequate backup in case of

any failure and the consumers continue to receive uninterrupted power supply. JNPT further submitted that this initiative is likely to achieve much lower losses in FY 2022-23 (estimated as 14.05%) as compared to FY 2021-22 (36.92%).

2.4.5 The Commission notes the submission of JNPT and observes that load realised during FY 2021-22 is less than 1 MW as against the actual infrastructure in place (for serving 50 MVA) leading to sub-optimal utilisation of assets resulting in higher no-load losses which are reflected in the higher percentage of distribution loss during the year. The Commission has carried out the energy balance for FY 2021-22 in the previous section. Based on the method used to derive the distribution losses and the explanation submitted by JNPT towards high levels of no-load losses, the Commission approves the derived Distribution Loss of 37.02% for FY 2021-22.

Table 8: Distribution Loss as approved by the Commission for FY 2021-22

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
Distribution Loss (%)	36.92%	37.02%

2.5 Power Purchase Quantum and Cost

JNPT's Submission

2.5.1 The power purchase cost of JNPT includes the purchase from conventional sources for meeting its Base Load and Peak Load requirement, RPO for future projections, from power exchange and net purchase from Imbalance Pool made during the year.

Purchase from Conventional Sources

2.5.2 JNPT had undertaken Short-term power procurement through competitive bidding route under Section 63 of the Electricity Act, 2003.

2.5.3 The Commission vide its Order dated 30 January 2021 in Case No. 5 of 2021 has adopted the rate of Rs. 3.60 per unit at State periphery for 1 MW RTC power from 01 February 2021 to 30 June 2021 and 2 MW RTC power from 01 July 2021 to 31 December 2021 and approved PPA with Manikaran Power Limited (MPL). JNPT and MPL signed amendment to the PPA whereby the Parties agreed to extend the contract by 6 months up to 30 June 2022 considering the delay in commencing the power flow. Parties accordingly modified the contract period of the PPA from 1 August 2021 to 30 June 2022 on RTC basis having no liability on either side due to such extension. The said extension was allowed by the Commission vide its letter dated 15 December 2021.

Renewable Purchase Obligation (RPO)

2.5.4 In accordance with the Maharashtra Electricity Regulatory Commission (Renewable Purchase Obligation, its Compliance, and Implementation of Renewable Energy Certificate Framework) Regulations, 2019, the RPO targets for JNPT for FY 2021-22 are 6.00% for Solar and 11.50% for Non-Solar.

2.5.5 JNPT has purchased RECs from Power Exchange in FY 2021-22 to meet the RPO. There is a shortfall of 0.01 MU in meeting RPO for FY 2020-21. JNPT has submitted that it shall meet the shortfall of 0.01 MU in the next year i.e., FY 2022-23 through purchase of RECs.

Purchase from Imbalance Pool

2.5.6 JNPT has considered the actual quantum and cost of purchase from Imbalance Pool/ Deviation Quantum from August 2021 to March 2022.

2.5.7 The summary of power purchase cost for FY 2021-22 as submitted by JNPT is shown in the table below:

Table 9: Power Purchase cost for FY 2021-22 submitted by JNPT

Particulars	Source	FY 2021-22
Power Purchase Quantum (MU)	Power procurement from Manikaran Power Limited	2.47
	Short Term PPA	
	Imbalance Pool	-1.12
	Power Exchange	0.11
	Solar Purchase	
	Non-Solar Purchase	
	Total	1.46
Power Purchase Cost (Rs. Crore)	Power procurement from Manikaran Power Limited	0.77
	Short Term PPA	
	Imbalance Pool	-0.26
	Power Exchange	0.05
	Solar Purchase	
	Non-Solar Purchase	
	REC	0.03
	Total	0.60
Average Power Purchase Cost (Rs. /kWh)	Power procurement from Manikaran Power Limited	3.11
	Short Term PPA	
	Imbalance Pool	2.30
	Power Exchange	4.95
	Solar Purchase	
	Non-Solar Purchase	
	REC cost	
Total	4.10	

Commission's Analysis and Ruling

2.5.8 The Commission through data gaps had sought clarification/ justification regarding the claimed Power Purchase Cost of Rs. 0.60 Crore during FY 2021-22, whereas the Net Power Purchase Cost booked as per the Audited Allocation Statement was Rs. 1.32 Crore for the same year. In response JNPT submitted a reconciliation statement for the Net Power Purchase cost. On scrutiny of the reconciliation statement the Commission observed that JNPT did not claim the Liquidated Damages (LD) paid to Manikaran Power Limited amounting to Rs. 0.33 Crore and deposits with SLDC worth Rs. 0.04 crore. The details of the reconciliation as submitted by JNPT are as follows:

Table 10: Reconciliation provided by JNPT regarding power purchase cost in the Audited Accounts and as claimed in the Petition (Rs.)

Particulars	Audited Accounts	Claimed in the Petition	Remarks
LD paid to Manikaran	3,263,734.00		LD amount not claimed in the Petition.
Manikaran	7,672,162.84	7,679,662.84	The bill related to March 2022 booked in accounts of FY 2022-23 but claimed in FY 2021-22 in the Petition.
Power Exchange		533,216.67	Due to late receipt of invoice, the same is considered in accounts of FY 2022-23, however Power procurement is related to FY 2021-22.
DSM		(2,573,122.52)	
REC		339,428.00	
Power Purchase cost	10,935,896.84	5,979,184.99	
Deposit with SLDC	400,000.00		Deposit in nature
InSTS	1,298,079.00	1,298,079.00	Claimed in MTR Petition
SLDC	589,888.00	589,888.00	Claimed in MTR Petition
Total Power Purchase Cost	13,223,864	7,867,152	

2.5.9 In reply to a query raised by the Commission regarding the total credit amount of Rs. (0.26) crore towards the imbalance pool, JNPT submitted that since there was underdrawal by JNPT there are net receivables in FY 2021-22. The imbalance pool amount of Rs. 0.26 crore claimed for FY 2021-22 includes FBSM/ DSM amount. In support of its claim, JNPT submitted month wise details of deviation against the schedule, DSM charges, and FBSM which amounted to around Rs. 25.95 lakh (approx. Rs. 0.26 crore).

2.5.10 In reply to a query raised by the Commission regarding JNPT's fulfilment of its RPO targets, JNPT submitted that it has not met its RPO targets fully for FY 2021-22 by way of purchase of REC and it requests the Commission to allow the shortfall to be carried forward to FY 2023-24. JNPT submitted following table regarding meeting its RPO target in FY 2021-22.

Table 11: RPO target achievement for FY 2021-22 as submitted by JNPT

RPO Targets & Achievement	Unit	FY 2021-22
Total Energy Requirement	MU	1.46
Solar RPO target	%	6.00%
Solar RPO target	MU	0.09
Solar RPO Achievement	MU	0.08
Solar RPO Shortfall/(Surplus)	MU	0.01
Non-Solar RPO target	MU	11.50 %
Non-Solar RPO target	MU	0.17
Non-Solar RPO Achievement	MU	0.15
Non-Solar RPO Shortfall/(Surplus)	MU	0.02

2.5.11 In line with the Energy Balance approved by the Commission in the previous section. The Commission has computed the RPO fulfilment of JNPT against the target as follows:

Table 12: RPO Target & Achievement for FY 2021-22 as approved by Commission

RPO Targets & Achievement	Unit	Approved in this Order
Total Energy Requirement	MU	1.49
Solar RPO target	%	6.00%
Solar RPO target	MU	0.09
Solar RPO Achievement as per JNPT	MU	0.08
Solar RPO Shortfall/(Surplus)	MU	0.01
Non-Solar RPO target	%	11.50%
Non-Solar RPO target	MU	0.17
Non-Solar RPO Achievement as per JNPT	MU	0.15
Non-Solar RPO Shortfall/(Surplus)	MU	0.02

2.5.12 The Commission notes that JNPT has Solar RPO shortfall of 0.01 MU and Non-Solar RPO shortfall of 0.02 MU in FY 2021-22. In light of the request made by JNPT, the Commission hereby approves the proposal of JNPT and allows it to carry forward its RPO target achievement till FY 2024-25.

2.5.13 Accordingly based on the reinstated energy balance, the Commission has adjusted the balance 0.03 MUs in the Imbalance pool and approves the power purchase cost of Rs 0.60 Crore for FY 2021-22 as incurred by JNPT. The approved power purchase quantum, cost and rate are as shown in the table below:

Table 13: Power Purchase cost for FY 2021-22 approved by the Commission.

Source of Power (Station wise)	Petitioned			Approved in this Order		
	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)
Power procurement from Manikaran Power Limited	2.47	0.77	3.11	2.47	0.77	3.11
Imbalance Pool	(1.12)	(0.26)	2.30	(1.09)	(0.26)	2.36
Power Exchange	0.11	0.05	4.95	0.11	0.05	4.95
RECs		0.03			0.03	
Total	1.4582	0.5979	4.1003	1.4882	0.5979	4.0177

2.6 Transmission Charges and MSLDC Charges

JNPT's submission

2.6.1 In accordance with Regulation 2(87) of the MERC MYT Regulations, 2019, JNPT being a Distribution Licensee, is a Transmission System User (TSU) for the purpose of transmission tariff determination. Further, Regulations 61 and 62 of the MERC MYT Regulations, 2019 specifies the mechanism for sharing of Total Transmission System Cost (TTSC) amongst the Transmission System Users. In a similar manner, Regulation 99 of the MERC MYT Regulations, 2019 also specifies the mechanism for sharing of MSLDC charges amongst Transmission System Users.

2.6.2 JNPT has submitted that, at present, it is paying the transmission charges and MSLDC charges as Short-Term Open Access Consumer and it has considered actual payments made by it for FY 2021-22. However, being a Distribution Licensee, JNPT is entitled to share the TTSC and MSLDC charges in accordance with the MERC MYT Regulations, 2019.

2.6.3 JNPT has requested the Commission to determine its share of TTSC and MSLDC charges payable during the Control Period in accordance with the provisions of MERC MYT Regulations, 2019, while determining the Transmission Charges payable by the Distribution Licensees for the Control Period.

2.6.4 JNPT has claimed following Transmission charges and MSLDC charges, as shown in the table:

Table 14: Transmission Charges and MSLDC Charges for FY 2021-22 submitted by JNPT (Rs. Crore)

Particulars	FY 2021-22
Intra-State Transmission Charges	0.13
MSLDC Charges	0.06

Commission's Analysis and Ruling

2.6.5 The Commission notes the submission of JNPT. As discussed in earlier sections JNPT has submitted a reconciliation of the Power Purchase Cost claimed. The InSTS charges and MSLDC charges are verified from the books of accounts.

2.6.6 Accordingly, the Commission approves the Transmission Charges and MSLDC Charges for FY 2021-22 as shown in the table below:

Table 15: Transmission Charges and MSLDC Charges for FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
Intra-State Transmission Charges	0.1298	0.1298
MSLDC Charges	0.0590	0.0590

2.7 Operation & Maintenance Expenses

JNPT's submission

2.7.1 Regulations 75 and 84 of the MERC MYT Regulations, 2019 specifies the methodology for determination of O&M expenses for the Control Period from FY 2020-21 to FY 2024-25 for the Wires Business and Retail Supply Business, respectively.

2.7.2 Regulation 75.2 of the MERC MYT Regulations, 2019 provides for base O&M expenses for FY 2019-20 to be derived on the basis of average of approved expenses for FY 2016-17 to FY 2018-19 escalated at average yearly inflation of WPI and CPI indices for the past five years. (Similar provisions for Retail Supply Business as per Regulation 84.2 of the MERC MYT Regulations, 2019).

2.7.3 As there is no past data of O&M expenses available for JNPT, JNPT has determined the O&M expenses by projecting the individual heads of O&M expenses separately.

2.7.4 JNPT has proposed following methodology for determination of O&M expenses for FY 2021-22.

Employee Expenses and A&G Expenses

2.7.5 JNPT has submitted that currently, the load is not commensurate as per the load envisaged at the time of commencement of distribution business due to various reasons including COVID-19 pandemic led restrictions. JNPT has allocated common employees of Jawaharlal Nehru Port Authority (JNPA) to look after the distribution business. Hence, there are no dedicated employees at present allocated to JNPT's Distribution licensee business. Further, considering

the miniscule business activity of SEZ at present, JNPA (Corporate Entity equivalent) provides the support related to employee allocation, common services of Central Procurement, Group Finance and HR, Centralized IT services, Administration, Security, and other common departments. JNPT has submitted that similar to integrated utilities, common costs are allocated to each segment of JNPT's businesses by JNPA based on the principles as specified in the Allocation statement.

2.7.6 JNPT has derived normative Employee expenses and A&G expenses based on benchmarking of approved Employee expenses and A&G expenses for other similar SEZs/ Deemed Distribution Licensees by the Commission. JNPT submitted that even though the benchmarks considered are of private licensees whereas JNPT is a government entity, the activities related to operation of distribution business more or less remains same. Also, the average of private and government licensee (MADC) has been considered whereby it is noticed that even within private licensee, there is a major variation in the O&M expenses whereby in the initial year the O&M cost is on a higher side. JNPT has considered the average O&M expenses of 4 years of private and Government licensees and has adopted a more rational approach for claiming O&M expenses. Accordingly, JNPT has considered the benchmarked normative Employee Expense of 30 paise/unit and A&G expense of 10 paise/unit for FY 2021-22.

2.7.7 Over and above the benchmark normative A&G expenses, JNPT has also claimed license fees and Tariff Petition filing fees separately as part of A&G expenses, the details of which are outlined as below:

Table 16: A&G Expenses claimed by JNPT for FY 2021-22 (Rs. Crore)

A&G Expenses	FY 2021-22
License Fees	0.02
Petition Filing fees	0.00
A&G Expense (linked to sales)	0.01
Total	0.03

R&M Expenses

2.7.8 As regards R&M expenses, JNPT has submitted that competitive bidding process was followed for appointment of Contractor/ Third party agency for carrying out billing, operations etc. for the entire license are for 3 years. Based on the outcome of the Bidding Process, JNPT selected M/s. Virtuous Energy Private Limited for undertaking the above-mentioned activities.

2.7.9 JNPT has submitted that the actual cost incurred by it towards R&M for FY 2021-22 is Rs 90,98,574/-. However, since the load is yet to be fructified as envisaged and R&M of the assets needs to be done even though there is minimal load, imposition of the entire cost will have huge impact on the consumers. In view of the same, even though the actual expense is

much higher, JNPT has only claimed R&M expenses in proportion to the load to lower the impact on tariff.

Table 17: R&M Expenses as claimed by JNPT for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22
Contract with Virtuous Energy P. Ltd	0.91
Proportion of Load	2%
Allocation to R&M in pro-rata to Load claimed by JNPT towards R&M Expenses	0.02

Total O&M Expenses

2.7.10 JNPT has segregated O&M expenses between the Wires Business and Retail Supply Business based on the Allocation Matrix as specified in the MERC MYT Regulations, 2019.

2.7.11 The total O&M expenses claimed by JNPT for FY 2021-22 are as under:

Table 18: O&M Expenses claimed by JNPT for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22
Distribution Wires Business	
Employee Expenses	0.02
R&M Expenses	0.01
A&G Expenses	0.02
Total O&M Expenses	0.05
Retail Supply Business	
Employee Expenses	0.01
R&M Expenses	0.01
A&G Expenses	0.01
Total O&M Expenses	0.03
Total Distribution Business	
Employee Expenses	0.03
R&M Expenses	0.02
A&G Expenses	0.04
Total O&M Expenses	0.08

Commission's Analysis and Ruling

2.7.12 The Commission has noted that JNPT has not claimed any expenses towards Employee Expenses. Whereas JNPT has claimed A&G Expenses and R&M Expenses using certain norms. Further, JNPT has not claimed the total actual expenses incurred towards R&M, billing, and other activities for which JNPT has engaged third party agency. The actual R&M expenses incurred by JNPT are Rs. 0.90 crore as against that, JNPT has claimed actual R&M expenses of Rs. 0.02 crore. Thus, the difference of about Rs. 0.88 crore is not claimed by JNPT.

2.7.13 The Commission analysed the approved Employee Expenses, R&M Expenses and A&G Expenses and the approved sales for three Deemed Distribution Licensees namely Gigaplex Estate Private Limited (GEPL), Mindspace Business Parks Pvt. Ltd. (MBPPL) and KRC Infrastructure and Projects Private Limited (KRC) for FY 2016-17 to FY 2019-20. Based on the analysis, following per unit norms for Employee Expenses, R&M Expenses and A&G Expenses were derived.

Table 19: Derived norms based on approved values for other similar SEZs in Maharashtra

Particulars		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
GEPL					
Employee Expenses (Rs. crore)	A	0.40	0.74	1.03	-
A&G Expenses- (Rs. crore)	B	0.37	0.39	0.25	-
R&M Expenses (Rs. crore)	C	0.48	0.59	0.78	-
Sales (MU)	D	11.62	20.51	27.41	-
Norm - Employee (Rs./ kWh)	e=(a/d*10)	0.34	0.36	0.38	-
Norm - A&G (Rs./ kWh)	f=(b/d*10)	0.32	0.19	0.09	-
Norm - R&M (Rs./ kWh)	g=(c/d*10)	0.41	0.29	0.28	-
MBPPL					
Employee Expenses (Rs. crore)	A	3.05	3.18	3.26	-
A&G Expenses (Rs. crore)	B	0.29	0.17	0.17	-
R&M Expenses (Rs. crore)	C	1.66	1.69	1.47	-
Sales (MU)	D	82.88	83.41	83.06	-
Norm – Employee (Rs./ kWh)	e=(a/d*10)	0.37	0.38	0.39	-
Norm - A&G (Rs./ kWh)	f=(b/d*10)	0.03	0.02	0.02	-
Norm - R&M (Rs./ kWh)	g=(c/d*10)	0.20	0.20	0.18	-
KRC (Sum of A and B)					
Employee Expenses (Rs. crore)	A	-	-	-	0.66
A&G Expenses (Rs. crore)	B	-	-	-	0.12
R&M Expenses (Rs. crore)	C	-	-	-	0.26
Sales (MU)	D	-	-	-	3.172
Norm – Employee (Rs./ kWh)	e=(a/d*10)	-	-	-	2.08
Norm - A&G (Rs./ kWh)	f=(b/d*10)	-	-	-	0.38
Norm - R&M (Rs./ kWh)	g=(c/d*10)	-	-	-	0.82

2.7.14 Wide variation was observed in the derived norms. Therefore, for comparison purpose the average derived norms (normalized values) were considered.

Table 20: Average norms derived for comparison purpose

Average Derived Norms	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Norm – Employee (Rs./ kWh)	0.36	0.37	0.38	2.08
Norm - A&G (Rs./ kWh)	0.18	0.11	0.06	0.38
Norm - R&M (Rs./ kWh)	0.31	0.25	0.23	0.82

2.7.15 Based on the analysis it was observed that JNPT’s claim of 30 paise/ unit for Employee expenses and 10 paise/ unit for A&G expenses is not only reasonable when compared to other similar Deemed Distribution Licensees but is on lower side and there could be an upward correction when the actual operations on regular/expected sales begin. Based on the analysis, the Commission has considered JNPT’s submission of Employee Expense of 30 paise/ unit and A&G expense of 10 paise/ unit for FY 2021-22. Further, the Commission has considered an additional claim of Rs. 0.03 Crore towards A&G expenses such as License Fee, MSLDC registration, petition filing fees as submitted by JNPT. The Commission observed that JNPT has booked Employee Expenses, and A&G expenses as per the norms in the Allocation statement certified by the Auditor. Further, the Commission observed that, JNPT has booked R&M expenses of Rs. 90,98,574 in the Allocation statement certified by the Auditor. The approach taken by JNPT for claiming the O&M Expenses is because JNPT became operational in FY 2021-22 and is in the process of ramping up its operations in the next few years. However, as JNPT achieves substantial loading and occupancy in its SEZ it is expected that JNPT shall claim the actual incurred O&M Expenses. The Commission approves the R&M expenses as claimed by JNPT in proportion to the actual load. Based on the above, the Commission approves the following O&M expenses for FY 2021-22.

Table 21: O&M Expenses as claimed and as approved for FY 2021-22 by the Commission (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
Wires Business		
Employee Expenses	0.0187	0.0187
R&M Expenses	0.0118	0.0118
A&G Expenses	0.0244	0.0244
Total O&M Expenses	0.0550	0.0550
Supply Business		
Employee Expenses	0.0101	0.0101
R&M Expenses	0.0064	0.0064
A&G Expenses	0.0132	0.0132
Total O&M Expenses	0.0296	0.0296

2.8 Capital Expenditure and Capitalisation

JNPT’s Submission

2.8.1 JNPT submitted that, in its license area it envisaged significant electrical load comprising of mix of consumers of various categories at 33 kV, 11 kV and LV voltage levels. This would require a dedicated source of power and adequate electrical distribution network to evacuate,

distribute and supply the power to consumers. JNPT had appointed M/s L&T Infrastructure Engineering Limited and Vitya Consultants Pvt. Ltd. for preparation of the detailed master plan and engineering design for the development of infrastructure of SEZ area at JNPT, which also included the total plan for Power Supply and Distribution Network. Considering the huge power requirement and criticality of electricity supply, an incoming supply at 220 kV level (overhead) was planned. The internal supply was planned at 33 kV and 11 kV through the underground network.

2.8.2 An overview of the Capital Investment plan in terms of Distribution network of JNPT is given below:

- a) The incoming power supply is drawn from the nearest tapping located by MSETCL through a 220 kV overhead line up to 220 kV/33 kV receiving substation. The said substation was planned with a capacity of 2x50 MVA serving a load of ~50 MVA with two 50 MVA transformer considering the redundancies.
- b) The power is supplied to SEZ users through three 33/11 kV substations. The three substations are equipped with 2x8 MVA transformers to feed the estimated load of ~50 MVA and also to maintain redundancy in supply network.
- c) 2 nos. of 33 kV feeders from 220 / 33kV as incomer sources are connected to each 33/11kV substations through 33 kV 400 sq.mm UG cable (Double run proposed for standby purpose). The 33 kV Incomer Feeder for 3 substations comes out to be 12 i.e., 6 active and 6 spares for standby and future load. Further, 24 nos. of 11kV feeders are planned to serve the consumers.
- d) The 11 kV secondary distribution planning includes loop feeder technology through Ring Main Units (RMU) with all breakers.

2.8.3 The Distribution network of JNPT was developed considering a load requirement of 50 MW. The distribution network is ready and was put to use by JNPT in August 2021.

2.8.4 The Commission vide its letter dated 27 December 2022 has given post-facto approval to Capital Expenditure of Rs 113.94 crore. JNPT has capitalised assets to the extent of Rs 104.26 crore. JNPT has not claimed entire capitalisation based on assets put to use, instead JNPT has proposed to claim the capitalisation in proportion to the actual asset loading considering the fact that if entire capitalisation of Rs 104.26 crore is claimed at one go it will burden the consumers considering the lower level of existing sales. Therefore, JNPT has proposed to claim the capitalisation in proportion to the load as per Regulation 3.12 of MERC (Approval of Capital Investment Schemes) Regulations, 2022. However, JNPT has highlighted that the claim of asset loading wise capitalisation is subject to minimum asset loading of 25% as per Regulation 3.12 of MERC (Approval of Capital Investment Schemes) Regulations, 2022, which it does not meet currently. Therefore, this would lead to a situation

of no capitalisation being allowed to JNPT even if the assets are put to use and the corresponding capitalisation is not allowed to be claimed in tariff. Therefore, JNPT has requested the Commission to invoke Power to Relax under the MERC (Approval of Capital Investment Schemes) Regulations, 2022 and allow capex/ capitalisation in proportion to actual asset loading as outlined in the following table:

Table 22: Capitalisation claimed by JNPT in proportion to the load for FY 2021-22 (Rs. Crore)

Particulars	Units	Total	FY 2021-22
Total Capitalisation	Rs. crore	104.26	2.09
Actual Load	MW	50	0.96
Load rounded off	MW		1.00

2.8.5 The summary of proposed capitalisation for Wires Business and Retail Supply Business for the Control Period is provided below:

Table 23: Capitalisation claimed by JNPT for Distribution Wires and Retail Supply Business for FY 2021-22 (Rs. Crore)

Fixed Assets	FY 2021-22
For Wire Business	
Plant & Machinery	1.88
Total	1.88
For Supply Business	
Plant & Machinery	0.21
Total	0.21
Total Distribution business	
Plant & Machinery	2.09
Total	2.09

Commission's Analysis and Ruling

2.8.6 The Commission vide letter dated 27 December 2022 had given post-facto in-principle approval to the DPR submitted by JNPT. The Capital Expenditure proposed by JNPT is as per DPR approved by the Commission.

2.8.7 In response to a query raised by the Commission, JNPT submitted asset-wise break-up of the assets put-to-use, which is as follows:

Table 24: Asset-wise break-up of the assets put-to-use by JNPT in its Licence area

Sr. No.	Details of Asset	Capital Cost as per audited accounts (Rs.)
1	220/33 kV Substation with allied Works including civil work	46,01,38,474
2	33/11 kV Substation with allied works including civil work	62,02,05,432

Sr. No.	Details of Asset	Capital Cost as per audited accounts (Rs.)
3	UG Cable, cable Trench, RMU and allied work	
4	Project Management Consultancy (220/33 kV SS)	2,02,00,000
5	Project Management Consultancy (downstream network)	1,01,35,800
6	Supervision charges paid to MSETCL	2,87,81,751
Total		113,94,61,457

2.8.8 It was further observed that, Allocation Statement (Note 2) for FY 2021-22 mentioned GFA of Rs. 117.11 crore, while JNPT submitted claim of Rs. 104.26 crore towards GFA. In response to Commission's query in this regard JNPT submitted reconciliation of the figures as follows:

Table 25: Reconciliation of Capex claimed in MTR

Particulars of Capex	Amount in Rs.
Capitalisation as per Allocation Statement	1,17,11,41,936
Less: Capitalisation not claimed related to streetlight	12,85,20,000
Capitalisation claimed in MTR Petition - Put to Use	1,04,26,21,936
CWIP as per Allocation Statement	9,68,39,521
Total Capex claimed in MTR Petition	1,13,94,61,457

2.8.9 Further in response to a query from the Commission regarding claim of capitalisation towards Street Lights, JNPT submitted that it proposes to completely forego capitalisation in respect of Street Lights amounting to Rs. 12.85 crore and JNPT shall not claim the same in the ensuing years and JNPT has not claimed/ capitalised it under different asset heads.

2.8.10 Regulation 3.12 of the MERC (Approval of Capital Investment Schemes) Regulations, 2022 governs the recovery of capitalisation by the Deemed Distribution Licensees (except MSEDCL). The relevant provisions are as follows:

“3.12 Deemed Distribution Licensees, excluding Maharashtra State Electricity Distribution Company Limited, who have incurred capital investment prior to being recognised as a Deemed Distribution Licensee by the Commission shall be permitted to seek post-facto approval of the Commission for capital investment undertaken prior to commencement of operations as a Distribution Licensee as well as capital investment undertaken during the first six (6) months of operation as a Distribution Licensee:

Provided that such Deemed Distribution Licensees shall be allowed to recover the costs related to the capital investment already undertaken without obtaining the Commission's in-principle approval, only to the extent of capital investment subsequently approved by the Commission and in proportion to actual asset loading, subject to achievement of minimum asset loading of twenty-five (25) percent, with

entire cost recovery being allowed once the loading reaches seventy (70) percent:

Provided further that such Deemed Distribution Licensees shall be required to obtain in-principle approval as specified in these Regulations prior to undertaking the capital investment against DPR Schemes, after six (6) months of operation as a Distribution Licensee.”

2.8.11 The Commission notes that above said Regulations has been notified on 12 July 2022, whereas JNPT has commissioned its asset and started its Distribution Business from August 2021. Thus, JNPT could have contended that said regulations cannot be made retrospectively applicable to them and could have requested for allowing full value of capitalised asset as opening GFA for its Distribution Business. But, JNPT has relied on above said Regulations and requested for GFA in proportion to load achieved. As Petitioner itself is claiming lower GFA and as it is in the interest of the consumers, the Commission is inclined to allow the same.

2.8.12 The Commission observes that, the 2nd proviso to the Regulation reproduced above requires the Deemed Distribution Licensee to achieve minimum asset loading of 25% to recover the costs related to the capital investment already undertaken in proportion to actual asset loading. Approving ‘nil’ recovery of capitalisation till the time the asset loading reaches minimum level of 25% would be unjust as the Distribution Licensee has already incurred the capital expenditure and has put to use the assets for its consumers. Therefore, the Commission deems it fit to invoke Power to Relax under the MERC (Approval of Capital Investment Schemes) Regulations, 2022 and approve recovery of capitalisation in proportion to actual asset loading for JNPT. Thus, the Commission approves JNPT’s proposal in claiming capitalisation in proportion to the actual asset loading even though JNPT’s asset loading is below the threshold of minimum loading of 25%.

2.8.13 Accordingly, the Commission has approved Capitalisation for FY 2021-22 as shown in the table below:

Table 26: Capitalisation as approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
Wires Business		
Capital Expenditure	93.84	93.84
Capitalisation	1.88	1.88
Supply Business		
Capital Expenditure	10.43	10.43
Capitalisation	0.21	0.21

2.9 Depreciation

JNPT's Submission

2.9.1 JNPT has computed the Depreciation for FY 2021-22 in accordance with Regulation 28 of the MERC MYT Regulations, 2019, by applying the asset class-wise Depreciation rate specified in the MERC MYT Regulations, 2019 on the average asset class-wise GFA during the year. Since operation of JNPT as Distribution Licensee started from 11 August 2021 there is no opening GFA for FY 2021-22. The addition of GFA for FY 2021-22 has been considered equal to capitalisation for the year. The depreciation as claimed by JNPT is provided in the following table:

Table 27: Depreciation as claimed by JNPT for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22
Distribution Wires Business	
Opening GFA	-
Additions during the Year	1.88
Closing GFA	1.88
Average GFA	0.94
Net Depreciation	0.05
Depreciation Rate	5.28%
Retail Supply Business	
Opening GFA	-
Additions during the Year	0.21
Closing GFA	0.21
Average GFA	0.10
Depreciation	0.01
Depreciation Rate	5.28%
Combined Wires + Retail Supply Business	
Opening GFA	-
Additions during the Year	2.09
Closing GFA	2.09
Average GFA	1.04
Depreciation	0.06
Depreciation Rate	5.28%

Commission's Analysis and Ruling

2.9.2 The Commission observes that, JNPT has claimed the depreciation booked for the entire year instead of pro-rating with the number of days for which JNPT was operational during FY 2021-22. The Commission notes that the approach adopted by JNPT is contrary to Regulation 28.5 of MYT

Regulations 2019, which clearly states that depreciation has to be allowed proportionately from the date of capitalisation. The relevant extract of the MYT Regulation, 2019 is as given below:

“28.5 Depreciation shall be re-computed for assets capitalised at the time of Truing-up along with the Mid-term Review or at the end of the Control Period, based on documentary evidence of assets capitalised by the Petitioner, subject to the prudence check of the Commission, such that the depreciation is allowed proportionately from the date of capitalisation.” (Emphasis Added)

- 2.9.3 Since JNPT has started its operation from 11 August 2021, the said date is required to be considered as date of Capitalisation and proportionate depreciation linked to actual date of Capitalisation, as specified in Regulation 28.5 of MYT Regulations, 2019 for FY 2021-22 needs to be computed.
- 2.9.4 The Commission has computed the Depreciation for FY 2021-22 in accordance with Regulation 28 of MERC MYT Regulations, 2019. The approved Capitalisation for FY 2021-22 is considered opening balance at the start of the year for the purpose of calculating full year depreciation for the purpose of pro-rating it. The Commission has calculated the Depreciation by applying the asset class-wise Depreciation rate as specified in the MERC MYT Regulations, 2019 on the average asset class-wise GFA during the year. The depreciation has been pro-rated for 232 days in FY 2021-22.
- 2.9.5 In view of the above, the Commission has approved Depreciation for FY 2021-22 as shown in the table below:

Table 28: Depreciation as approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order*
Distribution Wires Business		
Opening GFA	0.00	1.88
Additions during the Year	1.88	0.00
Retirement during the year	0.00	0.00
Closing GFA	1.88	1.88
Depreciation**	0.0495	0.0630
Retail Supply Business		
Opening GFA	0.00	0.21
Additions during the Year	0.21	0.00
Retirement during the year	0.00	0.00
Closing GFA	0.21	0.21
Depreciation**	0.0055	0.0070

*FY 2021-22 means period from 11 August 2021 to 31 March 2022.

**For FY 2021-22, pro-rated for 232 days.

2.10 Interest on Loan

JNPT's Submission

2.10.1 JNPT has computed the Interest on Long Term Loan in accordance with Regulation 30 of the MERC MYT Regulations, 2019. As the operation of JNPT as Distribution Licensee started from 11 August 2021 onwards there is no opening balance of normative loan and JNPT has considered normative Debt : Equity ratio of 70:30 on the addition to GFA to consider normative loan component of the capitalisation.

2.10.2 JNPT has submitted that it does not have any actual loan and there is no other business regulated by the Commission. Accordingly, JNPT has considered the interest rate of the entity as a whole for JNPA in line with proviso of Regulation 30.5 of MERC MYT Regulations 2019 as outlined below:

*“30.5 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year:
.....*

Provided also that if the Generating Company or the Licensee or the MSLDC, as the case may be, does not have actual long-term loan, and its other Businesses regulated by the Commission also do not have actual long-term loan even in the past, then the weighted average rate of interest of the entity as a whole shall be considered:”

2.10.3 JNPA (as an entity) has issued tax-free bonds at 6.82% and taken loan from ECB at 3.21%. The weighted average rate considered by JNPT is as given below:

Table 29: Weighted Average Interest rate of JNPA Loan as on FY 2021-22 (%)

Particulars	Rs. crore	Rate of Interest
Interest Paid in FY 2021-22	94.81	
Principal Outstanding as on 31.03.2022	1,966.75	
Principal Outstanding as on 31.03.2021	2,279.20	
Average Principal Amount	2,122.97	
Weighted rate of interest		4.47%

Table 30: Interest on normative Loan as claimed by JNPT for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22
Distribution Wires Business	
Opening Balance	0.00
Addition loan during the year	1.31
Repayment during the year	0.05
Closing Balance	1.26

Particulars	FY 2021-22
Average Balance of Loan	1.26
Weighted Avg. Rate of Interest (%)	4.47%
Total Interest Charges	0.04
Retail Supply Business	
Opening Balance	0.00
Addition loan during the year	0.15
Repayment during the year	0.01
Closing Balance	0.14
Average Balance of Loan	0.14
Weighted Avg. Rate of Interest (%)	4.47%
Total Interest Charges	0.004
Combined Distribution Business	
Opening Balance	0.00
Addition loan during the year	1.46
Repayment during the year	0.06
Closing Balance	1.40
Average Balance of Loan	0.70
Weighted Avg. Rate of Interest (%)	4.47%
Total Interest Charges	0.039

Commission's Analysis and Ruling

- 2.10.4 In reply to a query raised by the Commission in respect of details of actual funding for capital expenditure, JNPT submitted that there are no actual loans on the books of the regulated entity, i.e., Distribution Licensee, which is a Division of the parent Company. Thus, the entire Capital expenditure has been/ is being undertaken using accruals/ promoter funding. However, as the MERC MYT Regulations 2019 do not allow equity above 30% of asset addition, the normative Debt : Equity ratio of 70:30 has been considered.
- 2.10.5 Since JNPT does not have any actual loans, for considering the rate of interest to be applied on the normative loan, the weighted average rate of interest on the actual loan portfolio of JNPA (entity as a whole) for FY 2021-22 is considered. This is in accordance with the 4th proviso of Regulation 30.5 of the MERC MYT Regulations, 2019 reproduced above.
- 2.10.6 For arriving at the debt component, the normative debt : equity ratio of 70:30 as submitted by JNPT is applied to the capitalisation approved for FY 2021-22.
- 2.10.7 JNPT has computed the weighted average rate of interest of 4.47% for which documentary evidence was submitted by JNPT. Accordingly, the rate of interest has been considered as 4.47% based on the prevalent weighted average interest rate for FY 2021-22. The repayment of loan is considered equal to the Depreciation allowed during the year in accordance with

MERC MYT Regulations, 2019. The Interest on Loan has been pro-rated for 232 days in FY 2021-22.

2.10.8 The Interest on Loan approved by the Commission for FY 2021-22 is summarised in the table below:

Table 31: Interest on Loan approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order*
Distribution Wires Business		
Opening Normative Loan	0.00	1.31
Addition of Normative Loan during the year	1.31	0.00
Less: Repayment during the year	0.05	0.10
Closing Normative Loan	1.26	1.21
Average Normative Loan	1.26	1.26
Rate of Interest (per annum)	4.47%	4.47%
Interest on Loan for Wires Business**	0.0354	0.0359
Retail Supply Business		
Opening Normative Loan	0.00	0.15
Addition of Normative Loan during the year	0.15	0.00
Less: Repayment during the year	0.01	0.01
Closing Normative Loan	0.14	0.13
Average Normative Loan	0.14	0.14
Rate of Interest	4.47%	4.47%
Interest on Loan for Supply Business**	0.0039	0.0040

*FY 2021-22 means period from 11 August 2021 to 31 March 2022.

**For FY 2021-22, pro-rated for 232 days.

2.11 Interest on Working Capital and on Consumer's Security Deposit

JNPT's Submission

2.11.1 JNPT has computed the normative Interest on Working Capital as per Regulation 32 of the MERC MYT Regulations, 2019.

2.11.2 Regulation 32.3 (b) and 34.3 (b) of MERC MYT Regulations, 2019 provides the rate of Interest to be taken for computing Interest on Working Capital. Accordingly, JNPT has considered weighted average of the SBI MCLR rate in FY 2021-22 of 7.00% and has considered rate of interest for computation of IoWC as 8.50% considering the applicable MCLR of SBI plus 150 basis points, in accordance with the MERC MYT Regulations, 2019.

2.11.3 JNPT has considered actual values of the CSD collected from the consumers.

2.11.4 JNPT requested the Commission to approve the IoWC computed on normative basis for FY 2021-22 as given in the table below:

Table 32: Interest on Working Capital and CSD submitted by JNPT for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22
Distribution Wires Business	
O&M expenses for a month	0.007
Maintenance Spares at 1% of Opening GFA	0.000
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.015
Less: Amount held as Security Deposit from Distribution System Users	0.005
Total Working Capital Requirement	0.016
Computation of Working Capital Interest	
Interest Rate (%) - SBI Base Rate +150 basis points	8.50%
Interest on Working Capital	
<i>Normative Working Capital Interest</i>	0.001
Interest on Security Deposit	0.000
Retail Supply Business	
O&M expenses for a month	0.004
Maintenance Spares at 1% of Opening GFA	0.000
One and half month's equivalent of the expected revenue from sale of electricity	0.159
Less: Amount held as Security Deposit	0.049
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	0.066
Total Working Capital Requirement	0.049
Computation of Working Capital Interest	
Interest Rate (%) - SBI Base Rate +150 basis points	8.50%
Interest on Working Capital	
<i>Normative Working Capital Interest</i>	0.003
Interest on Security Deposit	-
Combined Distribution Business	
Normative Working Capital Interest	0.003
Interest on Security Deposit	-

Commission's Analysis and Ruling

2.11.5 The Commission has computed the total working capital requirement, interest on working capital and interest on CSD in accordance with the applicable MERC MYT Regulations 2019.

2.11.6 JNPT has not claimed interest on CSD in FY 2021-22. It has been claimed in the FY 2022-23. In response to Commission's query in this regard JNPT submitted that since it has paid interest on CSD for FY 2021-22 in FY 2022-23, the same has been claimed in FY 2022-23. In response to the Commission's query whether the security deposit amount of Rs. 5,44,357 as reflected in the Allocation Statement certified by the Auditor are as per Regulation 13.2 of MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021, JNPT submitted that JNPT has collected Security Deposit from its Consumers as per provisions of MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021.

2.11.7 The rate of interest has been considered as per the MERC MYT Regulations, 2019. The IoWC and interest on CSD have been pro-rated for 232 days in FY 2021-22. The IoWC and interest on CSD as approved by the Commission are shown in the table below:

Table 33: Interest on Working Capital and Consumers' Security Deposit approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order*
Distribution Wires Business		
O&M expenses for a month	0.01	0.01
Maintenance Spares at 1% of Opening GFA	0.00	0.02
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.01	0.01
Less: Amount held as Security Deposit from Distribution System Users	0.01	0.01
Total Working Capital Requirement	0.02	0.03
Interest Rate (%) - SBI Base Rate +150 basis points	8.50%	8.50%
Interest on Working Capital**	0.0009	0.0019
Interest on Security Deposit**	0.0000	0.0000
Retail Supply Business		
O&M expenses for a month	0.00	0.00
Maintenance Spares at 1% of Opening GFA	0.00	0.00
One and half month's equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	0.16	0.16

Particulars	FY 2021-22	
	Petitioned	Approved in this Order*
Less: Amount held as security deposit	0.05	0.05
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	0.07	0.07
Total Working Capital Requirement	0.05	0.05
Interest Rate (%) - SBI Base Rate +150 basis points	8.50%	8.50%
Interest on Working Capital**	0.0026	0.0026
Interest on Security Deposit*	0.0000	0.0000

*FY 2021-22 means period from 11 August 2021 to 31 March 2022.

**For FY 2021-22, pro-rated for 232 days.

2.12 Return on Equity

JNPT's Submission

2.12.1 JNPT has considering the normative equity as 30% of the capitalisation and has computed the Return on Equity (RoE) in accordance with Regulation 29 of the MERC MYT Regulations, 2019, for the Distribution Wires and Retail Supply business separately.

2.12.2 Since tax is paid by JNPA as a whole entity which also includes regulated business and unregulated businesses, JNPT has considered the tax rate as per actual tax paid by JNPA. Thus, the effective tax rate considered for the calculation of RoE in accordance with Regulations 34.3 of MERC MYT Regulations 2019 is 34.94%. The pre-tax return on equity is equal to 21.52% for Wires Business and 23.83% for Retail Business for FY 2021-22.

2.12.3 JNPT has submitted that, for the year FY 2021-22 it has achieved Wires Availability of 100% and therefore it is entitled for additional RoE of 1.5%. Further, no assessed bills were issued by JNPT in FY 2021-22 and the collection efficiency is 99.73% for FY 2021-22. JNPT submitted that FY 2021-22 is the first year of commencement of operations. Accordingly, the collection of billing done during the month March 2022 is in the month of April 2022. JNPT has considered the said collection in FY 2021-22 for computing Collection Efficiency. During the normal course of operations, there would be overlap of collection in the month of April which would not have any impact. Considering the 1st year of operation, JNPT has requested the Commission to consider the collection efficiency of 99.73% for FY 2021-22 and approve additional RoE of 2% for FY 2021-22.

Table 34: Return on Equity as claimed by JNPT for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22
Distribution Wires Business	
Opening Balance of Equity	0.000

Particulars	FY 2021-22
Addition during the year	0.563
Closing Balance of Equity	0.563
Return on Equity Computation	
Opening Balance	0.000
Addition during the year	0.067
Return on Equity on Wire Business	0.067
Retail Supply Business	
Opening Balance of Equity	0.000
Addition during the year	0.063
Closing Balance of Equity	0.063
Return on Equity Computation	
Opening Balance	0.000
Addition during the year	0.008
Return on Equity on Supply Business	0.008
Combined Distribution Business	
Return on Equity on Combined Distribution Business	0.075

Commission's Analysis and Ruling

2.12.4 The Commission has noted the submissions of JNPT. JNPT also submitted ITR acknowledgement of JNPA in support of the Tax rate used for grossing up the RoE. The same was found to be in order. Upon scrutiny of the SOP compliance reports submitted by JNPT, it is observed that there was no supply interruption in FY 2021-22. Accordingly, the Wires Availability is considered at 100%. JNPT has submitted Auditor certified collection efficiency of 99.73%. Based on this, the Commission approves the claim of additional RoE of 1.50% towards wires availability, claim of additional RoE of 1.00% towards collection efficiency and claim of additional RoE of 1.00% towards % of assessed bills.

2.12.5 The Commission has computed RoE at base rates of 14.00% and 15.50% for the Distribution Wires Business and Retail Supply Business, respectively, in accordance with the Regulations, on the opening equity of FY 2021-22, considering debt: equity ratio of 70:30. The Return on Equity has been pro-rated for the FY 2021-22 for 232 days. The RoE approved for FY 2021-22 is summarised in the following table:

Table 35: Base Return on Equity approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order*
Distribution Wires Business		

Particulars	FY 2021-22	
	Petitioned	Approved in this Order*
Regulatory Equity at beginning of the year	0.00	0.56
Equity portion of capitalisation during the year	0.56	0.00
Regulatory Equity at the end of the year	0.56	0.56
Base Return on Equity (per annum)	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate (per annum)	21.52%	21.52%
Return on Equity for Wires Business**	0.0606	0.0770
Retail Supply Business		
Regulatory Equity at beginning of the year	0.00	0.06
Equity portion of capitalisation during the year	0.06	0.00
Regulatory Equity at the end of the year	0.06	0.06
Base Return on Equity	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate (per annum)	23.83%	23.83%
Return on Equity for Supply Business**	0.0075	0.0095

*FY 2021-22 means period from 11 August 2021 to 31 March 2022.

**For FY 2021-22, pro-rated for 232 days.

Table 36: Additional RoE Approved by the Commission for FY 2021-22 - Distribution Wires Business (Rs. crores)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order*
Wires Availability above 98%	100%	100%
Additional Rate of Return on Equity for Wire availability	1.50%	1.50%
Additional Return on Equity Computation		
Pre-tax Return on Equity after considering effective Tax rate		2.31%
Return on Regulatory Equity on the opening balance (Rs. Crore)	0.0000	0.0130
Return on Regulatory Equity addition during the year (Rs. Crore)	0.0065	0.0000
Total Additional Return on Equity (Rs. Crore)**	0.0065	0.0083

*FY 2021-22 means period from 11 August 2021 to 31 March 2022.

**For FY 2021-22, pro-rated for 232 days.

Table 37: Additional RoE Approved by the Commission for FY 2021-22 - Retail supply Business (Rs. crores)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order*
% Of Assessed bills with respect to total bills issued during the year	0.00%	0.00%
Additional Rate of Return on Equity for assessment of bills	1.00%	1.00%
Collection Efficiency for the year	99.73%	99.73%

Particulars	FY 2021-22	
	Petitioned	Approved in this Order*
Additional Rate of Return for collection efficiency	1.00%	1.00%
Total Additional Return on Equity	2.00%	2.00%
Additional Return on Equity Computation		
Pre-tax Return on Equity after considering effective Tax rate		3.07%
Return on Regulatory Equity at the beginning of the year (Rs. Crore)	0.0000	0.0019
Return on Regulatory Equity addition during the year (Rs. Crore)	0.0010	0.0000
Total Additional Return on Equity (Rs. Crore)**	0.0010	0.0012

*FY 2021-22 means period from 11 August 2021 to 31 March 2022.

**For FY 2021-22, pro-rated for 232 days.

2.13 Provisioning for Bad Debts

JNPT's Submission

2.13.1 JNPT has not made any provisioning for bad debts as it has not booked any outstanding receivables for FY 2021-22 in its Audited Accounts.

Commission's Analysis and Ruling

2.13.2 As JNPT has not claimed any provisions towards bad debts, the Commission has not approved any amount for FY 2021-22.

2.14 Contribution to Contingency Reserves

JNPT's Submission

2.14.1 JNPT has not claimed any contribution to contingency reserve for FY 2021-22.

Commission's Analysis and Ruling

2.14.2 As JNPT has not claimed any contribution to contingency reserves in FY 2021-22, the Commission has not approved any amount for FY 2021-22.

2.15 Non-Tariff Income

JNPT's Submission

2.15.1 JNPT has considered non-tariff income of Rs. 0.003 Crore for the Retail Supply Business for FY 2021-22 towards Electricity Application & Processing Charges Received.

Commission's Analysis and Ruling

2.15.2 The Commission approves non-tariff income of Rs. 0.003 crore for the FY 2021-22 as per actuals and as verified from the books of accounts. The Non-Tariff income approved by the Commission for FY 2021-22 is provided in the table below:

Table 38: Non-Tariff Income Approved by the Commission for FY 2021-22 (Rs. crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
Wires Business		
Total NTI	0.0000	0.0000
Supply Business		
Total NTI	0.0032	0.0032

2.16 Sharing of Gains/ (Losses)

2.16.1 JNPT in its Petition has not submitted proposal for sharing of gains/(losses) due to controllable parameters.

Commission's Analysis and Rulings

2.16.2 Since this is the first tariff Order of JNPT, there is no normative O&M expenses and hence no sharing has been considered in relation to any gains or loss related to O&M expenses.

2.16.3 Regulation 32 of MERC MYT Regulations 2019 provides the detailed methodology for calculation of the normative interest on working capital. The Commission has computed normative IoWC separately for Distribution Wires Business and Retail Supply Business in para 2.11.7 of this order. JNPT has not provided any details towards actual interest paid on working capital in the Petition and has only claimed the normative amount. Accordingly, for the present proceedings, the actual IoWC is considered as zero and the difference between the normative and the actual IoWC shall be subject to sharing of efficiency gains / losses on account of IoWC.

2.16.4 Regulations 11 of the MERC MYT Regulations 2019 provides the mechanism for sharing of gains/ losses on account of controllable factors. Accordingly, the sharing of gains on account of IoWC are shown below:

Table 39: Sharing of efficiency gains/ (losses) of Interest on Working Capital for FY 2020-21 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2021-22
-------------	------------

	Distribution Wires Business	Retail Supply Business	Total
Normative IoWC	0.0019	0.0026	0.0045
Actual IoWC	0.0000	0.0000	0.0000
Efficiency Gains/(Losses)	0.0019	0.0026	0.0045
Efficiency Gains/(losses) to be passed on to the consumers	0.0013	0.0018	0.0030
Efficiency Gains/(losses) to be retained	0.0006	0.0009	0.0015
Net Entitlement of IoWC	0.0006	0.0009	0.0015

2.17 Revenue from Sale of Electricity

JNPT's Submission

2.17.1 JNPT submitted that the Commission vide its Order dated 30 January 2021 in Case No. 5 of 2021, had approved the ceiling tariff for JNPT as the Tariff that is applicable for the respective category of consumers in the MSEDCL area of supply, as modified from time to time and has approved the corresponding Tariff Schedule for Industrial consumers and Commercial Tariff for the facilities established within the license area of JNPT.

2.17.2 Accordingly, the category-wise revenue earned by JNPT in FY 2021-22 from sale of electricity is as under:

Table 40: Revenue from Sale of Electricity estimated by JNPT for FY 2021-22 (Rs. Crore)

Consumer Category	FY 2021-22
	Revenue - Rs. Crore
HT Category	
Industrial HT-I (A)	0.42
Commercial HT-(II)	0.25
Sub-total	0.68
LT Category	
Commercial LT-II (A)	0.00
Commercial LT-II (B)	0.03
Commercial LT-II (C)	0.01
Industrial LT-V (II)	0.11
Public Service LT VII(B)(II)	0.04
Sub-total	0.19
Total	0.87

Commission's Analysis and Ruling

2.17.3 The Commission approves actual revenue of Rs. 0.87 crore earned by JNPT in FY 2021-22.

2.18 Summary of ARR for FY 2021-22

JNPT's Submission

2.18.1 The Summary of ARR for FY 2021-22 for Distribution Wires Business as claimed by JNPT is shown in the following table:

Table 41: ARR Summary for Distribution Wires Business submitted by JNPT for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22
O&M Expenses	0.055
Depreciation	0.050
Interest on Loan Capital	0.035
Interest on Working Capital	0.001
Interest on CSD	0.000
Provision for bad and doubtful debts	0.000
Contribution to Contingency Reserves	0.000
Income Tax	0.000
Total Revenue Expenditure	0.141
Add: Return on Equity Capital	0.067
Aggregate Revenue Requirement	0.208
Less: Non-Tariff Income	0.000
Total Aggregate Revenue Requirement	0.208

2.18.2 The Summary of ARR for FY 2021-22 for Retail Supply Business as claimed by JNPT is shown in the following table:

Table 42: ARR Summary for Retail Supply Business submitted by JNPT for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22
Power Purchase Expenses	0.598
O&M Expenses	0.030
Depreciation	0.006
Interest on Loan Capital	0.004
Interest on Working Capital	0.003
Interest on CSD	0.000
Provision for bad and doubtful debts	0.000
Contribution to Contingency Reserves	0.000
Intra-State Transmission Charges	0.130
MSLDC Fees & Charges	0.059
Prompt Payment Discount	0.000
Income Tax	0.000
Total Revenue Expenditure	0.828
Add: Return on Equity Capital	0.008
Aggregate Revenue Requirement	0.837

Particulars	FY 2021-22
Less: Non-Tariff Income	0.003
Aggregate Revenue Requirement from Retail Supply	0.834

Commission's Analysis and Ruling

2.18.3 Based on the analysis in the previous paragraphs, the Commission has approved the ARR for FY 2021-22, as summarised in the tables below:

Table 43: ARR for Distribution Wires Business approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
Operation & Maintenance Expenses	0.0550	0.0550
Depreciation	0.0495	0.0630
Interest on Loan Capital	0.0354	0.0359
Interest on Working Capital	0.0009	0.0019
Interest on deposit from Consumers and Distribution System Users	0.0000	0.0000
Provision for bad and doubtful debts	0.0000	0.0000
Contribution to contingency reserves	0.0000	0.0000
Sharing of gains/(losses)	0.0000	0.0006
Total Revenue Expenditure	0.1408	0.1563
Add: Return on Equity Capital	0.0671	0.0853
Aggregate Revenue Requirement	0.2079	0.2416
Less: Non-Tariff Income	0.0000	0.0000
Less: Income from other business	0.0000	0.0000
Aggregate Revenue Requirement from Distribution Wires	0.2079	0.2416

Table 44: ARR for Retail Supply Business approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	0.5979	0.5979
Operation & Maintenance Expenses	0.0296	0.0296
Depreciation	0.0055	0.0070
Interest on Loan Capital	0.0039	0.0040
Interest on Working Capital	0.0026	0.0026
Interest on Consumer Security Deposit	0.0000	0.0000
Write-off of Provision for bad and doubtful debts	0.0000	0.0000
Contribution to contingency reserves	0.0000	0.0000

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
Intra-State Transmission Charges	0.1298	0.1298
MSLDC Fees & Charges	0.0590	0.0590
Sharing of gains/(losses)	0.0000	0.0009
Total Revenue Expenditure	0.8283	0.8308
Add: Return on Equity Capital	0.0084	0.0107
Aggregate Revenue Requirement	0.8368	0.8415
Less: Non-Tariff Income	0.0032	0.0032
Less: Income from other business	0.0000	0.0000
Less: Receipts on account of Cross-Subsidy Surcharge	0.0000	0.0000
Less: Receipts on account of Additional Surcharge if any	0.0000	0.0000
Aggregate Revenue Requirement from Retail Supply	0.8336	0.8383

2.19 Revenue Gap/ (Surplus) for FY 2021-22

JNPT's Submission

2.19.1 JNPT has computed the combined Revenue Gap/ (Surplus) for the Distribution Wires Business and Retail Supply Business for FY 2021-22, as shown in the following table:

Table 45: Revenue Gap/ (Surplus) submitted by JNPT for FY 2021-22 (Rs. Crore)

Particulars	Actuals
ARR for Wires Business	0.21
ARR for Retail Supply Business	0.83
Combined ARR for Wires and Retail Supply Business	1.04
Less: Revenue at Existing Tariff	0.87
Revenue Gap/ (Surplus)	0.17

Commission's Analysis and Ruling

2.19.2 The Commission carried out computation of the combined Revenue Gap/ (Surplus) for FY 2021-22 as follows:

Table 46: Revenue Gap/ (Surplus) approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
ARR for Wires Business	0.2079	0.2416

Particulars	FY 2021-22	
	Petitioned	Approved in this Order
ARR for Retail Supply Business	0.8336	0.8383
Combined ARR for Wires and Retail Supply Business	1.0415	1.0799
Less: Revenue at Existing Tariff	0.8722	0.8722
Revenue Gap/ (Surplus)	0.1693	0.2077

2.19.3 Accordingly, the Commission approves the Revenue Gap of Rs. 0.2077 Crore for FY 2021-22. This has been taken for adjustments against the ARR of FY 2024-25 for the purpose of Tariff determination.

3. PROVISIONAL TRUING-UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2022-23

3.1 Energy Sales

JNPT's Submission

3.1.1 JNPT has submitted that it is presently supplying to 17 consumers with contract demand of 2.15 MVA and has total demand of up to 1 MW. Further, JNPT has received additional applications for 0.85 MVA for supply of regular power in FY 2022-23. Petitioner estimated that the total demand would be around 1 MW.

3.1.2 JNPT, has estimated energy sales for FY 2022-23 based on the actual sales/ loading up to October 2022 and progress of works of various entities to whom land was allotted in its SEZ.

3.1.3 The estimated energy sales by JNPT for FY 2022-23 are as under:

Table 47: Category-wise estimated Energy Sales for FY 2022-23 submitted by JNPT

Consumer Category	MU	MkVAh
HT Category		
Industrial HT-I (A)	2.47	2.62
Commercial HT-(II)	1.43	1.53
Sub-total	3.90	4.15
LT Category		
Commercial LT-II (A)	0.00	0.00
Commercial LT-II (B)	0.11	0.11
Commercial LT-II (C)	0.07	0.07
Industrial LT-V (II)	0.29	0.31
Public Service LT VII(B)(II)	0.06	0.06
Sub-total	0.53	0.55
Total	4.43	4.70

Commission's Analysis and Ruling

3.1.4 As no base-line data is available for projection/ estimation of energy sales, the Commission accepts category-wise sales for FY 2022-23 as submitted by JNPT. The category-wise sales approved by the Commission are given in the table below:

Table 48: Category-wise Energy Sales for FY 2022-23 approved by the Commission (MU and MkVAh)

Consumer Category	Approved Energy Sales (MU)		Approved Energy Sales (MkVAh)	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
HT Category				
Industrial HT-I (A)	2.47	2.47	2.62	2.62
Commercial HT-(II)	1.43	1.43	1.53	1.53
Subtotal	3.90	3.90	4.15	4.15
LT Category				
Commercial LT-II (A)	0.00	0.00	0.00	0.00
Commercial LT-II (B)	0.11	0.11	0.11	0.11
Commercial LT-II (C)	0.07	0.07	0.07	0.07
Industrial LT-V (II)	0.29	0.29	0.31	0.31
Public Service LT VII(B)(II)	0.06	0.06	0.06	0.06
Subtotal	0.53	0.53	0.55	0.55
Total	4.43	4.43	4.70	4.70

3.2 Distribution Loss

JNPT's Submission

3.2.1 JNPT has estimated distribution loss levels of 14.05% for FY 2022-23. JNPT expects that as the loading improves with increase in occupancy, the distribution losses may also reduce.

Commission's Analysis and Ruling

3.2.2 The Commission notes that the claimed distribution losses for FY 2022-23 are lower than the actual distribution losses observed in FY 2021-22. The Commission provisionally approves the Distribution Loss level of 14.05% for FY 2022-23. The same shall be reviewed at the time of true-up based on actuals. The Distribution Loss levels as proposed by JNPT and as provisionally approved by the Commission are as follows:

Table 49: Distribution Loss Provisionally approved by the Commission for FY 2022-23

Particulars	Petitioned	Approved in this Order
Distribution Loss	14.05%	14.05%

3.3 Energy Balance

JNPT's Submission

3.3.1 JNPT has considered the InSTS loss as approved by the Commission in the InSTS Order dated 30 March 2020. The estimated Energy Balance for FY 2022-23 as submitted by JNPT is shown in the following table:

Table 50: Energy Balance for FY 2022-23 submitted by JNPT (MU)

Particulars	UoM	FY 2022-23
Energy Sales	MU	4.43
Distribution Loss	%	14.05%
Energy Requirement at T<>D	MU	5.15
Intra-State Transmission Loss	%	1.63%
Energy Requirement at G<>T	MU	5.24

Commission's Analysis and Ruling

3.3.2 The Commission has noted the submissions of JNPT and observes that the InSTS losses for FY 2022-23 are based on estimation. The Commission has considered the approved energy sales and Distribution Loss for FY 2022-23 and has considered InSTS Loss level of 3.18% as approved by the Commission for FY 2022-23 in STU Tariff Order. The Energy Balance shall be reviewed at the time of true-up based on actuals.

3.3.3 Accordingly, the total energy requirement approved for FY 2022-23 is as shown in the table below:

Table 51: Energy Balance for FY 2022-23 approved by the Commission

Particulars	Petitioned	Approved in this Order
Energy Sales (MU)	4.43	4.43
Distribution loss	14.05%	14.05%
Energy Requirement at T<>D (MU)	5.15	5.15
Intra-State Transmission Loss	1.63%	3.18%
Energy Requirement at G<>T (MU)	5.24	5.32
Total Power Purchase at State Periphery (MU)	5.47	5.56
Imbalance Pool (MU)	(0.23)	(0.23)
Less: Surplus Energy Traded (MU)	0.00	0.00
Total Power Available at G<>T (MU)	5.24	5.33

3.4 Power Purchase Quantum and Cost

JNPT's Submission

3.4.1 The power purchase cost of JNPT includes the purchase from conventional sources for meeting its Base Load and Peak Load requirement, RPO for future projections, from power exchange and net purchase from Imbalance Pool made during the year.

Purchase from Conventional Sources

3.4.2 JNPT has submitted that Commission in its Order dated 27 June 2022 in Case No 90 of 2022 has approved short term power procurement through competitive bidding route under Section 63 of the Electricity Act, 2003 for the period 1 July 2022 to 30 June 2023.

3.4.3 Accordingly, JNPT has estimated that it would purchase power from approved PPA arrangement with Manikaran Power Limited for FY 2022-23.

Renewable Purchase Obligation (RPO)

3.4.4 In accordance with the Maharashtra Electricity Regulatory Commission (Renewable Purchase Obligation, its Compliance, and Implementation of Renewable Energy Certificate Framework) Regulations, 2019, the RPO targets for JNPT for FY 2022-23 are 8.00% for Solar and 11.50% for Non-Solar. JNPT has purchased RECs from Power Exchange in FY 2022-23 to meet the RPO shortfall of 0.01 MU in 2021-22.

3.4.5 For FY 2022-23 considering the small quantum of RE power required to meet RPO, Petitioner has considered purchase of RECs at Rs. 1/ kWh to meet the RPO.

Purchase from Imbalance Pool

3.4.6 JNPT has considered the actual quantum and cost of purchase from Imbalance Pool/Deviation Quantum from April 2022 to September 2022. As Deviation Quantum/ Cost cannot be projected as a source of supply, the same has not been estimated for the remaining months of FY 2022-23.

3.4.7 The summary of power purchase cost for FY 2022-23 as submitted by JNPT is shown in the table below:

Table 52: Power Purchase cost for FY 2022-23 submitted by JNPT.

Particulars	Source	FY 2022-23
Power Purchase Quantum (MU)	Power procurement from Manikaran Power Limited	5.46
	Short Term PPA	
	Imbalance Pool	-0.23
	Power Exchange	0.01
	Solar Purchase	
	Non-Solar Purchase	
	Total	5.24
Power Purchase Cost (Rs. Crore)	Power procurement from Manikaran Power Limited	2.69
	Short Term PPA	
	Imbalance Pool	-0.07
	Power Exchange	0.01
	Solar Purchase	
	Non-Solar Purchase	
	REC	0.09

Particulars	Source	FY 2022-23
	Total	2.72
Average Power Purchase Cost (Rs. /kWh)	Power procurement from Manikaran Power Limited	4.92
	Short Term PPA	
	Imbalance Pool	2.84
	Power Exchange	13.37
	Solar Purchase	
	Non-Solar Purchase	
	REC cost	1.00
	Total	5.19

Commission's Analysis and Ruling

3.4.8 The Commission notes that JNPT has claimed power purchase cost of Rs. 0.84 lakh towards power procured through the power exchange. The average power purchase rate for the same works out to Rs. 13.37/kWh. The Commission noticed that JNPT has procured power through the Power Exchange in the months of May (6900 units) and September (1800 units). Further, it has not projected any power procurement from the Power Exchange in the months from October 2022 to March 2023.

3.4.9 In reply to a query raised by the Commission regarding JNPT's proposal for meeting its RPO targets, JNPT submitted that it has proposed to meet RPO targets for FY 2022-23 by way of purchase of REC and any shortfall shall be carried forward to FY 2023-24. On 30 November 2022 JNPT has purchased REC (85-Solar and 125-Non-Solar) to meet the RPO. JNPT submitted following table regarding meeting its RPO target in FY 2022-23.

Table 53: Projected RPO target achievement for FY 2022-23 submitted by JNPT

Projected RPO Targets & Achievement	Unit	FY 2022-23
Total Energy Requirement	MU	5.24
Solar RPO target	%	8.00%
Solar RPO target	MU	0.42
Solar RPO Achievement	MU	0.35
Solar RPO Shortfall/(Surplus)	MU	0.08
Non-Solar RPO target	MU	11.50%
Non-Solar RPO target	MU	0.60
Non-Solar RPO Achievement	MU	0.50
Non-Solar RPO Shortfall/(Surplus)	MU	0.12

3.4.10 JNPT further requested Commission to allow to carry forward the RPO shortfall for FY 2022-23 to FY 2023-24.

3.4.11 In line with the Energy Balance approved by the Commission in the previous section. The Commission has computed the RPO fulfilment of JNPT against the target as follows:

Table 54: Projected RPO Target & Achievement as approved by Commission for FY 2022-23

Projected RPO Targets & Achievement	Unit	FY 2022-23
Total Energy Requirement	MU	5.33
Solar RPO target	%	8.00%
Solar RPO target	MU	0.43
Solar RPO Achievement as per JNPT	MU	0.35
Solar RPO Shortfall/(Surplus)	MU	0.08
Non-Solar RPO target	MU	11.50%
Non-Solar RPO target	MU	0.61
Non-Solar RPO Achievement as per JNPT	MU	0.50
Non-Solar RPO Shortfall/(Surplus)	MU	0.11

3.4.12 The Commission notes that JNPT has Solar RPO shortfall of 0.08 MU and Non-Solar RPO shortfall of 0.11 MU in FY 2022-23. In light of the request made by JNPT, the Commission hereby approves the proposal of JNPT and allows it to carry forward its RPO target achievement till FY 2024-25.

3.4.13 The Commission has worked out the power quantum requirement at G<>T periphery based on the energy balance carried out in the earlier section. Further, the Commission has considered that the additional power requirement would be met through power procured from the Power Exchange. Details of Power Purchase quantum, cost and rate approved provisionally for FY 2022-23 is as shown in table below:

Table 55: Power Purchase quantum, cost and rate provisionally approved by the Commission for FY 2022-23

Source	Petitioned			Approved in this Order		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./ kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./ kWh)
Power procurement from Manikaran Power Limited	5.46	2.69	4.92	5.46	2.69	4.92
Imbalance Pool	(0.23)	(0.07)	2.84	(0.23)	(0.07)	2.84
Power Exchange	0.01	0.01	13.37	0.09	0.09	10.00
REC		0.09	1.00		0.09	1.00
Total	5.2398	2.7174	5.1860	5.3266	2.8019	5.2603

3.5 Transmission Charges and MSLDC Charges

3.5.1 JNPT submitted the estimated Transmission Charges and MSLDC Charges for FY 2022-23, as shown in the following table:

Table 56: Transmission Charges and MSLDC Charges for FY 2022-23 submitted by JNPT (Rs. Crore)

Particulars	FY 2022-23
Intra-State Transmission Charges	0.21
MSLDC Charges	0.09

Commission’s Analysis and Ruling

3.5.2 The Commission notes the submission of JNPT. The InSTS charges and MSLDC charges will be reviewed and verified at the time of true-up based on actuals. The Commission notes that JNPT has claimed transmission charges and MSLDC charges for Short-Term Open Access in line with the practice followed in FY 2021-22.

3.5.3 Accordingly, the Commission provisionally approves the Transmission Charges and MSLDC Charges for FY 2022-23 as shown in the table below:

Table 57: Transmission Charges and MSLDC Charges for FY 2022-23 provisionally approved by the Commission (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Intra-State Transmission Charges	0.2148	0.2184
MSLDC Charges	0.0926	0.0926

3.6 Operation & Maintenance Expenses

3.6.1 JNPT has proposed the following methodology for determination of its O&M expenses for FY 2022-23.

Employee Expenses and A&G Expenses

3.6.2 JNPT has considered the benchmark normative rates considered for FY 2021-22 for Employee expenses A&G expense as the base and has escalated the same using escalation factor of 4.83% for the FY 2022-23. JNPT has submitted that the escalation factor of 4.83% has been derived as per Regulation 75.2 of the MERC MYT Regulations, 2019. Accordingly, JNPT has claimed Employee Expense at 31 paise/ unit and A&G expense at 10 paise/unit for FY 2022-23.

3.6.3 Additionally, JNPT has also claimed the license fees and Tariff Petition filing fees separately as part of the A&G Expenses, the details of which are outlined as below:

Table 58: A&G Expenses for FY 2022-23 (Rs. Crore)

A&G Expenses	FY 2022-23
License Fees	0.02
Petition Filing fees	0.05
A&G Expense (linked to sales)	0.05
Total	0.12

R&M Expenses

3.6.4 As discussed at para 2.7.8 JNPT has entered into a contract with M/s. Virtuous Energy Private Energy for 3 years for R&M, billing, operations etc. of the entire licence area.

3.6.5 JNPT submitted that, as per the contract with third party agency (M/s. Virtuous Energy Private) it will incur an amount of Rs 0.95 crore towards R&M expenses in FY 2022-23. JNPT has claimed the amount in proportion to loading and has submitted the following claim of R&M expenses.

Table 59: R&M Expenses for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
Contract with Virtuous Energy Pvt. Ltd	0.95
Proportion of Load	2%
R&M expenses claimed in proportion to Load	0.02

Total O&M Expenses

3.6.6 The total O&M expenses estimated and claimed by JNPT for FY 2022-23 are as under:

Table 60: O&M Expenses claimed by JNPT for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
Distribution Wires Business	
Employee Expenses	.010
R&M Expenses	0.01
A&G Expenses	0.08
Total O&M Expenses	0.19
Retail Supply Business	
Employee Expenses	0.05
R&M Expenses	0.01
A&G Expenses	0.04
Total O&M Expenses	0.10
Total Distribution Business	
Employee Expenses	0.15
R&M Expenses	0.02
A&G Expenses	0.12
Total O&M Expenses	0.29

Commission's Analysis and Ruling

- 3.6.7 The Commission has noted that JNPT has not claimed total actual expenses incurred towards R&M, billing, and other activities for which it has engaged third party agency. The actual R&M expense that JNPT is likely to incur under the contract with the third-party agency is more than Rs. 0.95 crore as against that, JNPT has claimed actual R&M expenses of Rs. 0.02 crore. Thus, the difference of about Rs. 0.93 crore is not claimed by JNPT in FY 2022-23. In response to Commission's query on whether JNPT was foregoing the differential actual R&M Expenses incurred and booked for FY 2022-23 or JNPT intends to recover them subsequently as and when the load increases JNPT has submitted that, it will claim R&M expenses in proportion to the actual load of the JNPT SEZ at the time of truing up of FY 2022-23. Further, it shall not claim the differential R&M expenses, it is forgoing, in the future.
- 3.6.8 The Commission has analysed the submission of JNPT in respect of Employee Expenses and A&G expenses and observes that JNPT has not considered the impact of efficiency factor of 1% to the escalation rate. In response to the Commission's query in this regard JNPT has submitted that MERC MYT Regulations, 2019 specify that the escalation factor has to be reduced by an efficiency factor of 1%, unless there is an increase in the number of consumers including Open Access consumers connected to the Distribution Wires of at least 2 percent annually over the last 3 years. JNPT being an SEZ has laid its entire network and the same is readily available to the consumers like plug and play model. JNPT is required to maintain the said entire network.
- 3.6.9 JNPT has requested the Commission to exercise its powers to relax under the MERC MYT Regulations, 2019 and not reduce the efficiency factor of 1%, in view of the peculiar circumstances of SEZ.
- 3.6.10 Regulations 75.3 and 84.3 of the MERC MYT Regulations, 2019 specify as follows:
- “75.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:*
- Provided that, in the Truing-up of the O&M expenses for any particular year of the Control*

Period, an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years (including the year of Truing-up) and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years (including the year of Truing-up), as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Expenses for that year:

Provided further that the efficiency factor shall be considered as zero, in case there is an increase in the number of consumers including Open Access consumers connected to the Distribution Wires of at least 2 percent annually over the last 3 years:

Provided also that in case such increase in the number of consumers is lower than 2 percent annually over the last 3 years, then the reduction in efficiency factor shall be considered in proportion to the percentage growth in the number of consumers.

84.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2021-22 by an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:

Provided that, in the Truing-up of the O&M expenses for any particular year of the Control Period, an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years (including the year of Truing-up) and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years (including the year of Truing-up), as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Expenses for that year:

Provided further that the efficiency factor shall be considered as zero, in case there is an increase in the number of consumers including Open Access consumers of at least 2 percent annually over the last 3 years:

Provided also that in case such increase in the number of consumers is lower than 2 percent annually over the last 3 years, then the reduction in efficiency factor shall be considered in proportion to the percentage growth in the number of consumers.”

- 3.6.11 The escalation factor for the O&M Expenses from FY 2022-23 is to be worked out on the inflation factor considering 30% and 70 % weightage for actual point to point WPI and CPI, respectively, for past five financial years, reduced by an efficiency factor of 1%. The Commission has analysed the WPI and CPI data for the previous five years. By applying 30% weightage to WPI and 70% weightage to CPI, the inflation factor works out to 5.06%. After applying the efficiency factor of 1%, the escalation factor to be considered for projecting O&M expenses from FY 2022-23 works out to 4.06%.
- 3.6.12 JNPT has relied upon 2nd proviso to Regulation 75.3 and 84.3 of the MERC MYT Regulations, 2019 to urge before the Commission to not consider the efficiency factor of 1% in the escalation factor. The said proviso relied upon by JNPT clearly states that efficiency factor is not to be applied if there is increase of consumer of at least 2% annually over the last 3 years. The said proviso is not applicable to JNPT because JNPT started its operations in August 2021 and there is no question of any data being available for last 3 years for applicability of the said Regulation.
- 3.6.13 For estimating Employee Expenses and A&G Expenses the Commission has considered the norms for FY 2021-22 escalated them by 4.06% considering 1% reduction of efficiency factor and derived the estimated employee expenses and A&G expenses for FY 22-23. The estimated R&M expenses for FY 22-23 are pro-rated in proportion to the projected load during FY 22-23. The O&M expenses shall be reviewed at the time true-up.

Table 61: O&M Expenses provisionally approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
O&M Expenses for Wires Business	0.1860	0.1850
O&M Expenses for Retail Supply Business	0.1002	0.0996
Total O&M Expenses	0.2862	0.2846

3.7 Capital Expenditure and Capitalisation

JNPT's Submission

- 3.7.1 JNPT has not proposed any capitalisation for FY 2022-23.

Commission's Analysis and Ruling

- 3.7.2 Since JNPT has not proposed any capitalisation for FY 2022-23, the Commission does not approve any capitalisation for FY 2022-23.

3.8 Depreciation

JNPT's Submission

3.8.1 JNPT has considered closing balance of GFA as on 31.3.2022 as the opening balance of GFA as on 1.4.2022. Further, no capitalisation is proposed by JNPT in FY 2022-23.

3.8.2 JNPT has proposed following depreciation for FY 2022-23 as shown in the table:

Table 62: Depreciation claimed by JNPT for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
Distribution Wires Business	
Opening GFA	1.88
Additions during the Year	-
Closing GFA	1.88
Average GFA	1.88
Net Depreciation	0.10
Depreciation Rate	5.28%
Retail Supply Business	
Opening GFA	0.21
Additions during the Year	-
Closing GFA	0.21
Average GFA	0.21
Depreciation	0.01
Depreciation Rate	5.28%
Combined Distribution Business	
Opening GFA	2.09
Additions during the Year	-
Closing GFA	2.09
Average GFA	2.09
Depreciation	0.11
Depreciation Rate	5.28%

Commission's Analysis and Ruling

3.8.3 The Commission has computed the Depreciation for FY 2022-23 in accordance with Regulation 28 of MERC MYT Regulations, 2019. The Commission has calculated the Depreciation by applying the asset class-wise Depreciation rate as specified in the MERC MYT Regulations, 2019 on the average asset class-wise GFA during the year.

3.8.4 In view of the above, the Commission provisionally approves Depreciation for FY 2022-23 as shown in the table below:

Table 63: Depreciation provisionally approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Distribution Wires Business		
Opening GFA	1.8767	1.8767
Additions during the Year	0.0000	0.0000
Retirement during the year	0.0000	0.0000
Closing GFA	1.8767	1.8767
Depreciation	0.0991	0.0991
Retail Supply Business		
Opening GFA	0.2085	0.2085
Additions during the Year	0.0000	0.0000
Retirement during the year	0.0000	0.0000
Closing GFA	0.2085	0.2085
Depreciation	0.0110	0.0110

3.9 Interest on Loan

JNPT's Submission

- 3.9.1 JNPT submitted that it does not have any actual loans and there is no other business regulated by the Commission. Accordingly, JNPT has considered the interest rate of JNPA (entity as a whole) in line with proviso of Regulation 30.5 of MERC MYT Regulations 2019.
- 3.9.2 JNPT has considered weighted average rate of interest of 4.47% as applicable for FY 2021-22 for FY 2022-23. The normative interest on loan as claimed by JNPT is given below:

Table 64: Interest on Loan submitted by JNPT for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
Distribution Wires Business	
Opening Balance	1.26
Addition loan during the year	0.00
Repayment during the year	0.10
Closing Balance	1.17
Average Balance of Loan	1.21
Weighted Avg. Rate of Interest (%)	4.47%
Total Interest Charges	0.05
Retail Supply Business	
Opening Balance	0.14
Addition loan during the year	0.00
Repayment during the year	0.01
Closing Balance	0.13
Average Balance of Loan	0.13
Weighted Avg. Rate of Interest (%)	4.47%

Particulars	FY 2022-23
Total Interest Charges	0.006
Combined Distribution Business	
Opening Balance	1.40
Addition loan during the year	0.00
Repayment during the year	0.11
Closing Balance	1.29
Average Balance of Loan	1.35
Weighted. Avg. Rate of Interest (%)	4.47%
Total Interest Charges	0.060

Commission's Analysis and Ruling

3.9.3 As explained at para 2.10.5 of the Order the Commission approved the normative interest on loan capital for FY 2021-22 considering the weighted average rate of interest on the actual loan portfolio of JNPA for the FY 2021-22 in accordance with the 4th proviso of Regulation 30.5 of the MERC MYT Regulations, 2019. Accordingly, for FY 2022-23 the Commission has considered the actual weighted average rate of interest of 4.47% for FY 2021-22.

3.9.4 Further the Commission has considered closing balance of normative loan as of FY 2021-22 as the opening balance of normative loan for FY 2022-23. Since there is no capitalisation claimed by JNPT no addition to the normative loan has been considered. The repayment of loan is considered equal to the Depreciation allowed during the year in accordance with MERC MYT Regulations, 2019.

3.9.5 The Interest on Loan approved by the Commission for FY 2022-23 is summarised in the table below:

Table 65: Interest on Loan approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Distribution Wires Business		
Opening Normative Loan	1.26	1.21
Addition of Normative Loan during the year	0.00	0.00
Less: Repayment during the year	0.10	0.10
Closing Normative Loan	1.17	1.12
Average Normative Loan	1.21	1.17
Rate of Interest	4.47%	4.47%
Interest on Loan for Wires Business	0.0542	0.0520
Retail Supply Business		
Opening Normative Loan	0.14	0.13
Addition of Normative Loan during the year	0.00	0.00
Less: Repayment during the year	0.01	0.01

Particulars	Petitioned	Approved in this Order
Closing Normative Loan	0.13	0.12
Average Normative Loan	0.13	0.13
Rate of Interest	4.47%	4.47%
Interest on Loan for Supply Business	0.0060	0.0058

3.10 Interest on Working Capital and Consumer's Security Deposit

JNPT's Submission

3.10.1 JNPT has computed the normative Interest on Working Capital as per Regulation 32 of the MERC MYT Regulations, 2019.

3.10.2 JNPT has projected the amount of CSD by considering 5% increase in CSD over the actual CSD amount of FY 2021-22 due to lack of past data. JNPT has submitted that it shall submit the actual amount of CSD collected by it at the time of Truing-up for FY 2022-23.

Table 66: Interest on Working Capital and Consumers' Security Deposit as claimed by JNPT for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
Distribution Wires Business	
O&M expenses for a month	0.016
Maintenance Spares at 1% of Opening GFA	0.019
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.038
Less: Amount held as Security Deposit from Distribution System Users	0.005
Total Working Capital Requirement	0.067
Computation of Working Capital Interest	
Interest Rate (%) - SBI Base Rate +150 basis points	9.45%
Interest on Working Capital	
Normative Working Capital Interest	0.006
Interest on Security Deposit	0.001
Retail Supply Business	
O&M expenses for a month	0.008
Maintenance Spares at 1% of Opening GFA	0.002
One and half month's equivalent of the expected revenue from sale of electricity	0.463
Less: Amount held as Security Deposit	0.049
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	0.252
Total Working Capital Requirement	0.173
Computation of Working Capital Interest	
Interest Rate (%) - SBI Base Rate +150 basis points	9.45%

Particulars	FY 2022-23
Interest on Working Capital	
Normative Working Capital Interest	0.016
Interest on Security Deposit	0.006
Combined Distribution Business	
Normative Working Capital Interest	0.023
Interest on Security Deposit	0.006

Commission's Analysis and Ruling

3.10.3 The Commission has computed the total working capital requirement in accordance with the MERC MYT Regulations, 2019. The Commission has considered SBI MCLR Rate as on the date of filing Petition (8.05%) plus 150 basis points as the rate applicable for calculation of IoWC.

3.10.4 The Commission has considered CSD at the same level as that proposed by JNPT, for the purpose of estimating working capital requirement of FY 2022-23. The Commission has considered interest rate on CSD equal to the prevailing Bank Rate of Reserve Bank of India (RBI), in accordance with the MYT Regulations, 2019. Further, as deliberated at para 2.11.6 of this Order additionally, the Commission has considered pro-rated interest on CSD for FY 2021-22 and added it to the interest on CSD for FY 2022-23.

3.10.5 IoWC and interest on CSD as approved by the Commission are shown in the table below:

Table 67: Interest on Working Capital and Consumers' Security Deposit approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Distribution Wires Business		
O&M expenses for a month	0.016	0.015
Maintenance Spares at 1% of Opening GFA	0.019	0.019
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.038	0.038
Less: Amount held as Security Deposit from Distribution System Users	0.005	0.005
Total Working Capital Requirement	0.067	0.067
Interest Rate (%) - SBI Base Rate +150 basis points	9.45%	9.55%
Interest on Working Capital	0.0063	0.0064
Interest Rate (%) - Bank Rate	6.15%	4.25%
Interest on CSD	0.0006	0.0004
Retail Supply Business		
O&M expenses for a month	0.0083	0.0083
Maintenance Spares at 1% of Opening GFA	0.0021	0.0021

Particulars	Petitioned	Approved in this Order
One and half month's equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	0.4635	0.4635
Less: Amount held as security deposit	0.0490	0.0490
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	0.2521	0.2594
Total Working Capital Requirement	0.1729	0.1655
Interest Rate (%) - SBI Base Rate +150 basis points	9.45%	9.55%
Interest on Working Capital	0.0163	0.0158
Interest Rate (%) - Bank Rate	6.15%	4.25%
Interest on CSD	0.0057	0.0034g

3.11 Return on Equity

JNPT's Submission

- 3.11.1 JNPT has computed the Return on Equity (RoE) for FY 2022-23 in accordance with Regulation 29 of the MERC MYT Regulations, 2019, for Distribution Wires Business and Retail Supply Business separately.
- 3.11.2 JNPT has considered effective tax rate of JNPA (entity as whole) of 34.94% applicable for FY 2021-22. Based on this JNPT has considered pre-tax return on equity of 21.52% for Wires Business and 23.83% for Retail Supply Business for FY 2022-23. JNPT has computed RoE at the rates specified above on the opening equity for FY 2022-23.
- 3.11.3 The RoE has been computed as per Regulation 29 of MERC MYT Regulations, 2019 as under:

Table 68: Return on Equity submitted by JNPT for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
Distribution Wires Business	
Opening Balance of Equity	0.563
Addition during the year	0.000
Closing Balance of Equity	0.563
Return on Equity Computation	
Opening Balance	0.121
Addition during the year	0.000
Return on Equity on Wire Business	0.121
Retail Supply Business	
Opening Balance of Equity	0.063
Addition during the year	0.000

Particulars	FY 2022-23
Closing Balance of Equity	0.063
Return on Equity Computation	
Opening Balance	0.015
Addition during the year	0.000
Return on Equity on Supply Business	0.015
Return on Equity on Combined Distribution Wires Business and Retail Supply Business	0.136

Commission's Analysis and Ruling

3.11.4 The Commission has computed RoE at base rates of 14.00% and 15.50% for the Distribution Wires Business and Retail Supply Business, respectively, in accordance with the Regulations, on the opening balance of equity for FY 2022-23. Since there is no capitalisation claimed by JNPT no addition to the normative equity has been considered. Further, the Commission has considered effective tax rate of JNPA (entity as whole) of 34.94% applicable for FY 2021-22 and has considered pre-tax return on equity of 21.52% for Wires Business and 23.83% for Retail Supply Business for FY 2022-23.

3.11.5 The provisional RoE approved for FY 2022-23 is summarised in the following table:

Table 69: Return on Equity provisionally approved by the Commission for Distribution Wires Business for FY 2022-23 (Rs. crore)

Particulars	Petitioned	Approved in this Order
Regulatory Equity at beginning of the year	0.56	0.56
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	0.56	0.56
Base Return on Equity	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	21.52%	21.52%
Return on Equity for Wires Business	0.1212	0.1212

Table 70: Return on Equity provisionally approved by the Commission for Retail Supply Business for FY 2022-23 (Rs. crore)

Particulars	Petitioned	Approved in this Order
Regulatory Equity at beginning of the year	0.06	0.06
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	0.06	0.06
Base Return on Equity	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	23.83%	23.83%
Return on Equity for Supply Business	0.0149	0.0149

3.12 Provisioning for Bad Debts

JNPT's Submission

3.12.1 JNPT has not made any provisioning for bad debts as it has not envisaged any outstanding receivables for FY 2022-23.

Commission's Analysis and Ruling

3.12.2 As JNPT has not envisaged any provisioning for bad debts, the Commission has not approved any amount towards provision for bad debts for FY 2022-23.

3.13 Contribution to Contingency Reserves

JNPT's Submission

3.13.1 JNPT has considered the Contribution to Contingency Reserves in accordance with Regulation 35 of the MERC MYT Regulations, 2019.

Table 71: Contribution to Contingency Reserves estimated for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
Distribution Wires Business	
Opening Balance of GFA	1.877
Contribution to Contingency Reserves for Wires Business	0.005
Retail Supply Business	
Opening Balance of GFA	0.209
Contribution to Contingency Reserves for Supply Business	0.001

Commission's Analysis and Ruling

3.13.2 The Commission approves Contribution to Contingency Reserve at 0.25% of the original cost of fixed assets. JNPT shall invest such amount as per Regulation 35.1 of MERC MYT Regulations 2019.

Table 72: Contribution to Contingency Reserves approved for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Wires Business		
Opening GFA of Wire Business	1.88	1.88
Contribution to Contingency Reserves	0.0047	0.0047
Retail Supply Business		
Opening GFA of Retail Supply Business	0.21	0.21
Contribution to Contingency Reserves	0.0005	0.0005

3.14 Non- Tariff Income

JNPT's Submission

3.14.1 JNPT has projected income earned out of investments in Contingency Reserves towards the non-tariff income. JNPT has assumed that the amount of Contribution to Contingency

Reserves will be invested in GoI, GILT securities. Further, JNPT has assumed it will earn an interest of 7.50% equivalent to RBI – 10-Year G-Sec Par Yield as on 22 October 2022.

3.14.2 Further, JNPT has also considered income earned from consumer charges that would be levied in accordance with Schedule of Charges approved by the Commission towards the non-tariff income.

3.14.3 Based on the above considerations, JNPT has estimated non-tariff income of Rs. 0.003 Crore for the Retail Supply Business for FY 2022-23.

Commission’s Analysis and Ruling

3.14.4 The Commission observed that, the non-tariff income estimated by JNPT for FY 2022-23 has miniscule addition to the actual non-tariff income earned by JNPT for FY 2021-22. The addition is on account of income from Contingency Reserves and consumer charges.

3.14.5 The Commission approves the estimated Non-Tariff Income of Rs. 0.003 crore for FY 2022-23 as submitted by JNPT. The Commission shall review the actual value of the non-tariff income earned in FY 2022-23 at the time of true-up.

Table 73: Non-Tariff Income provisionally approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	
	Petitioned	Approved in this Order
Wires Business		
Total NTI	0.0000	0.0000
Supply Business		
Total NTI	0.0032	0.0032

3.15 Revenue from Sale of Electricity

JNPT’s Submission

3.15.1 JNPT has estimated category-wise revenue for FY 2022-23 based on existing prevailing tariff from sale of electricity as under:

Table 74: Revenue from Sale of Electricity estimated by JNPT for FY 2022-23 (Rs. Crore)

Consumer Category	FY 2022-23
HT Category	
Industrial HT-I (A)	2.17
Commercial HT-(II)	1.38
Sub-total	3.56
LT Category	
Commercial LT-II (A)	0.00
Commercial LT-II (B)	0.10
Commercial LT-II (C)	0.08
Industrial LT-V (II)	0.22
Public Service LT VII(B)(II)	0.05

Consumer Category	FY 2022-23
Sub-total	0.45
Total	4.01

Commission's Analysis and Ruling

3.15.2 The Commission accepts JNPT's submission regarding estimated revenue for FY 2022-23 and approves the revenue estimate of Rs. 4.01 crore for FY 2022-23. The same shall be reviewed at the time of true-up.

Table 75: Revenue from sale of electricity provisionally approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Revenue from Sale of Electricity	4.01	4.01

3.16 Summary of ARR for FY 2022-23

JNPT's Submission

3.16.1 The Summary of ARR as submitted by JNPT for FY 2022-23 for Distribution Wires Business is shown in the following table:

Table 76: ARR Summary for Distribution Wires Business submitted by JNPT for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
O&M Expenses	0.186
Depreciation	0.099
Interest on Loan Capital	0.054
Interest on Working Capital	0.006
Interest on CSD	0.001
Provision for bad and doubtful debts	0.000
Contribution to Contingency Reserves	0.005
Income Tax	0.000
Total Revenue Expenditure	0.351
Add: Return on Equity Capital	0.121
Aggregate Revenue Requirement	0.472
Less: Non-Tariff Income	0.000
Total Aggregate Revenue Requirement	0.472

3.16.2 The Summary of ARR as submitted by JNPT for FY 2022-23 for Retail Supply Business is shown in the following table:

Table 77: ARR Summary for Retail Supply Business submitted by JNPT for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
Power Purchase Expenses	2.717
O&M Expenses	0.100

Particulars	FY 2022-23
Depreciation	0.011
Interest on Loan Capital	0.006
Interest on Working Capital	0.016
Interest on CSD	0.006
Provision for bad and doubtful debts	0.000
Contribution to Contingency Reserves	0.001
Intra-State Transmission Charges	0.215
MSLDC Fees & Charges	0.093
Prompt Payment Discount	0.000
Income Tax	0.000
Total Revenue Expenditure	3.165
Add: Return on Equity Capital	0.015
Aggregate Revenue Requirement	3.179
Less: Non-Tariff Income	0.003
Aggregate Revenue Requirement from Retail Supply	3.176

Commission's Analysis and Ruling

3.16.3 Based on the analysis in the previous paragraphs, the Commission approves the ARR for FY 2022-23, as summarised in the tables below:

Table 78: ARR for Distribution Wires Business provisionally approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Operation & Maintenance Expenses	0.1860	0.1850
Depreciation	0.0991	0.0991
Interest on Loan Capital	0.0542	0.0520
Interest on Working Capital	0.0063	0.0064
Interest on deposit from Consumers and Distribution System Users	0.0006	0.0004
Provision for bad and doubtful debts	0.0000	0.0000
Contribution to contingency reserves	0.0047	0.0047
Sharing of gains/(losses)	0.0000	0.0000
Total Revenue Expenditure	0.3510	0.3476
Add: Return on Equity Capital	0.1212	0.1212
Aggregate Revenue Requirement	0.4722	0.4687
Less: Non-Tariff Income	0.0000	0.0000
Less: Income from other business	0.0000	0.0000
Aggregate Revenue Requirement from Distribution Wires	0.4722	0.4687
Revenue from existing tariff	0.3021	0.3021
Revenue Gap/(Surplus) of Licensed Business	0.1700	0.1666

Table 79: ARR for Retail Supply Business provisionally approved by the Commission

for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	2.7174	2.8019
Operation & Maintenance Expenses	0.1002	0.0996
Depreciation	0.0110	0.0110
Interest on Loan Capital	0.0060	0.0058
Interest on Working Capital	0.0163	0.0158
Interest on Consumer Security Deposit	0.0057	0.0034
Write-off of Provision for bad and doubtful debts	0.0000	0.0000
Contribution to contingency reserves	0.0005	0.0005
Intra-State Transmission Charges	0.2148	0.2184
MSLDC Fees & Charges	0.0926	0.0926
Sharing of gains/(losses)	0.0000	0.0000
Total Revenue Expenditure	3.1645	3.2491
Add: Return on Equity Capital	0.0149	0.0149
Aggregate Revenue Requirement	3.1794	3.2640
Less: Non-Tariff Income	0.0032	0.0032
Less: Income from other business	0.0000	0.0000
Less: Receipts on account of Cross-Subsidy Surcharge	0.0000	0.0000
Less: Receipts on account of Additional Surcharge if any	0.0000	0.0000
Aggregate Revenue Requirement from Retail Supply	3.1763	3.2608
Revenue from existing tariff	3.7079	3.7079
Revenue Gap/(Surplus) of Licensed Business	(0.5317)	(0.4471)

3.17 Revenue Gap/ (Surplus) for FY 2022-23

JNPT's Submission

3.17.1 JNPT has computed the combined Revenue Gap/(Surplus) for the Distribution Wires Business and Retail Supply Business for FY 2022-23, as shown in the following table:

Table 80: Revenue Gap/ (Surplus) submitted by JNPT for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
ARR for Distribution Wires Business	0.47
ARR for Retail Supply Business	3.18
Combined ARR for Wires and Retail Supply Business	3.65
Revenue from existing tariff	4.01

Particulars	FY 2022-23
Revenue Gap/(Surplus) of Licensed Business	(0.36)

Commission's Analysis and Ruling

3.17.2 Based on the above analysis the combined Revenue Gap/ (Surplus) for the Wires Business and Retail Supply Business provisionally approved for FY 2022-23, as shown in the following table:

Table 81: Revenue Gap/ (Surplus) approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
ARR for Distribution Wires Business	0.4722	0.4687
ARR for Retail Supply Business	3.1763	3.2608
Combined ARR for Wires and Retail Supply Business	3.6484	3.7295
Revenue from sale of electricity	4.01	4.01
Revenue Gap/(Surplus)	(0.3616)	(0.2805)

4. PROJECTION OF AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24 and FY 2024-25

4.1 Energy Sales

JNPT's Submission

- 4.1.1 For projecting the energy sales for FY 2023-24 and FY 2024-25, JNPT has considered the estimated energy sales for FY 2022-23 as the base. JNPT has submitted that, it expects loading to increase to 1.5 MW by 2023-24 and 2.3 MW by 2024-25 based on the actual sales/loading up to October 2022 and progress of work of various entities to whom land in SEZ is allotted.
- 4.1.2 Based on the above assumptions, the Energy Sales have been projected for the Control Period from FY 2023-24 to FY 2024-25. The details of category-wise sales projections are given below:

Table 82: Category-wise estimated Energy Sales for FY 2023-24 and FY 2024-25 submitted by JNPT (MU & MkVAh)

Consumer Category	FY 2023-24		FY 2024-25	
	MU	MkVAh	MU	MkVAh
HT Category				
Industrial HT-I (A)	3.39	3.58	5.09	5.39
Commercial HT-(II)	3.58	3.84	4.45	4.78
Sub-total	6.96	7.42	9.54	10.17
LT Category				
Commercial LT-II (A)	-	-	-	-
Commercial LT-II (B)	0.18	0.19	0.39	0.41
Commercial LT-II (C)	0.47	0.49	1.30	1.37
Industrial LT-V (II)	0.35	0.37	0.65	0.69
Public Service LT VII(B)(II)	0.08	0.08	0.16	0.16
Sub-total	1.09	1.14	2.51	2.62
Total	8.05	8.56	12.05	12.79

Commission's Analysis and Ruling

- 4.1.3 In the absence of any past trend and given the nature of the load, i.e., multi sector and export industry-oriented activities, energy sales are difficult to predict given that the SEZ is still under the development stage. The Commission is of the view that the SEZ based Licensee which has very limited area of licence is in the best position to judge the sales growth in its License area. Accordingly, the Commission accepts the proposed sales as submitted by JNPT. The category-wise sales approved by the Commission are given in the table below:

Table 83: Category-wise Energy Sales for FY 2023-24 and FY 2024-25 approved by the Commission (MU)

Consumer Category	FY 2023-24		FY 2024-25	
	Approved in this Order (MU)	Approved in this Order (MkVAh)	Approved in this Order (MU)	Approved in this Order (MkVAh)
HT Category				
Industrial HT-I (A)	3.39	3.58	5.09	5.39
Commercial HT-(II)	3.58	3.84	4.45	4.78
Sub-total	6.96	7.42	9.54	10.17
LT Category				
Commercial LT-II (A)	-	-	-	-
Commercial LT-II (B)	0.18	0.19	0.39	0.41
Commercial LT-II (C)	0.47	0.49	1.30	1.37
Industrial LT-V (II)	0.35	0.37	0.65	0.69
Public Service LT VII(B)(II)	0.08	0.08	0.16	0.16
Sub-total	1.09	1.14	2.51	2.62
Total	8.05	8.56	12.05	12.79

4.2 Distribution Loss

JNPT's Submission

4.2.1 JNPT has proposed distribution loss reduction of 0.5% over the Distribution Loss of 14.05% as estimated for FY 2022-23. Accordingly, JNPT has estimated distribution loss levels of 13.55% and 13.05%, for FY 2023-24 and FY 2024-25 respectively.

Commission's Analysis and Ruling

4.2.2 The Commission has noted the submission of JNPT and is of the view that a steeper loss reduction of 1.00% over the previous year loss level would be a competitive target. The primary reason for this contention of JNPT that the load will increase gradually and there is unlikely to be a very steep increase so as to reach a target of 50 MW load, the load for which infrastructure is planned. Therefore, the Commission has accepted the contention and has approved the Distribution Loss of 13.05% and 12.05% for FY 2023-24 and FY 2024-25, respectively.

Table 84: Distribution loss trajectory as approved by the Commission for FY 2023-24 & FY 2024-25

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Distribution Loss (%)	13.55%	13.05%	13.05%	12.05%

4.3 Energy Balance

JNPT's Submission

4.3.1 JNPT has considered the Energy Balance after considering the energy sales and distribution loss levels as discussed in the related sections. Further, JNPT has considered the InSTS loss as approved by the Commission in the InSTS Order dated 30 March 2020.

4.3.2 The estimated Energy Balance for FY 2023-24 and FY 2024-25 is shown in the following table:

Table 85: Energy Balance for FY 2023-24 and FY 2024-25 submitted by JNPT (MU)

Particulars	UoM	FY 2023-24	FY 2024-25
Energy Sales	MU	8.05	12.05
Distribution Loss	%	13.55%	13.05%
Energy Requirement at T<>D	MU	9.31	13.86
Intra-State Transmission Loss	%	3.18%	3.18%
Energy Requirement at G<>T	MU	9.62	14.32

Commission's Analysis and Ruling

4.3.3 The Commission has noted the submission of JNPT. It is observed that JNPT has considered InSTS losses for FY 2023-24 and FY 2024-25 based on approved InSTS loss as per MYT Order of STU.

4.3.4 The Commission has considered the approved energy sales and Distribution Loss for FY 2023-24 and FY 2024-25 and has considered InSTS Loss of 3.18% which is the approved value of InSTS loss for the Control period.

4.3.5 Accordingly, the total energy requirement approved for FY 2023-24 and FY 2024-25 is as shown in the table below:

Table 86: Energy Balance for FY 2023-24 and FY 2024-25 approved by the Commission

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Energy Sales	8.05	8.05	12.05	12.05
Distribution loss	13.55%	13.05%	13.05%	12.05%
Energy Requirement at T<>D	9.31	9.26	13.86	13.70
Intra-State Transmission Loss	3.18%	3.18%	3.18%	3.18%
Energy Requirement at G<>T	9.62	9.56	14.32	14.15

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Total Power Purchase at State Periphery	9.62	9.57	14.32	14.17
Imbalance Pool	0.00	0.00	0.00	0.00
Less: Surplus Energy Traded	0.00	0.00	0.00	0.00
Total Power Available at G<=>T (MU)	9.62	9.57	14.32	14.17

4.4 Power Purchase Quantum and Cost

4.4.1 JNPT has envisaged procurement of its power requirement from conventional sources for meeting its Base Load and Peak Load requirement during FY 2023-24 and FY 2024-25.

Purchase from Conventional Sources

4.4.2 JNPT has submitted that, there is no clear visibility of anticipated load of JNPT in FY 2023-24 and FY 2024-25. Accordingly, based on the estimated load, JNPT has submitted that it will purchase power on short term basis for FY 2023-24 and FY 2024-25 through competitive bidding and it shall approach the Commission for adoption of tariff. JNPT has estimated the power purchase rate of Rs. 5.40/ unit for FY 2023-24 and FY 2024-25 based on the latest price discovered by M/s. Laxmipati Balaji Supply Chain Management Ltd. for the Period February 2023 to January 2024. The said information was extracted from the DEEP Portal.

Renewable Purchase Obligation (RPO)

4.4.3 In accordance with the Maharashtra Electricity Regulatory Commission (Renewable Purchase Obligation, its Compliance, and Implementation of Renewable Energy Certificate Framework) Regulations, 2019, the RPO targets for JNPT for FY 2023-24 are 10.50% for Solar and 11.50% for Non-Solar and for FY 2024-25 are 11.00% for Solar and 11.50% for Non-Solar.

4.4.4 Considering the small quantum of RE power required JNPT has proposed to purchase RECs from the Power Exchanges in FY 2023-24 and FY 2024-25 to meet the RPO compliance requirements. Further, JNPT has submitted that if RE power is purchased from GDAM/ GTAM market, the landed cost of RE power would be much higher after loading all the charges up to the Maharashtra Periphery resulting in higher burden on consumers. Accordingly, it would be prudent to purchase RECs till the time there is substantial load on the system. Accordingly, JNPT has proposed to meet its RPO by purchasing RECs only.

Purchase from Imbalance Pool

4.4.5 JNPT has not estimated any purchase from the imbalance pool for FY 2023-24 and FY 2024-25.

4.4.6 The summary of power purchase cost for FY 2023-24 and FY 2024-25 as submitted by JNPT is shown in the table below:

Table 87: Power Purchase Quantum and cost for FY 2023-24 and FY 2024-25 as submitted by JNPT

Particulars	Source	FY 2023-24	FY 2024-25
Power Purchase Quantum (MU)	Power procurement from Manikaran Power Limited	1.69	
	Short Term PPA	7.93	14.32
	Imbalance Pool		
	Power Exchange		
	Solar Purchase		
	Non-Solar Purchase		
	Total	9.62	14.32
Power Purchase Cost (Rs. Crore)	Power procurement from Manikaran Power Limited	0.85	
	Short Term PPA	4.28	7.73
	Imbalance Pool		
	Power Exchange		
	Solar Purchase		
	Non-Solar Purchase		
	REC	0.21	0.36
Total	5.34	8.09	
Average Power Purchase Cost (Rs. /kWh)	Power procurement from Manikaran Power Limited	5.02	
	Short Term PPA	5.40	5.40
	Imbalance Pool		
	Power Exchange		
	Solar Purchase		
	Non-Solar Purchase		
	REC cost	1.00	1.00
Total	5.55	5.65	

Commission's Analysis and Ruling

4.4.7 The Commission approves the quantum of power purchase based on the energy balance as approved in the earlier section. For the purpose of estimating the power purchase expense towards the procurement of short-term conventional power, the Commission has decided to consider the latest approved rate for similar utility of Rs. 5.40/ kWh for FY 2023-24 and FY 2024-25.

4.4.8 As regard RPO, the Commission notes that JNPT has proposed to meet its RPO through RECs alone and has not proposed procurement of any RE power. In reply to a query raised by the Commission regarding JNPT’s fulfilment of its RPO targets, JNPT submitted its proposal for meeting its RPO targets for FY 2023-24 and FY 2024-25 as follows:

Table 88: Projected RPO target achievement for FY 2023-24 and FY 2024-25 as submitted by JNPT

Projected RPO Targets & Achievement	Unit	FY 2023-24	FY 2024-25
Total Energy Requirement	MU	9.62	14.32
Solar RPO target	%	10.50%	13.50%
Solar RPO target	MU	1.01	1.93
Solar RPO Achievement	MU	1.09	1.93
Solar RPO Shortfall/(Surplus)	MU	-	-
Non-Solar RPO target	MU	11.50%	11.50%
Non-Solar RPO target	MU	1.11	1.65
Non-Solar RPO Achievement	MU	1.23	1.65
Non-Solar RPO Shortfall/(Surplus)	MU	-	-

4.4.9 The Commission notes JNPT’s proposal for fulfilling its RPO target and directs it to meet its RPO obligation in a timely manner.

4.4.10 Based on the above considerations, the Commission approves the power purchase quantum, cost, and rate as given in following table. The same shall be reviewed at the time of true-up based on actuals. Details of Power Purchase approved in provisional true-up of FY 2023-24 and FY 2024-25 is as shown in table below:

Table 89: Power Purchase quantum and cost for FY 2023-24 and FY 2024-25 approved by the Commission.

Particulars	Details	FY 2023-24		FY 2024-25	
		Petitioned	Approved in this Order	Petitioned	Approved in this Order
Power Purchase Quantum (MU)	New Short-term Source	7.93	7.89	14.32	14.17
	Existing PPA	1.69	1.68	0.00	0.00
	Renewables	0.00	0.00	0.00	0.00
	Total	9.62	9.57	14.32	14.17
Power Purchase Cost (Rs. Crore)	New Short-term Source	4.28	4.26	7.73	7.65
	Existing PPA	0.85	0.84	0.00	0.00
	REC	0.21	0.21	0.36	0.35
	Total	5.3410	5.3150	8.0885	8.0036

Particulars	Details	FY 2023-24		FY 2024-25	
		Petitioned	Approved in this Order	Petitioned	Approved in this Order
Power Purchase Rate (Rs/kWh)	New Short-term Source	5.40	5.40	5.40	5.40
	Existing PPA	5.02	5.02	-	-
	REC	1.00	-	1.00	-
	Total	5.55	5.55	5.65	5.65

4.5 Transmission Charges and MSLDC Charges

4.5.1 JNPT has proposed short term purchase for FY 2023-24 and FY 2024-25, it has considered short term transmission charges as approved by the Hon'ble Commission in the InSTS Order. Also, for projecting MSLDC charges, JNPT has considered MSLDC Charges as approved in the MSLDC's MYT Order dated 30 March 2020. JNPT has requested the Commission to determine its share of TTSC and MSLDC charges payable during the Control Period in accordance with the provisions of MERC MYT Regulations, 2019, while determining the Transmission Charges payable by the Distribution Licensees for the Control Period. JNPT submitted the Transmission Charges and MSLDC Charges, as shown in the following table:

Table 90: Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 as submitted by JNPT (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Intra-State Transmission Charges	0.38	0.56
MSLDC Charges	0.09	0.09

Commission's Analysis and Ruling

4.5.2 The Commission notes the submission of JNPT. Vide Order in Case No. 239 of 2022, the Commission has determined the InSTS Tariff. In the present Order the Commission has considered the approved Transmission charges as per the InSTS Tariff Order. Vide Order in Case No. 233 of 2022, the Commission has determined the MSLDC Tariff. In the present Order the Commission has considered the approved MSLDC charges as approved in the MSLDCL Tariff Order.

Table 91: Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Transmission Charges	0.3847	0.5600	0.5583	0.7500
MSLDC Charges	0.0938	0.1800	0.0949	0.2460

4.6 Operation & Maintenance Expenses

Employee Expenses and A&G Expenses

4.6.1 As discussed in section 2.7 of the Order, JNPT has considered the benchmark normative per unit rates for projecting the Employee Expenses and A&G Expenses. Further, JNPT has projected the benchmark normative Employee Expenses and A&G Expenses for FY 2021-22 by using escalation factor of 4.83%. The benchmark normative per unit rates as considered by JNPT are as follows:

Table 92: Benchmark normative Employee Expenses and A&G Expenses claimed by JNPT for FY 2023-24 and FY 2024-25 (Paise/ kWh)

Particulars	FY 2023-24	FY 2024-25
Employee Expenses	0.33	0.35
A&G Expense	0.11	0.12

4.6.2 Further, JNPT has also considered the licensee fees and Tariff Petition filing fees separately as part of the A&G expenses over the above the claimed benchmark normative Employee Expenses and A&G Expenses. The details of which are outlined as below:

Table 93: A&G Expenses for the control period (Rs. Crore)

A&G Expenses	FY 2023-24	FY 2024-25
License Fees	0.02	0.02
Petition Filing fees	0.00	0.05
A&G Expense (linked to sales based on benchmark normative per unit rate)	0.09	0.15
Total	0.11	0.22

R&M Expenses

4.6.3 As discussed in section 2.7 of the Order, JNPT appointed a third-party agency M/s. Virtuous Energy Private Limited for 3 years for R&M, billing, operations etc. of the entire licence area. JNPT has proposed to claim R&M expense in proportion to the projected load in FY 2023-24 and FY 2024-25 to lower the impact on tariff. The actual R&M expenses and the R&M expenses claimed by JNPT are as follows:

Table 94: R&M Expenses as claimed by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Actual R&M expenses as per contract with Virtuous Energy Pvt. Ltd.	1.00	1.05
Projected proportion of Load	4%	6%
Allocation to R&M in pro-rata to Load as claimed by JNPT	0.04	0.06

Total O&M Expenses

4.6.4 JNPT has segregated the O&M expenses between the Distribution Wires Business and Retail Supply Business based on the Allocation Matrix as specified in the MERC MYT Regulations, 2019.

4.6.5 The total O&M expenses estimated by JNPT for FY 2023-24 and FY 2024-25 are as under:

Table 95: O&M Expenses claimed by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Distribution Wires Business		
Employee Expenses	0.17	0.27
R&M Expenses	0.03	0.04
A&G Expenses	0.07	0.14
Total O&M Expenses	0.27	0.45
Retail Supply Business		
Employee Expenses	0.09	0.15
R&M Expenses	0.01	0.02
A&G Expenses	0.04	0.08
Total O&M Expenses	0.15	0.24
Total Distribution Business		
Employee Expenses	0.27	0.42
R&M Expenses	0.04	0.06
A&G Expenses	0.11	0.22
Total O&M Expenses	0.42	0.70

Commission's Analysis and Ruling

4.6.6 The Commission has noted that JNPT has not claimed total actual expenses incurred towards R&M, billing, and other activities for which it has engaged third party agency. The actual R&M expenses are Rs. 1.00 crore and Rs. 1.05 crore in FY 2023-24 and FY 2024-25 respectively as against that, JNPT has claimed actual R&M expenses of Rs. 0.04 crore and Rs. 0.06 crore. Thus, the difference of about Rs. 0.96 crore and Rs. 0.99 crore is not claimed by JNPT in FY 2023-24 and FY 2025-26 respectively. In response to Commission's query on whether JNPT was foregoing the differential actual R&M Expenses it would incur in FY 2023-24 and FY 2024-25 or JNPT intends to recover them subsequently as and when the load increases JNPT has submitted that, it will claim R&M expenses in proportion to actual load of the JNPT SEZ at the time of truing up of the future years. Further, it shall not claim the differential R&M expenses over and above R&M expenses in proportion to the loading.

4.6.7 The Commission has analysed the submission of JNPT in respect of Employee Expenses and A&G expenses and observes that JNPT has not reduced the efficiency factor of 1% from the escalation rate as per Regulations 75.3 and 84.3 of the MERC MYT Regulations, 2019. The

Commission has already deliberated on this matter at para 3.6.12 of this Order. Accordingly, for estimating Employee Expenses and A&G Expenses the Commission has considered the norms for FY 2021-22 and has escalated them by 4.06% considering 1% reduction of efficiency factor and derived the estimated benchmark norms for Employee Expenses and A&G expenses for FY 2023-24 and FY 2024-25 which are as follows:

Table 96: Benchmark normative Employee Expenses and A&G Expenses approved by the Commission for FY 2023-24 and FY 2024-25 (Paise/ kWh)

Category of expenses	FY 2023-24	FY 2024-25
Employee Expenses	0.32	0.34
A&G Expense	0.11	0.11

4.6.8 Further, the additional claim of Rs. 0.11 crore towards A&G expenses for FY 2023-24 and Rs. 0.21 crore for FY 2024-25 pertaining to License fee and Petition filing fee are approved.

4.6.9 As regard the claimed estimated R&M expenses for FY 2023-24 and FY 2024-25, the Commission approves pro-rated R&M expenses in proportion to the projected load during the respective years. Accordingly, the R&M expenses of Rs. 0.04 crore for FY 2023-24 and Rs. 0.06 crore for FY 2024-25 are approved.

Table 97: O&M Expenses approved for FY 2023-24 and FY 2024-25 by the Commission (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
O&M Expenses for Wires Business	0.2726	0.2688	0.4529	0.4440
O&M Expenses for Supply Business	0.1468	0.1448	0.2439	0.2391
Total O&M Expenses	0.4195	0.4136	0.6968	0.6831

4.7 Capital Expenditure and Capitalisation

JNPT's Submission

4.7.1 JNPT has proposed to claim the capitalisation in proportion to the projected load as per Regulation 3.12 of MERC (Approval of Capital Investment Schemes) Regulations, 2022. However, JNPT has highlighted that the claim of asset loading wise capitalisation is subject to minimum asset loading of 25% as per Regulation 3.12 of MERC (Approval of Capital Investment Schemes) Regulations, 2022, which it does not meet currently. Therefore, this would lead to a situation of no capitalisation being allowed to JNPT even if the assets are put to use and the corresponding capitalisation is not allowed to be claimed in tariff. Therefore, JNPT has requested the Commission to invoke Power to Relax under the MERC (Approval of Capital Investment Schemes) Regulations, 2022 and allow capex/

capitalisation in proportion to actual asset loading as outlined in the following table:

Table 98: Capitalisation in proportion to the load (Rs. Crore)

Particulars	Units	Total	FY 2023-24	FY 2024-25
Actual Load	MW	50	1.53	2.29
Load rounded off	MW		2.00	3.00
Total Capex/ Capitalisation	Rs. crore	104.26	2.09	2.09

Commission's Analysis and Ruling

4.7.2 The Commission has deliberated the issue regarding approval of recovery of capitalisation in proportion to the actual/ proposed loading at para 2.8.11 of this Order. The Commission observes that according to Petitioner's projection of load in FY 2023-24 and FY 2024-25 the loading is below minimum asset loading of 25%. Therefore, in line with the approach followed by the Commission for approval of proposed capitalisation in FY 2021-22 the Commission approves the proposed recovery of capitalisation for FY 2023-24 and FY 2024-25 in proportion to the loading.

Table 99: Capitalisation approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Capitalisation	2.09	2.09	2.09	2.09

4.8 Depreciation

JNPT's Submission

4.8.1 JNPT has computed the Depreciation for FY 2023-24 and FY 2024-25 in accordance with Regulation 28 of the MERC MYT Regulations, 2019, by applying the asset class-wise Depreciation rate specified in the MERC MYT Regulations, 2019 on the average asset class-wise GFA during the year. JNPT's claim of Depreciation for FY 2023-24 and for FY 2024-25 are as shown in the table below:

Table 100: Depreciation submitted by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Distribution Wires Business		
Opening GFA	1.88	3.75
Additions during the Year	1.88	1.88
Closing GFA	3.75	5.63
Average GFA	2.82	4.69
Net Depreciation	0.15	0.25
Depreciation Rate	5.28%	5.28%

Particulars	FY 2023-24	FY 2024-25
Retail Supply Business		
Opening GFA	0.21	0.42
Additions during the Year	0.21	0.21
Closing GFA	0.42	0.63
Average GFA	0.31	0.52
Depreciation	0.02	0.03
Depreciation Rate	5.28%	5.28%
Combined Distribution Business		
Opening GFA	2.09	4.17
Additions during the Year	2.09	2.09
Closing GFA	4.17	6.26
Average GFA	3.13	5.21
Depreciation	0.17	0.28
Depreciation Rate	5.28%	5.28%

Commission's Analysis and Ruling

4.8.2 The Commission has computed the Depreciation for FY 2023-24 and FY 2024-25 in accordance with Regulation 28 of MERC MYT Regulations, 2019. The approved Capitalisation for FY 2023-24 and FY 2024-25 are considered towards addition of assets during the year. The Commission has calculated the Depreciation by applying the asset class-wise Depreciation rate as specified in the MERC MYT Regulations, 2019 on the average asset class-wise GFA during the year.

4.8.3 In view of the above, the Commission has approved Depreciation for FY 2023-24 and FY 2024-25 as shown in the table below:

Table 101: Depreciation approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Distribution Wires Business				
Opening GFA	1.88	1.88	3.75	3.75
Additions during the Year	1.88	1.88	1.88	1.88
Retirement during the year	0.00	0.00	0.00	0.00
Closing GFA	3.75	3.75	5.63	5.63
Depreciation	0.1486	0.1486	0.2477	0.2477
Retail Supply Business				
Opening GFA	0.21	0.21	0.42	0.42
Additions during the Year	0.21	0.21	0.21	0.21

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Retirement during the year	0.00	0.00	0.00	0.00
Closing GFA	0.42	0.42	0.63	0.63
Depreciation	0.0165	0.0165	0.0275	0.0275

4.9 Interest on Loan

JNPT's Submission

- 4.9.1 JNPT has submitted that it does not have any actual loan and there is no other business regulated by the Commission. Accordingly, JNPT has considered the interest rate of JNPA (entity as a whole) in line with proviso of Regulation 30.5 of MERC MYT Regulations 2019.
- 4.9.2 JNPT has considered weighted average rate of interest of 4.47% as applicable for FY 2021-22 for FY 2023-24 and FY 2024-25. The normative interest on loan as claimed by JNPT is given below:

Table 102: Interest on Loan as claimed by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Distribution Wires Business		
Opening Balance	1.17	2.33
Addition loan during the year	1.31	1.31
Repayment during the year	0.15	0.25
Closing Balance	2.33	3.40
Average Balance of Loan	1.75	2.86
Weighted Avg. Rate of Interest (%)	4.47%	4.47%
Total Interest Charges	0.08	0.13
Retail Supply Business		
Opening Balance	0.13	0.26
Addition loan during the year	0.15	0.15
Repayment during the year	0.02	0.03
Closing Balance	0.26	0.38
Average Balance of Loan	0.19	0.32
Weighted Avg. Rate of Interest (%)	4.47%	4.47%
Total Interest Charges	0.009	0.014
Combined Distribution Business		
Opening Balance	1.29	2.59
Addition loan during the year	1.46	1.46
Repayment during the year	0.17	0.28

Particulars	FY 2023-24	FY 2024-25
Closing Balance	2.59	3.77
Average Balance of Loan	1.94	3.18
Weighted Avg. Rate of Interest (%)	4.47%	4.47%
Total Interest Charges	0.087	0.142

Commission's Analysis and Ruling

- 4.9.3 Since JNPT's Distribution entity on its own does not have any loans, the rate of interest has been considered based on the weighted average rate of interest on the actual loan portfolio of JNPA (entity as whole) for the FY 2023-24 and FY 2024-25, in accordance with the 4th proviso of Regulation 30.5 of the MERC MYT Regulations, 2019.
- 4.9.4 For arriving at the debt component, the normative debt: equity ratio of 70:30 as submitted by JNPT is applied to the Capitalisation approved for FY 2023-24 and FY 2024-25. In reply to the query of the Commission in respect of details of actual funding for capital expenditure, JNPT submitted that there are no actual loans on the books of the regulated entity, i.e., Distribution Licensee, which is a Division of the parent Company. Thus, the entire Capital expenditure has been/is being undertaken using accruals/ promoter funding. However, as the MERC MYT Regulations 2019 do not allow equity above 30% of asset addition, the normative debt: equity ratio of 70:30 has been considered.
- 4.9.5 For interest rate on 70% normative loan, JNPT has computed the weighted average rate of interest of 4.47% for which documentary evidence has been submitted which highlights the interest paid on tax free bonds and ECBs. Accordingly, the rate of interest has been considered as 4.47% based on the prevalent weighted average interest rate for the FY 2023-24 and FY 2024-25, in accordance with the Regulation 30.5 of the MERC MYT Regulations, 2019.
- 4.9.6 The repayment of loan is considered equal to the Depreciation allowed during the year in accordance with MERC MYT Regulations, 2019.
- 4.9.7 The Interest on Loan approved by the Commission for FY 2023-24 and FY 2024-25 is summarised in the table below:

Table 103: Interest on Loan approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Distribution Wires Business				
Opening Normative Loan	1.17	1.12	2.33	2.28

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Addition of Normative Loan during the year	1.31	1.31	1.31	1.31
Less: Repayment during the year	0.15	0.15	0.25	0.25
Closing Normative Loan	2.33	2.28	3.40	3.35
Average Normative Loan	1.75	1.70	2.86	2.81
Rate of Interest	4.47%	4.47%	4.47%	4.47%
Interest on Loan for Wires Business	0.0780	0.0758	0.1279	0.1257
Retail Supply Business				
Opening Normative Loan	0.13	0.12	0.26	0.25
Addition of Normative Loan during the year	0.15	0.15	0.15	0.15
Less: Repayment during the year	0.02	0.02	0.03	0.03
Closing Normative Loan	0.26	0.25	0.38	0.37
Average Normative Loan	0.19	0.19	0.32	0.31
Rate of Interest	4.47%	4.47%	4.47%	4.47%
Interest on Loan for Supply Business	0.0087	0.0084	0.0142	0.0140

4.10 Interest on Working Capital and on Consumer's Security Deposit

JNPT's Submission

4.10.1 JNPT has computed the normative Interest on Working Capital as per Regulation 32 of the MERC MYT Regulations, 2019.

4.10.2 The one-year SBI MCLR rate as on 30 November 2022 is 7.95%. Accordingly, JNPT has considered the rate of interest for computation of IoWC as 9.45% (7.95%+ 150 basis points), in accordance with the MERC MYT Regulations, 2019.

4.10.3 JNPT has projected the CSD by considering 5% annual increase in CSD from FY 2022-23 to FY 2024-25, on account of lack of past data. The actual increase in CSD shall be submitted at the time of Truing-up for the respective years. The rate of interest for computation of interest on CSD has been considered equal to the prevailing Bank Rate of Reserve Bank of India (RBI), in accordance with the MERC MYT Regulations, 2019.

Table 104: Interest on Working Capital and Consumers' Security Deposit submitted by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Distribution Wires Business		
O&M expenses for a month	0.023	0.038
Maintenance Spares at 1% of Opening GFA	0.019	0.038

Particulars	FY 2023-24	FY 2024-25
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.087	0.145
Less: Amount held as Security Deposit from Distribution System Users	0.006	0.006
Total Working Capital Requirement	0.123	0.214
Computation of Working Capital Interest		
Interest Rate (%) - SBI Base Rate +150 basis points	9.45%	9.45%
Interest on Working Capital		
Normative Working Capital Interest	0.012	0.020
Interest on Security Deposit	0.000	0.000
Retail Supply Business		
O&M expenses for a month	0.012	0.020
Maintenance Spares at 1% of Opening GFA	0.002	0.004
One and half month's equivalent of the expected revenue from sale of electricity	1.146	1.617
Less: Amount held as Security Deposit	0.051	0.054
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	0.485	0.728
Total Working Capital Requirement	0.624	0.859
Computation of Working Capital Interest		
Interest Rate (%) - SBI Base Rate +150 basis points	9.45%	9.45%
Interest on Working Capital		
Normative Working Capital Interest	0.059	0.081
Interest on Security Deposit	0.003	0.003
Combined Distribution Business		
Normative Working Capital Interest	0.07	0.101
Interest on Security Deposit	0.004	0.004

Commission's Analysis and Ruling

4.10.4 The Commission has computed the total working capital requirement in accordance with the MERC MYT Regulations, 2019. The Commission has considered CSD as submitted by JNPT. The Commission directs JNPT to collect and maintain CSD equivalent to twice the average billing of the billing cycle period in line with the provisions of the MERC Supply Code 2021.

4.10.5 The rate of IoWC is the SBI MCLR Rate as on the date of filing the Petition (8.05%) plus 150 basis points. While the interest rate on CSD is considered equal to the prevailing Bank Rate of Reserve Bank of India (RBI) at the time of filing of the Petition. The IoWC and interest on CSD as approved by the Commission are shown in the table below:

Table 105: Interest on Working Capital and Consumers' Security Deposit approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Distribution Wires Business				
O&M expenses for a month	0.02	0.02	0.04	0.04
Maintenance Spares at 1% of Opening GFA	0.02	0.02	0.04	0.04
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.09	0.09	0.15	0.14
Less: Amount held as Security Deposit from Distribution System Users	0.01	0.01	0.01	0.01
Total Working Capital Requirement	0.12	0.12	0.21	0.21
Interest Rate (%) - SBI Base Rate +150 basis points	9.45%	9.55%	9.45%	9.55%
Interest on Working Capital	0.0116	0.0116	0.0203	0.0203
Interest Rate (%) - Bank Rate	6.15%	6.15%	6.15%	6.15%
Interest on Security Deposit	0.0004	0.0004	0.0004	0.0004
Retail Supply Business				
O&M expenses for a month	0.01	0.01	0.02	0.02
Maintenance Spares at 1% of Opening GFA	0.00	0.00	0.00	0.00
One and half month's equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	1.15	1.15	1.62	1.62
Less: Amount held as security deposit	0.05	0.05	0.05	0.05
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	0.48	0.51	0.73	0.75
Total Working Capital Requirement	0.62	0.60	0.86	0.84
Interest Rate (%) - SBI Base Rate +150 basis points	9.45%	6.15%	9.45%	9.45%
Interest on Working Capital	0.0589	0.0577	0.0812	0.0799
Interest Rate (%) - Bank Rate	6.15%	6.15%	6.15%	6.15%
Interest on Security Deposit	0.0032	0.0032	0.0033	0.0033

4.11 Return on Equity

JNPT's Submission

4.11.1 JNPT has computed the RoE for FY 2023-24 and FY 2024-25 in accordance with Regulation 29 of the MERC MYT Regulations, 2019, for Distribution Wires Business and Retail Supply Business separately.

4.11.2 In line with the approach described in para 3.11.2 of this Order JNPT has considered pre-tax return on equity of 21.52% for Wires Business and 23.83% for Retail Supply Business for FY 2023-24 and FY 2024-25. JNPT has computed the RoE at 21.52 % and 23.83 % for the Wires Business and Supply Business, respectively, on the opening equity for the respective years and 50% for the equity portion of the asset addition during the year.

4.11.3 The RoE has been computed as per Regulation 29 of MERC MYT Regulations, 2019 as under:

Table 106: Return on Equity as claimed by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Distribution Wires Business		
Opening Balance of Equity	0.563	1.126
Addition during the year	0.563	0.563
Closing Balance of Equity	1.126	1.689
Return on Equity Computation		
Opening Balance of Equity	0.121	0.242
Addition during the year	0.061	0.061
Return on Equity for Wires Business	0.182	0.303
Retail Supply Business		
Opening Balance of Equity	0.063	0.125
Addition during the year	0.063	0.063
Closing Balance of Equity	0.125	0.188
Return. on Equity Computation		
Opening Balance of Equity	0.015	0.030
Addition during the year	0.007	0.007
Return on Equity for Retail Supply Business	0.022	0.037
Combined Distribution Business		
Return on Equity for Combined Distribution Business	0.204	0.340

Commission's Analysis and Ruling

4.11.4 The Commission has computed RoE at base rates of 14.00% and 15.50% for the Distribution Wires Business and Retail Supply Business, respectively. Further RoE is computed on the opening balance of equity and on 50% of the equity portion of the approved asset capitalisation during FY 2023-24 and FY 2024-25. Further, the Commission has considered pre-tax return on equity of 21.52% for Wires Business and 23.83% for Retail Supply Business for FY 2023-24 and FY 2024-25 on the opening equity for the respective years and 50% for the equity portion of the asset addition during the year.

4.11.5 The RoE approved for FY 2023-24 and FY 2024-25 is summarised in the following table:

Table 107: Return on Equity approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Distribution Wires Business				
Regulatory Equity at beginning of the year	0.56	0.56	1.13	1.13
Equity portion of capitalisation during the year	0.56	0.56	0.56	0.56
Regulatory Equity at end of the year	1.13	1.13	1.69	1.69
Base Return on Equity	14.00%	14.00%	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	21.52%	21.52%	21.52%	21.52%
Return on Equity for Wires Business	0.1817	0.1817	0.3029	0.3029
Retail Supply Business				
Regulatory Equity at beginning of the year	0.06	0.06	0.13	0.13
Equity portion of capitalisation during the year	0.06	0.06	0.06	0.06
Regulatory Equity at end of the year	0.13	0.13	0.19	0.19
Base Return on Equity	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	23.83%	23.83%	23.83%	23.83%
Return on Equity for Supply Business	0.0224	0.0224	0.0373	0.0373

4.12 Provisioning for Bad Debts

JNPT's Submission

4.12.1 JNPT has not made any provisioning for bad debts as it has not envisaged any outstanding receivables for FY 2023-24 and FY 2024-25.

Commission's Analysis and Ruling

4.12.2 As JNPT has not envisaged any provisioning for bad debts, the Commission has not approved any amount towards provision for bad debt for FY 2023-24 and FY 2024-25.

4.13 Contribution to Contingency Reserves

JNPT's Submission

4.13.1 JNPT has considered the Contribution to Contingency Reserves in accordance with Regulation 35 of the MERC MYT Regulations, 2019 at 0.5% of original cost of fixed assets for FY 2023-24 and FY 2024-25.

Table 108: Contribution to Contingency Reserves estimated by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Distribution Wires Business		
Opening Balance of GFA	1.877	3.753
Contribution to Contingency Reserves for Wires Business	0.005	0.009
Retail Supply Business		
Opening Balance of GFA	0.209	0.417
Contribution to Contingency Reserves for Supply Business	0.001	0.001

Commission's Analysis and Ruling

4.13.2 The Commission has approved Contribution to Contingency Reserve at 0.25% of the original cost of fixed assets for FY 2023-24 and FY 2024-25.

Table 109: Contribution to Contingency Reserves approved for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Opening GFA of Wire Business	1.88	1.88	3.75	3.75
Contribution to Contingency Reserves for Wires Business	0.0047	0.0047	0.0094	0.0094
Opening GFA of Retail Supply Business	0.21	0.21	0.42	0.42
Contribution to Contingency Reserves for Retail Supply Business	0.0005	0.0005	0.0010	0.0010

4.14 Non-Tariff Income

JNPT's Submission

4.14.1 JNPT has projected income earned out of investments in Contingency Reserves towards the non-tariff income. JNPT has assumed that the amount of Contribution to Contingency

Reserves will be invested in GoI, GILT securities. Further, JNPT has assumed it will earn an interest of 7.50% equivalent to RBI – 10-Year G-Sec Par Yield as on 22 October 2022.

4.14.2 Further, JNPT has also considered income earned from consumer charges that would be levied in accordance with Schedule of Charges approved by the Commission towards the non-tariff income.

4.14.3 Based on the above assumptions JNPT has claimed non-tariff income for FY 2023-24 and FY 2024-25 as follows:

Table 110: Non-Tariff Income as claimed by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Non-Tariff Income		
Distribution Wires Business	0.0002	0.0007
Retail Supply Business	0.0032	0.0032
Total Non-Tariff Income	0.003	0.004

Commission's Analysis and Ruling

4.14.4 The Commission observed that, the non-tariff income estimated by JNPT for FY 2023-24 and FY 2024-25 has miniscule additions to the actual non-tariff income earned by JNPT for FY 2021-22. The addition is on account of income from investments towards Contingency Reserves and income from consumer charges.

4.14.5 The Commission approves the estimated Non-Tariff Income for FY 2023-24 and FY 2024-25 as under.

Table 111: Non-Tariff Income approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Income from investments	0.0002	0.0002	0.0007	0.0007
Total Non-Tariff Income Distribution Wires Business	0.0002	0.0002	0.0007	0.0007
Income from investments	0.00002	0.00002	0.0001	0.0001
Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission	0.0032	0.0032	0.0032	0.0032
Total Non-Tariff Income Retail Supply Business	0.0032	0.0032	0.0032	0.0032

4.15 Summary of ARR for FY 2023-24 and FY 2024-25

JNPT's Submission

4.15.1 The Summary of ARR as submitted by JNPT for FY 2023-24 and FY 2024-25 for Distribution Wires Business is shown in the following table:

Table 112: ARR Summary for Distribution Wires Business submitted by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
O&M Expenses	0.273	0.453
.Depreciation	0.149	0.248
Interest on Loan Capital	0.078	0.128
Interest on Working Capital	0.012	0.020
Interest on CSD	0.000	0.000
Provision for bad and doubtful debts	0.000	0.000
Contribution to Contingency Reserves	0.005	0.009
Income Tax	0.000	0.000
Total Revenue Expenditure	0.516	0.859
Add: Return on Equity Capital	0.182	0.303
Aggregate Revenue Requirement	0.698	1.161
Less: Non-Tariff Income	0.000	0.001
Total Aggregate Revenue Requirement	0.698	1.161

4.15.2 The Summary of ARR as submitted by JNPT for FY 2023-24 and FY 2024-25 for Retail Supply Business is shown in the following table:

Table 113: ARR Summary for Retail Supply Business submitted by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Power Purchase Expenses	5.341	8.088
O&M Expenses	0.147	0.244
Depreciation	0.017	0.028
Interest on Loan Capital	0.009	0.014
Interest on Working Capital	0.059	0.081
Interest on CSD	0.003	0.003
Provision for bad and doubtful debts	0.000	0.000
Contribution to Contingency Reserves	0.001	0.001
Intra-State Transmission Charges	0.385	0.558
MSLDC Fees & Charges	0.094	0.095
Prompt Payment Discount	0.000	0.000
Income Tax	0.000	0.000
Total Revenue Expenditure	6.054	9.113
Add: Return on Equity Capital	0.022	0.037

Particulars	FY 2023-24	FY 2024-25
Aggregate Revenue Requirement	6.077	9.150
Less: Non-Tariff Income	0.003	0.003
Aggregate Revenue Requirement from Retail Supply	6.073	9.147

Commission's Analysis and Ruling

4.15.3 Based on the analysis in the previous paragraphs, the Commission approves the ARR for FY 2023-24 and FY 2024-25, as summarised in the tables below:

Table 114: ARR for Distribution Wires Business approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Operation & Maintenance Expenses	0.2726	0.2688	0.4529	0.4440
Depreciation	0.1486	0.1486	0.2477	0.2477
Interest on Loan Capital	0.0780	0.0758	0.1279	0.1257
Interest on Working Capital	0.0116	0.0116	0.0203	0.0203
Interest on deposit from Consumers and Distribution System Users	0.0004	0.0004	0.0004	0.0004
Provision for bad and doubtful debts	0.0000	0.0000	0.0000	0.0000
Contribution to contingency reserves	0.0047	0.0047	0.0094	0.0094
Total Revenue Expenditure	0.5160	0.5100	0.8585	0.8474
Add: Return on Equity Capital	0.1817	0.1817	0.3029	0.3029
Aggregate Revenue Requirement	0.6977	0.6917	1.1614	1.1503
Less: Non-Tariff Income	0.0002	0.0002	0.0007	0.0007
Less: Income from other business	0.0000	0.0000	0.0000	0.0000
Aggregate Revenue Requirement from Distribution Wires	0.6976	0.6916	1.1607	1.1496
Revenue from existing tariff	0.5422	0.5422	0.8549	0.8549
Revenue Gap/(Surplus) of Licensed Business	0.1554	0.1494	0.3058	0.2947

Table 115: ARR for Retail Supply Business approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	5.3410	5.3150	8.0885	8.0036
Operation & Maintenance Expenses	0.1468	0.1448	0.2439	0.2391
Depreciation	0.0165	0.0165	0.0275	0.0275
Interest on Loan Capital	0.0087	0.0084	0.0142	0.0140

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Interest on Working Capital	0.0589	0.0577	0.0812	0.0799
Interest on Consumer Security Deposit	0.0032	0.0032	0.0033	0.0033
Write-off of Provision for bad and doubtful debts	0.0000	0.0000	0.0000	0.0000
Contribution to contingency reserves	0.0005	0.0005	0.0010	0.0010
Intra-State Transmission Charges	0.3847	0.5600	0.5583	0.7500
MSLDC Fees & Charges	0.0938	0.1800	0.0949	0.2460
Total Revenue Expenditure	6.0542	6.2861	9.1128	9.3645
Add: Return on Equity Capital	0.0224	0.0224	0.0373	0.0373
Aggregate Revenue Requirement	6.0765	6.3084	9.1501	9.4017
Less: Non-Tariff Income	0.0032	0.0032	0.0032	0.0032
Less: Income from other business	0.0000	0.0000	0.0000	0.0000
Less: Receipts on account of Cross-Subsidy Surcharge	0.0000	0.0000	0.0000	0.0000
Less: Receipts on account of Additional Surcharge if any	0.0000	0.0000	0.0000	0.0000
Aggregate Revenue Requirement from Retail Supply	6.0733	6.3053	9.1468	9.3985
Revenue from existing tariff	9.1647	9.1647	12.9341	12.9341
Revenue Gap/(Surplus) of Licensed Business	(3.0914)	(2.8595)	(3.7872)	(3.5355)

4.16 Computation of Carrying/ (Holding) Cost on Past Gaps/ (Surplus)

JNPT's Submission

4.16.1 JNPT has proposed to adjust the revenue gap of Rs. 0.17 crore pertaining to FY 2021-22 along with carrying cost for FY 2021-22 and surplus of Rs. 0.36 Crore computed after Provisional Truing-up of FY 2022-23, in the ARR of FY 2023-24.

Commission Analysis and Rulings

4.16.2 The following Table shows the computation of carrying/ (holding) cost on the Revenue Gap/ (Surplus) of FY 2021-22 as approved by the Commission:

Table 116: Carrying/(Holding) Cost approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22	FY 2022-23*	FY 2023-24	Total
Carrying Cost for Gap of FY 2021-22				
Opening Gap/(Surplus)	0.0000	0.2077	0.2077	
Gap/(Surplus) during the year	0.2077			
Closing Gap/(Surplus)	0.2077	0.2077	0.2077	

Approval of Truing-up for FY 2021-22, Provisional Truing-up of FY 2022-23, and determination of ARR and Tariff for FY 2023-24 and FY 2024-25 for JNPT

Particulars	FY 2021-22	FY 2022-23*	FY 2023-24	Total
Average Gap/(Surplus)	0.1039	0.2077	0.2077	
Interest Rate for Carrying/(Holding) Cost	8.50%	9.55%	9.55%	
Carrying Cost for the Year	0.0088	0.0198	0.0099	0.0386

**No carrying/ (Holding) cost for FY 2022-23 is considered as it is provisionally trued-up.*

5. TARIFF PHILOSOPHY, TARIFF DESIGN AND CATEGORY-WISE TARIFFS FOR FY 2023-24 AND 2024-25

5.1 Approach to Tariff Design

5.1.1 In this Order, the Commission has determined the Retail Supply Tariff and Wheeling Charges for JNPT for the first time. The Commission has kept in view the principles of tariff determination set out in Sections 61 and 62 of the Electricity Act, 2003, the Tariff Policy, the MERC MYT Regulations, 2019, and has taken into consideration JNPT's submissions.

5.2 Revenue Gap/ (Surplus) at existing Tariff

JNPT's Submission

5.2.1 JNPT has computed the Revenue Gap/(Surplus) at the existing tariff based on the projected ARR of the Distribution Wires Business and Retail Supply Business, and the revenue based on the projected category-wise sales and tariff presently being charged to the consumers, i.e., Tariff for FY 2023-24 and FY 2024-25, which is the ceiling tariff of MSEDCL supply area approved by the Commission.

5.2.2 The overall projected Revenue Gap/ (Surplus) based on projected ARR and Revenue from existing tariff for each year of the Control Period is summarised in the table below:

Table 117: Revenue Gap/ (Surplus) at existing Tariff submitted by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
ARR for Distribution Wires Business	0.70	1.16
ARR for Retail Supply Business	6.07	9.15
ARR for Combined Wire Business & Retail Supply Business	6.77	10.31
Add: True-up Gap/(Surplus) of FY 2021-22	0.17	
Add: Provisional True-up Gap/(Surplus) of FY 2022-23	(0.36)	
Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY22	0.03	
Net Revenue Requirement	6.61	10.31
Less: Revenue at Existing Tariff	9.16	12.93
Revenue Gap/(Surplus) of Licensed Business	(2.56)	(2.63)

5.2.3 JNPT has proposed to adjust, revenue gap of Rs 0.17 crore along with carrying cost for FY 2021-22 and surplus of Rs. 0.36 Crore computed after Provisional Truing-up of FY 2022-23, in the ARR of FY 2023-24.

5.2.4 JNPT has determined ACoS to be recovered from the revised tariffs for the Control Period as under:

Table 118: Projected Revenue Requirement and ACoS as submitted by JNPT for FY 2023-24 and FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Net Revenue Requirement	6.61	10.31
2.	Energy Sales (MUs)	8.05	12.05
3.	Average Cost of Supply (ACoS) (Rs. /kWh)	8.21	8.55
4.	Average Annual Tariff Increase/ (Decrease) (%)	(0.30)%	4.16%

Commission's Analysis and Ruling

5.2.5 For estimating the revenue from sale of electricity at the existing tariff, the Commission has taken the approved sales for the Control Period and the ceiling tariff as the MSEDCL tariff approved for the respective category approved vide Order dated 30 March 2020 in Case No. 322 of 2019.

5.2.6 The Commission has computed the Revenue Gap/ (Surplus) at the existing Tariff based on the approved ARR of the Distribution Wires Business and Retail Supply Business, and the revenue estimated by it from sale of electricity at the existing tariff. The provisionally approved Revenue Gap/ (Surplus) for FY 2021-22 and FY 2022-23 is adjusted in FY 2023-24 to arrive at the Revenue Gap/ (Surplus) for each year.

Table 119: Revenue Surplus at existing Tariff approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
ARR for Distribution Wires Business	0.6976	0.6916	1.1600	1.1496
ARR for Retail Supply Business	6.0733	6.3053	9.1500	9.3985
ARR for Combined Wires Business & Retail Supply Business	6.7709	6.9968	10.3100	10.5481
Add: Revenue Gap/(Surplus) for FY 2021-22	0.1700	0.2077		
Add: Revenue Gap/(Surplus) for FY 2022-23	(0.3600)	(0.2805)		
Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2021-22	0.0300	0.0386		
Revenue Requirement deferred to FY 2024-25	0.0000	0.0252		(0.0252)
Carrying cost due to revenue	0.0000	(0.0012)		(0.0012)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
deferment				
Revenue Requirement deferred to FY 2024-25	0.0000	0.0000	0.0000	0.0000
Net ARR of Licensed Business	6.6109	6.9866	10.3100	10.5217
Revenue from existing tariff	9.7069	9.7069	13.7890	13.7890
Revenue Gap/(Surplus) of Licensed Business	(3.1061)	(2.7203)	(3.4890)	(3.2672)

5.2.7 It is seen that there is a Revenue Surplus in each year of the Control Period. Therefore, the tariff has to be reduced in order to adjust such Surplus in a way that there is no tariff hike in FY 2024-25. Accordingly, the revenue requirement to be recovered from the revised tariff for the Control Period is determined as under:

Table 120: Revenue Requirement and ACoS approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Net ARR of Licensed Business (Rs. crore)	6.61	6.99	10.31	10.52
Sales (Mn. kWh)	8.05	8.05	12.05	12.05
Sales (Mn. kVAh)	8.56	8.56	12.79	12.79
ACoS (Rs./ kWh)	8.21	8.68	8.55	8.73
ACoS (Rs./ kVAh)	7.72	8.16	8.06	8.22
Effective year on year Tariff Hike (%)	-31.82%	-32.34%	4.21%	0.79%

5.2.8 The Commission notes that there is substantial reduction in tariff as compared to existing tariff in view of the fact that JNPT was levying existing MSEDCL tariff on its consumers as per the directions of the Commission. The Commission in this Order has considered power purchase rate of Rs 5.40/kWh based on last discovered tariff adopted by the Commission. The Commission is aware of the fact that the power is being purchased from single source and in case of any planned/ forced outage of the generator, JNPT has to rely on alternate sources to meet the demand and the cost for such power is likely to be higher considering the present global market circumstances and price volatility in the market. This may have significant impact on tariff of consumers considering the sales projected by JNPT. Further, any adverse impact on sales, may also impact the recovery of wheeling charges which will also be required to be absorbed at the time of next tariff determination. Any revenue gap in

view of such circumstances, may severely impact the licensee and any under-recovery will be claimed by JNPT at the time of Truing-up of the said years and may lead to tariff shock in coming years. Considering the aforesaid factors, the Commission is of the view that the tariff to be reduced to certain extent against 31.84% as seen from the above table and allow the additional recovery of Rs. 0.20/ kVAh which will be subsumed in the Energy Charge. This additional recovery of Rs. 0.20/ kVAh allowed by the Commission will be kept in a separate FAC fund and will be utilized to offset any additional power purchase cost so as to avoid tariff shock to consumers in future. In the event the said fund is not utilized during FY 2023-24 and FY 2024-25, the Commission will consider the same as revenue at the time of Truing-up of said years along with carrying cost.

5.2.9 Accordingly, the revised tariff hike considering the impact of additional Rs. 0.20/ kVAh to meet any exigencies in the power purchase cost is outlined in the table below:

Table 121: Revised Tariff hike approved by the Commission (%)

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Effective Tariff Variation (%) (without additional FAC fund)	-31.82%	-32.34%	4.21%	0.79%
Effective Tariff Variation (%) (with additional FAC fund)	-31.82%	-30.37%	4.21%	0.45%

5.3 Wheeling Charges

JNPT's Submission

5.3.1 JNPT submitted that contribution of HT sales to the total projected sales for FY 2023-24 and FY 2024-25 is around 80%. Considering the configuration of existing distribution network and since the primary distribution voltage is 11 kV, it would not be appropriate to segregate such lower quantum of loss into HT level and LT level.

5.3.2 Accordingly, JNPT has proposed common/ composite wheeling charges for HT and LT category based on the ARR for Wires Business and projected energy sales, as shown in table below:

Table 122: Wheeling Charges proposed by JNPT for FY 2023-24 and FY 2024-25

Particulars	FY 2023-24	FY 2024-25
Net ARR for Distribution Wires Business (Rs. Crore)	0.70	1.16
Energy Sales (MU in kVAh)	8.56	12.79
Composite wheeling charges (Rs./kVAh)	0.81	0.91

Commission’s Analysis and Ruling

- 5.3.3 The Commission has approved the Distribution Loss levels for FY 2023-24 and FY 2024-25 as elaborated at para 4.2.2 of this Order. Given the low sales levels, for the time being the Commission has not considered apportionment of the Distribution Loss between HT and LT levels. However, JNPT is directed to segregate the Distribution Loss between the HT and LT levels and submit the break-up at the time of filing next petition. JNPT should also provide the segregated voltage-wise (HT:LT) capitalised value (Opening GFA) for each asset class during the time of filing MYT for the 5th Control Period.
- 5.3.4 The Commission has determined the Wheeling Charges in Rs/ kVAh by considering the approved energy sales in kVAh and ARR of Distribution Wires Business.
- 5.3.5 The Commission has determined the common Wheeling Charges for HT and LT categories based on the estimated revenue from Wheeling Charges and approved energy sales as shown in the table below:

Table 123: Composite Wheeling Charges as approved by the Commission for FY 2023-24 and FY 2024-25

Particulars	FY 2023-24	FY 2024-25
Standalone ARR of Distribution Wires Business (Rs. Crore)	0.69	1.15
Energy Sales (MkVAh)	8.56	12.79
Energy Sales (MkWh)	8.05	12.05
Wheeling Charges (Rs./ kVAh)	0.81	0.90
Wheeling Charges (Rs./ kWh)	0.86	0.95

5.4 Tariff Philosophy for Retail Supply

Background

- 5.4.1 The Commission is guided by the provisions of the EA 2003, the draft National Tariff Policy and other Orders by Hon’ble Appellate Tribunal of Electricity (APTEL) in the matter of Tariff design. The Commission has considered the main objectives of the EA 2003 including the protection of the interest of consumers, the supply of electricity to all areas and rationalisation of tariffs. Apart from the above, the Commission has also taken into consideration JNPT’s submissions as well as the public responses in these MYT proceedings.
- 5.4.2 Apart from tariff levels, the complexity of the tariff structure plays an important role in building transparency and limiting the discretionary power of the Distribution Licensees. A simpler tariff structure helps easy understanding by consumers and on the other hand,

creation of many different categories gives discretionary power to the Distribution Licensees while charging tariffs.

5.4.3 In case of JNPT, considering that it is a SEZ, the number of consumer categories is already limited considering the type of consumers operating in the SEZ premises.

5.4.4 Further, the Commission is well within its power to make required changes in the tariff structure even if the Licensee has not proposed such changes or no indication has been given to the public regarding the intended changes. In this context, the APTEL, vide its Order in Appeal No. 106 of 2008, has ruled that the Commission has the power to design the tariff as per its own wisdom. It also mentions that the Commission does not need to seek public comments before announcement of the tariff. The relevant part of the APTEL Order in Appeal No. 106 of 2008 is reproduced below:

“ ...

14) *It is not the case of the appellant that the Commission had no power to create tariff design different from the one proposed by the licensee. The Commission has the power to design the tariff as per its own wisdom. The Commission need not, before issuing the actual order, publicly announce the tariff it proposed and call for public comments. In fact this is not even the appellant's contention.*

15) *The rule of natural justice requires the Commission to issue a public notice about the ARR and Tariff petition of the licensee and to allow the public to make its submissions on the ARR and Tariff proposals. The Commission has, thereafter, to design the scheme for recovery of the ARR keeping in view various relevant factors. If the classification of the consumers can be supported on any of the grounds mentioned in section 62(3) it would not be proper to say that the tariff fixing was violative of principles of natural justice because the Commission did not issue a public notice of the tariff categories which the Commission had intended to create.”*

5.4.5 Considering the above judgement, the Commission is proceeding with its analysis of the existing tariff structure and considering changes as deemed appropriate including those pertaining to change in definition of billing demand, changes in the methodology for computation of load factor incentives and creation of stabilising mechanism for the variation on account of FAC in consumer bills.

5.4.6 More importantly, in line with the intentions of the Commission expressed in the last MYT Orders of various Distribution Licensees and as proposed by JNPT, the Commission is going ahead with implementation of the kVAh based billing for all the consumers of JNPT.

5.4.7 The subsequent paragraphs deal with the submissions of JNPT regarding the Tariff Philosophy and the changes approved by the Commission in the existing tariff structure.

JNPT's Submission

(a) Fixed/ Demand Charges

5.4.8 JNPT has proposed to reduce Fixed/ Demand Charges for each of the consumer categories, as compared to the Fixed/ Demand Charges as approved by the Commission in Case No. 322 of 2019 vide Order dated 30 March 2020.

5.4.9 Accordingly, JNPT has proposed following Fixed/ Demand charges for FY 2023-24 and FY 2024-25 for the existing categories in the SEZ area:

Table 124: Fixed/ Demand Charges as proposed by JNPT for FY 2023-24 and FY 2024-25

Category of consumers	Units	FY 2023-24	FY 2024-25
Industrial HT-I (A)	Rs./ kVA/month	330	370
Commercial HT-(II)	Rs./ kVA/ month	330	370
Commercial LT-II (A)	Rs./ connection/ month	320	370
Commercial LT-II (B)	Rs./ kVA/ month	320	370
Commercial LT-II (C)	Rs./ kVA/ month	320	370
Industrial LT-V (II)	Rs./ kVA/ month	290	340
Public Service LT VII(B)(II)	Rs./ kVA/ month	290	340

(b) Reduction of Cross-Subsidy

5.4.10 JNPT has submitted that the Cross Subsidy has been equated to around zero for all categories for FY 2023-24 and FY 2024-25, i.e., the Average Billing rate for all categories is almost equal to the ACoS.

5.4.11 At present, the applicable ceiling tariff for the area of supply of JNPT is the tariff of MSEDCL for industrial and commercial categories. The tariff of MSEDCL for Industrial and Commercial categories has been determined after considering the requirement of cross-subsidy in MSEDCL's licence area and the consumption of these categories vis-à-vis the consumption of other subsidised categories. Further, the cross-subsidies between consumer categories in MSEDCL's area of supply is a historical legacy, and the Commission is attempting to reduce the cross-subsidies through appropriate tariff design every year. If the same tariff design is continued for JNPT's area of supply, then the cross-subsidy structure will continue between commercial and industrial consumers.

5.4.12 The EA 2003 also mandates gradual reduction of cross-subsidies in a progressive manner in the area of supply of the Licensee. In order to achieve this objective of the EA 2003, and since the tariff for JNPT is being determined for the first time, JNPT desires that from the beginning itself, there shall be minimum cross-subsidy between consumer categories in its area of supply. Accordingly, JNPT has proposed category-wise tariffs in such a manner that the Average Billing Rate (ABR) for almost every consumer category is equal to the ACoS.

5.4.13 The cross-subsidy trajectory based on existing tariffs as proposed by JNPT for FY 2023-24 and FY 2024-25, is shown in the table below:

Table 125: Cross Subsidy trajectory based on existing tariffs as proposed by JNPT

Category	FY 2023-24	FY 2024-25
HT Category		
Industrial HT-I (A)	100%	100%
Commercial HT-(II)	100%	100%
LT Category		
Commercial LT-II (A)	0%	0%
Commercial LT-II (B)	100%	100%
Commercial LT-II (C)	102%	101%
Industrial LT-V (II)	100%	100%
Public Service LT VII(B)(II)	100%	100%

(c) Time-of-Day Tariff

5.4.14 As per the present tariff schedule, the following Time of Day (ToD) Tariff is applicable for HT Industrial, HT-Commercial, LT Industrial and LT Commercial category having load above 20 kW. JNPT has submitted that as per the load curve of JNPT it is observed that there is less load during 22:00 Hrs. to 6:00 Hrs., further the power purchased by JNPT is RTC power, therefore considering the availability of power and rate, it is necessary to flatten the load curve to optimise the cost. Similarly, to reduce the peak demand by shifting the load to other time blocks, JNPT has proposed higher ToD rates in the tariff. Accordingly, JNPT has proposed to continue with the existing ToD rates. JNPT has further submitted that, the present load of JNPT is very less and as it increases in coming years and stabilises, JNPT shall analyse and propose necessary changes in ToD slots in next MYT Petition.

Table 126: Existing and Proposed Time of Day Tariff

Time Slot	Existing and Proposed ToD Tariff (Rs./ kVAh)
2200 Hrs. - 0600 Hrs.	(1.50)
0600 Hrs. - 0900 Hrs. & 1200 Hrs. - 1800 Hrs.	0.00
0900 Hrs. - 1200 Hrs.	0.80
1800 Hrs. - 2200 Hrs.	1.10

(d) Power Factor Incentive/ Penalty

5.4.15 As JNPT has proposed kVAh tariff for all categories, there is no relevance of continuing with the Power Factor Incentive/Penalty mechanism. Hence, JNPT has proposed to discontinue the existing Power Factor Incentive/ Penalty mechanism for the MYT Control Period for FY 2023-24 and FY 2024-25.

(e) Load Factor Incentive/ Penalty

- 5.4.16 JNPT has submitted that the Commission in the Tariff Orders of other Distribution Licensees has approved Load Factor Incentive (up to 15 % of energy charge) for incentivising bulk consumers in the State to maintain steady demand on the system.
- 5.4.17 Consumers having Load Factor above 75% and up to 85% will be entitled to an incentive in the form of a rebate of 0.75% on the Energy Charges for every percentage point increase in Load Factor from 75% to 85%. Consumers having a Load Factor above 85% will be entitled to a rebate of 1% on the Energy Charges for every percentage point increase in Load Factor from 85%. The total rebate will be subject to a ceiling of 15% of the Energy Charges applicable to the consumer.
- 5.4.18 This incentive will be applicable only to consumers in the HT tariff categories.
- 5.4.19 The Load Factor incentive will be available only if the consumer has no arrears with the Distribution Licensee, and payment is made within seven days from the date of the electricity bill. However, it will be available to consumers in whose case payment of arrears in instalments has been allowed by the Distribution Licensee, and such payment is being made as scheduled.
- 5.4.20 The Load factor will be computed in line with the formula as provided by the Commission in MSEDCL's Tariff Order and as amended from time to time.
- 5.4.21 In case the consumer exceeds its Contract Demand (including during the non-peak hours, i.e., 22:00 hrs. to 06:00 hrs.) in any particular month, the Load Factor Incentive will not be payable to the consumer in that month.

(f) Penalty for exceeding Contract Demand

- 5.4.22 JNPT has submitted that in case a consumer (availing Demand-based Tariff) exceeds his Contract Demand, he will be billed at the applicable Demand Charge rate for the Demand actually recorded, and also be charged an additional amount at the rate of 150% of the applicable Demand Charge (only for the Demand in excess of the Contract Demand).
- 5.4.23 In case a LT consumer with a sanction demand/ contract demand less than 20 kW records actual contract demand above 20 kW, he will be billed at the tariff applicable for the respective load slab approved by the Commission, in which recorded demand falls for that billing cycle only and also be charged an additional amount at the rate of 150% of the applicable charge for the Demand in excess of the Contract Demand.
- 5.4.24 Further JNPT has proposed that it can enhance the Contract Demand of the consumer when the consumer exceeds the Contract Demand on more than three occasions during a calendar year, irrespective of whether the Consumer applies for the same or otherwise. However, before such revision of Contact Demand, JNPT will give 15 days' notice to such consumer. Also, the Consumer is liable to pay necessary charges as may be stipulated in the approved Schedule of Charges for the revised Contract Demand.
- 5.4.25 Under these circumstances, the consumer shall not be liable for any other action under Section 126 of the EA, 2003, since the penal additional Demand Charge provides for the

penalty that the consumer is liable to pay for exceeding his Contract Demand. In case a consumer exceeds his Contract Demand on more than three occasions in a calendar year, the action to be taken shall be governed by the provisions of the Supply Code Regulations.

5.4.26 Based on the above submission, JNPT has not proposed any changes in the existing incentives/ penalties, and it will continue to prevail as per the miscellaneous and general charges as approved by the Commission in its Order dated 30 March 2020 in Case No. 322 of 2019.

(g) Discount for Digital Payment

5.4.27 Regulation 36.3 of MERC MYT Regulations, 2019 provides for discount to be given to LT category of consumers for payment of electricity bills through various modes of digital payment.

*“36.3 A discount on the monthly bill (excluding taxes and duties) shall be provided to Low Tension category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.:
Provided that the rate of such discount shall be stipulated by the Commission in the relevant Tariff Order”*

5.4.28 JNPT has accordingly proposed the continuation of existing discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill, for all LT category consumers.

Commission’s Analysis and Ruling

(a) Fixed/Demand Charges

5.4.29 The Commission observes that JNPT has proposed to reduce the Fixed/ Demand Charges from the existing level (levied as per MSEDCL’s tariff Order as ceiling rate) and make it equal to other operational SEZs in Maharashtra. Further, it has proposed Fixed and Demand Charges keeping in view the consumption pattern of its consumers, such that there is no cross-subsidy and the ABR for all categories is equal to the ACoS.

5.4.30 Accordingly, the Commission has approved Fixed Charges/Demand Charges for 4th Control Period to enable recovery of around 45% of its fixed expenses/ cost from Fixed/ Demand Charges from the Consumers. While doing so, the Commission has analysed the impact of the higher Fixed/ Demand Charges on low Load Factor and non- demand-based consumers and considered Fixed / Demand Charges such that their aggregate impact is minimal.

5.4.31 The category wise Fixed Charges/ Demand Charges approved for the Control Period have been mentioned in the Tariff Schedule in the following sections of this Order.

Table 127: Recovery of Fixed Costs through Fixed/ Demand Charges for FY 2023-24 and FY 2024-25

Particulars	Units	Approved in this Order	
		FY 2023-24	FY 2024-25
Fixed Costs*	Rs. Crore	1.68	2.54

Particulars	Units	Approved in this Order	
		FY 2023-24	FY 2024-25
Revenue from Fixed/Demand Charges - Existing Tariff	Rs. Crore	1.99	2.40
Revenue from Fixed/Demand Charges - Proposed Tariff	Rs. Crore	0.77	1.02
Recovery of Fixed Costs through Existing Tariff	%	118.57%	94.28%
Recovery of Fixed Costs through Proposed Tariff	%	46.05%	44.02%

*Fixed cost of Retail supply business excluding Power Purchase cost

(b) Reduction of Cross-Subsidy

5.4.32 JNPT has proposed category-wise tariffs such that the ABR for each consumer category is equal to the ACoS, so as to reduce and then eliminate the cross-subsidy.

5.4.33 During the transitory period, the Commission allowed JNPT to charge the MSEDCL tariff as its ceiling tariff as an interim arrangement. JNPT's tariff is being determined for the first time. In this context, the MERC MYT Regulations, 2019 specify as follows:

“91.3 The retail supply tariff for different consumer categories shall be determined on the basis of the Average Cost of Supply, computed as the ratio of the Aggregate Revenue Requirement of the Distribution Licensee for the Year determined in accordance with Regulation 81, and including unrecovered Revenue Gaps of previous years to the extent proposed to be recovered, to the total sales of the Distribution Licensee for the respective Year.

91.4 The Commission shall endeavour to gradually reduce the cross- subsidy between consumer categories with respect to the Average Cost of Supply in accordance with the provisions of the Act.

91.5 While determining the tariff, the Commission shall also keep in view the cost of supply at different voltage levels and the need to minimise tariff shock to consumers.”

5.4.34 The tariff design entails careful consideration of determination of Fixed Charge/Demand Charge, Energy Charge and Wheeling Charge and assessment of the likely impact of such tariff components across consumer categories. The ABR for a consumer category and its cross-subsidy level would also depend upon the number of consumers, consumer mix, and consumption mix. Thus, while the tariff design exercise may strive to bring the ABR for each consumer category close to ACoS, some degree of cross-subsidy across consumer categories may not be avoidable.

5.4.35 In this background, the Commission notes that, considering the profile of the JNPT area and its consumers and its nature, the extent of consumers requiring cross-subsidisation is negligible. Hence, in the tariff design of JNPT for Control Period, the Commission has not introduced any element of cross-subsidy. The Commission could revisit this if the need arises in future, depending on the category-wise consumer profile and numbers. The detailed Tariffs are set out in the Tariff Schedule.

5.4.36 While determining the tariff, the Commission has also considered the load factor of the

respective category of consumers and accordingly the recovery of the same by way of demand charges and accordingly, the energy charges has been adjusted so as to determine the tariff with no cross subsidy between the consumer categories. Further, the Commission has undertaken the determination of tariff based on ACoS as per the provisions of the MYT Regulations, 2019 for the 4th MYT Control Period. The revised ABR (considering impact of Rs. 0.20/ kVAh) and the category-wise tariff increase, or reduction approved by the Commission for the 4th Control Period for the categories for which sales are projected are given in the table below:

Table 128: Category-wise ABR and Tariff increase/decrease approved by the Commission for the period FY 2023-24 and FY 2024-25

Consumer Category	Average Billing Rate (Rs./ kVAh)			Approved Tariff Year on Year Increase (%)	
	Existing Tariff	Approved Tariff		Approved Tariff	
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2023-24	FY 2024-25
HT Category					
Industrial HT-I (A)	10.54	8.37	8.43	-20.57%	0.73%
Commercial HT-(II)	13.49	8.37	8.44	-37.94%	0.82%
LT Category					
Commercial LT-II (A)	0.00	0.00	0.00	-	-
Commercial LT-II (B)	13.21	8.57	8.43	-35.14%	-1.66%
Commercial LT-II (C)	14.77	8.58	8.43	-41.89%	-1.74%
Industrial LT-V (II)	8.37	8.58	8.43	2.48%	-1.75%
Public Service LT VII(B)(II)	10.50	8.36	8.42	-20.38%	0.63%

5.4.37 The category wise Cross-Subsidy Trajectory for FY 2023-24 and FY 2024-25 approved by the Commission is shown in the table below:

Table 129: Cross Subsidy Trajectory for FY 2023-24 and FY 2024-25 approved by the Commission

Consumer Category	Existing	Approved without FAC Fund		Approved with FAC Fund	
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2023-24	FY 2024-25
HT Category					
Industrial HT-I (A)	128%	100%	100%	103%	103%
Commercial HT-(II)	164%	100%	100%	103%	103%
LT Category					
Commercial LT-II (A)	0%	0%	0%	0%	0%
Commercial LT-II (B)	161%	100%	100%	105%	102%
Commercial LT-II (C)	180%	100%	100%	105%	103%
Industrial LT-V (II)	102%	100%	100%	105%	102%
Public Service LT VII(B)(II)	128%	100%	100%	102%	102%

5.4.38 Given the loss levels expected in JNPT’s area and the Capitalisation considered in this Order, the Commission has undertaken the determination of tariff on the basis of ACoS as per the provisions of the MERC MYT Regulations, 2019. JNPT should nevertheless also submit, at the time of Truing-up, relevant details and computation of Voltage wise Cost of Supply (VCoS) in line with the framework stipulated by APTEL.

(c) Time-of-Day Tariff

5.4.39 ToD tariffs were introduced as a DSM measure to mitigate diurnal variation in the load curve which would help the Distribution Licensee to reduce its peak period power procurement at relatively higher rate. In reply to a query raised by the Commission regarding this issue, JNPT submitted its load curve. The load curve clearly shows that there is less load during 22:00 Hrs. to 6:00 Hrs. and the same needs to be incentivized to flatten the load curve. Similarly, to reduce the peak demand by shifting the load to other time blocks, a higher ToD rates are proposed during the peak hours. Considering the submissions of JNPT the Commission is inclined to accept the submission of JNPT and continue the existing ToD tariff for the 4th Control Period.

Table 130: Time of Day Tariff as approved by the Commission for 4th Control Period

Time Slot	Approved ToD Tariff (Rs./ kVAh)
2200 Hrs. - 0600 Hrs.	(1.50)
0600 Hrs. - 0900 Hrs. & 1200 Hrs. - 1800 Hrs.	0.00
0900 Hrs. - 1200 Hrs.	0.80
1800 Hrs. - 2200 Hrs.	1.10

(d) Power Factor Incentive/ Penalty

5.4.40 JNPT has proposed kVAh tariff for all categories. Therefore, there is no relevance of continuing with the Power Factor Incentive/ Penalty mechanism. The Commission approves the proposal of JNPT to discontinue with the Power Factor Incentive/ Penalty mechanism for FY 2023-24 and FY 2024-25.

(e) Load Factor Incentive/Penalty

5.4.41 In order to ensure secure operation of electricity grid, it is critical that every constituent of the system acts within its assigned boundaries. Intentional violation of Contract Demand limit by individual consumer for its own financial gain may lead to a system failure, which may affect other consumers. Hence, the Commission is constrained to restrict the Load Factor Incentive to only those consumers who do not exceed their Contract Demand during the month.

5.4.42 Accordingly, the Commission rules that Load Factor Incentive shall not be applicable for the month if the consumer exceeds its Contract Demand in that month. Consumers exceeding Contract demand during the off-peak hours (2200 hrs. to 0600 hrs.) would also not be eligible for Load factor Incentive for that month.

5.4.43 The Load Factor incentive shall be available only if the consumer has no arrears with the

Distribution Licensee, and payment is made within seven days from the date of the electricity bill. However, it will be available to consumers in whose case payment of arrears in instalments has been allowed by the Distribution Licensee, and such payment is being made as scheduled. The Distribution Licensee has to take a commercial decision on the issue of how to determine the time frame for which the payments should have been made as scheduled, in order to be eligible for the Load Factor Incentive.

(f) Penalty for exceeding Contract Demand

5.4.44 In case, a consumer (availing Demand based Tariff) exceeds his Contract Demand, he will be billed at the appropriate Demand Charge rate for the Demand actually recorded and will be additionally charged at the rate of 150% of the applicable Demand Charges (only for the excess Demand over the Contract Demand).

5.4.45 Under these circumstances, the consumer shall not be liable for any other action under Section 126 of the EA, 2003, since the penal additional Demand Charge provides for the penalty that the consumer is liable to pay for exceeding his Contract Demand. In case a consumer exceeds his Contract Demand on more than three occasions in a calendar year, the action to be taken would be governed by the provisions of the Supply Code Regulations.

5.4.46 In case any consumer exceeds the Contract Demand on more than three occasions in a calendar year, the action taken in such cases would be governed by the Supply Code.

(g) Discount for Digital Payment

5.4.47 The Government of India has been encouraging digitization across various areas including monetary transactions. To support the initiatives of the Government, a discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill, shall be provided to LT category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.

(h) Mode for communication:

5.4.48 The Commission notes that the Hon'ble High Court of Judicature at Mumbai in its Order in the matter of Notice No. 1148 of 2015 in Execution Application No. 1196 of 2015 dated 11 June 2018 has taken on record the WhatsApp message sent to serve notice on the Respondent and ruled that the same is sufficient for the purposes of service of Notice.

5.4.49 The relevant portion of the Order is reproduced below:

“2. The Claimants have also learnt that the Respondent resides at Nalasopara in a place which he seems to have taken on rent. The Claimant will furnish the particulars of address so that a warrant, if necessary, can be issued against him.

3. In the meantime, the present Notice is made absolute.

4. A print-out of the WhatsApp message is taken on record and marked “N” for identification with today’s date. The second print out is of the WhatsApp contact number of the Respondent. This shows his contact number. This is also taken on

record and marked “N2” for identification with today’s date. This is sufficient for the purposes of service of Notice under Order XXI Rule 22.

5. By way of abandon caution and so that it remains a part of the record a scan of the print outs is attached to this order as well.” {Emphasis added}

5.4.50 The Commission notes that serving of Notices to the consumers through digital medium such as WhatsApp message, email, SMS etc. will not only be environmentally friendly and save administrative cost but also free the human resources for other consumer service-related works. Hence, the Commission allows the Distribution Licensee to issue notice under Section 56 of the Electricity Act, 2003 through digital mode such as WhatsApp message, email, SMS etc. The Licensee can also use the digital medium of communication for issuing other information to the consumers including information regarding billing, outstanding payment, outage details, etc. There is also a need to create awareness regarding this provision and accordingly, the consumer needs to be made aware of this by informing him through various means of communication including messages on bills and other publicity means.

(i) New Tariff Category

5.4.51 In order to promote Electric Vehicles, the Commission has already created separate tariff category for EV Charging Stations for other Distribution Licensees and proposed to do the same for JNPT. As a promotional measure, the Commission has fixed slightly lower Fixed Cost for this category and ensured that resultant tariff is close to ACoS. Detail of applicability of tariff for this Category is given in Tariff Schedule. It is further clarified that consumers are allowed to charge their own Electric Vehicle at their premises with tariff applicable to such premises.

(j) Green Power Tariff

5.4.52 The Commission notes that JNPT has proposed to meet its RPO by way of purchase of REC’s considering the small quantum of RE Purchase. The Commission has also approved the same and considered REC price of Rs 1/kWh. In reply to a query raised by the Commission regarding this issue, JNPT has submitted that, it proposes to continue with existing Rs. 0.66/ kWh which is approved by the Commission for FY 2023-24 and FY 2024-25.

5.4.53 The Commission determined Green Power Tariff for the consumers opting for meeting its 100% of power requirement through RE sources in the Case No. 134 of 2020 dated 22 March 2021, which is stipulated as Rs 0.66 per kWh as per the conditions and methodology specified under said Order.

5.4.54 On 6 June 2022, Ministry of Power, GoI has notified Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. The said rules mandate the State Commission to determine Green Power Tariff. The Commission has already determined the same vide its Order dated 22 March 2021 as mentioned above.

5.4.55 Such Green Power Tariff would be in addition to regular tariff approved in MYT Order. The

Commission observes that the concept of Green Tariff has been well appreciated by many stakeholders across state as it provides opportunity for consumers willing to meet their power requirement through green energy sources, however, the concept is still at nascent stage with limited participation.

- 5.4.56 Besides, there have been several developments since introduction of concept including COVID pandemic situation, which also has bearing on renewable energy development in the country. Other market related developments such as introduction of GDAM/ GTAM and REC multiplier etc. are still evolving. Under the circumstance, the Commission is of the considered view that any change in mechanism of Green Tariff is not desirable at this stage and the same should continue for remaining period of the 4th Control Period. Thus, the Commission hereby approves the Green Tariff of Rs. 0.66/ kWh to be applicable during remaining period of 4th Control Period (i.e., FY 2023-24 and FY 2024-25).
- 5.4.57 However, for ease of implementation and to comply with provisions of MoP Rules, the Commission stipulates following terms and conditions for levy of Green Power Tariff.
- 5.4.58 All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
- 5.4.59 The consumers who have opted for Open Access can also requisition for RE Power on payment of Green Power Tariff for balance power supplied by Distribution Licensee.
- 5.4.60 If the Obligated Entity wants to meet its RPO by requisitioning RE Power from the Distribution Licensee, then such entity shall pay additional Rs 0.50 /kWh for the Green Power Tariff i.e., the Obligated entity shall pay total Green Power Tariff of Rs 1.16/kWh. Since the obligated entity also has the option to meet RPO by purchasing REC and is currently being traded at Rs. 1/kWh, the green tariff is proposed with slight premium to REC Price.
- 5.4.61 Revenue earned through Green Power Tariff shall be treated as tariff income of Supply Business and thereby be fully accounted for reduction in ARR of supply business.
- 5.4.62 If the consumer is not an obligated entity under RPO Regulations, then that energy shall be counted towards RPO fulfilment of Distribution Licensee.
- 5.4.63 The Consumer will have option to select the quantum of green power to be purchased in steps of 25% and going up to 100% of the consumption.
- 5.4.64 Such an option will also be available for Open Access consumer for its balance consumption from the Distribution Licensee.
- 5.4.65 The Distribution Licensee will levy Green Power Tariff only for percentage of consumption opted by the Consumer.
- 5.4.66 Distribution Licensee shall issue Annual certificate to consumers stating percentage of power requirement of such consumer has been sourced through RE sources.
- 5.4.67 Any requisition for green energy from a distribution licensee shall be for a minimum period of one year.
- 5.4.68 Distribution Licensee shall process the request of Consumer for Green Power Tariff not

later than 30 days from the receipt of the request or next billing cycle, whichever is earlier. Distribution Licensee shall provide the facility of requesting for Green Power Tariff through its Web Portal, Mobile App or any other digital mode for convenience of consumers.

- 5.4.69 Temporary Consumers can also opt of Green Tariff as per methodology specified above and Distribution Licensee shall issue certificate specifying that power requirement has been sourced through RE sources after receipt of payment.
- 5.4.70 The Rules notified by MoP, GOI also specify that rating of the consumer based on the percent of green energy purchased by such consumer. The Commission notes that RPO specified for FY 2023-24 and FY 2024-25 is 22% and 25% respectively and is likely to be revised upwards going forward in next Control Period. As Distribution Licensee will already be meeting such consumption, it would not be correct to issue any certificate to individual consumer for RPO to be met by Distribution Licensee as a whole. The Commission has allowed the consumer the choice to opt for RE purchase in the steps of 25%. Accordingly, the Commission introduces the rating to be given by Distribution Licensee at the end of the financial year along with the electricity bill for the month of March specifying the percentage of power purchased from RE sources from his total consumption and rating as given below:

% of RE Purchase Opted	Rating
>50% to 75%	Semi-Green
>75% to 100%	Green

(k) Advance Payment

- 5.4.71 Regulation 16 of the MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 allows the consumer to make the advance payment of charges for electricity supplied. The Commission notes that interest is payable at Bank Rate for such advance payment and such rate being lower than prevailing market rate, there is not much response from the Consumer to avail this facility.
- 5.4.72 The Commission is of the view that there is need to encourage the consumers to make advance payment, which will not only increase the collection of Distribution Licensee but also reduce the working capital requirement. Thus, the Commission, hereby deems it fit to invoke its Power to Relax under Regulation 30 of MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 to allow higher interest rate based on the amount of advance payment.
- 5.4.73 Thus, the Commission hereby allows the advance payment/pre-payment of the bills for consumers for amount not exceeding 12 times average monthly bill for the past twelve months. Such facility shall be available for eligible consumers only for non-defaulting consumers on record for at least past 12 months. Such consumers shall be eligible to avail discount in graded manner on their monthly bills, so long as they maintain advance payment amount in following manner:

Advance Payment Amount maintained with Utility as on date of monthly bill	Discount in monthly bill applicable at the rate of	Illustration discount* (%)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 9 to 12 months]	Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1}^{\text{st}} \text{ Apr}) + \mathbf{150 \text{ basis points}}$	$(1/12) \times 8.5\% = 0.708\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 6 to 9 months]	Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1}^{\text{st}} \text{ Apr}) + \mathbf{120 \text{ basis points}}$	$(1/12) \times 8.2\% = 0.683\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 3 to 6 months]	Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1}^{\text{st}} \text{ Apr}) + \mathbf{90 \text{ basis points}}$	$(1/12) \times 7.9\% = 0.658\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, up to 3 months]	Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1}^{\text{st}} \text{ Apr}) + \mathbf{60 \text{ basis points}}$	$(1/12) \times 7.6\% = 0.633\%$ (monthly bill discount)

**Note: Assumed SBI 1-year MCLR of 7% p.a.*

(l) Stabilising Variation in Consumer Bill on account of FAC

5.4.74 As per MERC MYT Regulations, 2019, the aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, and inter-State Transmission Charges shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (ZFAC), as an adjustment in its tariff on a monthly basis. Relevant part of the MYT Regulation is reproduced below:

*“10.2 The aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, and inter-State Transmission Charges, covered under Regulation 9.1, shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (ZFAC), as an adjustment in its Tariff on a monthly basis, as specified in these Regulations and as may be determined in orders of the Commission passed under these Regulations, and shall be subject to ex-post facto approval by the Commission on a quarterly basis:
.....”*

5.4.75 Similar arrangement for passing on the variation in fuel and power purchase cost existed in all previous Tariff Regulations of the Commission. Such mechanism is in line with the provision of the EA 2003 which mandates recovery of the fuel cost in timely manner so that the Distribution Licensees are able to recover their legitimate power purchase cost variation. This has helped regular recovery of power purchase variations without accumulating it till next tariff revision. This provision also addresses the financial/ cash flow issue of Distribution Licensee wherein the payment for power purchase is required to be made in timely manner at prevailing cost. At the same time, it also helps in reducing carrying cost burden on consumer which otherwise would have to be borne if such monthly levy accumulates and the gap is recovered through tariff revision in MYT or MTR as the case

may be. Although, consumers are now well aware of this mechanism, there is general and reasonable expectation that once the tariff is approved by the Commission, to the extent possible, it should remain constant during the year and there should not be large variations due to FAC. The unknown variation in the tariff on account of FAC has adverse financial implications on all the categories especially Industrial and Commercial categories where the impact of FAC is generally higher. Variation in tariff is magnified when there is negative FAC leading to reduction in tariff during a particular month and positive FAC in the immediate next month thereby increasing the tariff.

- 5.4.76 Variation in FAC is either on account of change in fuel related costs or mix of power procurement. During the Public hearings in case of other Distribution Licensees, many suggestions were received on this issue and the consumers requested that an appropriate revised mechanism should be put in place wherein there is a minimum impact of FAC felt by the consumers. The Commission opines that this is a very reasonable expectation of the Consumers. The Commission is fully aware that in spite of approving this tariff, the possibility of FAC cannot be ruled out due to uncontrollable event occurring globally or within the country affecting the power purchase cost of the licensee. To ensure stabilisation of tariffs to the extent possible, and to minimise the variation in FAC, the Commission thinks it fit to approve constitution of a FAC Fund with Distribution Licensee which can be built up over a period of time to be used for payment of FAC bills of Generating companies without immediately loading it on consumers.
- 5.4.77 Therefore, using its powers for Removing Difficulty under Regulations 106 of MYT Regulations, 2019, the Commission is making following changes in FAC mechanism stipulated under Regulation 10 of MYT Regulations, 2019.
- 5.4.78 Distribution Licensee shall undertake computation of monthly FAC as per Regulation 10 of the MYT Regulations, 2019 except for treatment to be given to negative FAC as follows:
- i. Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost.
 - ii. Such carried forward negative FAC shall be adjusted against FAC amount for the next month and balance negative amount shall be carried forward to subsequent month with holding cost.
 - iii. Such carry forward of negative FAC shall be continued till next tariff determination process.
 - iv. In case such FAC Fund is yet to be generated or such generated fund is not sufficient to adjust against FAC computed for given month, then Distribution Licensee can levy such amount to the consumers through FAC mechanism.
- 5.4.79 In order to maintain transparency in management and use of such FAC Fund, Distribution Licensee shall maintain monthly account of such FAC fund and upload it on its website for information of stakeholders. Such details shall also be submitted to the Commission on quarterly basis along with proposal for post facto vetting of FAC.

5.5 Revised Tariff for FY 2023-24 and FY 2024-25

JNPT's submission:

5.5.1 Based on the tariff philosophy as discussed in the earlier paragraphs, JNPT has proposed the following revised Tariff for its area of supply for the Control Period for FY 2023-24 and FY 2024-25:

Table 131: Tariff Schedule as proposed by JNPT for FY 2023-24

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 330 per kVA	0.81	5.08
2	HT II: HT Commercial	Rs. 330 per kVA	0.81	5.27
TOD Tariffs (in addition to above Base Tariffs)- compulsory for HT I and HT II categories				
2200 Hrs – 0600 Hrs				(1.50)
0600 Hrs – 0900 Hrs & 1200 Hrs- 1800 Hrs				0.00
0900 Hrs – 1200 Hrs				0.80
1800 Hrs – 2200 Hrs				1.10
LOW TENSION CATEGORIES				
3	LT II: LT Commercial			
(A) 0-20 kW		Rs. 320	0.81	6.53
(B) Above >20 and <=50 kW		Rs. 320 per kVA	0.81	6.53
(C) Above 50 kW		Rs. 320 per kVA	0.81	6.53
4	LT V(ii): LT Industry	Rs. 290 per kVA	0.81	6.24
5	LTVII (B) (ii): Public Service	Rs. 290 per kVA	0.81	6.02
TOD Tariffs (in addition to above Base Tariffs)- compulsory for LT II(B), LT II(C), LT V (ii) and LT VII (B) categories				
2200 Hrs – 0600 Hrs				(1.50)
0600 Hrs – 0900 Hrs & 1200 Hrs- 1800 Hrs				0.00
0900 Hrs – 1200 Hrs				0.80
1800 Hrs – 2200 Hrs				1.10

Table 132: Tariff Schedule as proposed by JNPT for FY 2024-25

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 370 per kVA	0.91	5.32
2	HT II: HT Commercial	Rs. 370 per kVA	0.91	5.71
TOD Tariffs (in addition to above Base Tariffs)- compulsory for HT I and HT II categories				
2200 Hrs – 0600 Hrs				(1.50)
0600 Hrs – 0900 Hrs & 1200 Hrs- 1800 Hrs				0.00
0900 Hrs – 1200 Hrs				0.80

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
	1800 Hrs – 2200 Hrs			1.10
LOW TENSION CATEGORIES				
3	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 370	0.91	6.93
	(B) Above >20 and <=50 kW	Rs. 370 per kVA	0.91	6.93
	(C) Above 50 kW	Rs. 370 per kVA	0.91	6.93
4	LT V(ii): LT Industry	Rs. 340 per kVA	0.91	6.45
5	LTVII (B) (ii): Public Service	Rs. 340 per kVA	0.91	6.32
TOD Tariffs (in addition to above Base Tariffs)- compulsory for LT II(B), LT II(C), LT V(ii) and LT VII (B) categories				
	2200 Hrs – 0600 Hrs			(1.50)
	0600 Hrs – 0900 Hrs & 1200 Hrs- 1800 Hrs			0.00
	0900 Hrs – 1200 Hrs			0.80
	1800 Hrs – 2200 Hrs			1.10

Commission’s Analysis and rulings:

5.5.2 In the light of the above discussions, the approved revised Tariffs for FY 2023-24 and FY 2024-25 are as set out in the tables below.

Table 133: Revised Tariffs for FY 2023-24 (effective from 1 April 2023)

Sr. No.	Consumer Category	Fixed/ Demand Charge		Wheeling Charges	Energy Charges
				(Rs. /kVAh)	(Rs/kVAh)
HIGH TENSION CATEGORY					
1	Industrial HT-I (A)	Rs./kVA/month	180.00	0.81	6.18
2	Commercial HT-(II)	Rs./kVA/month	180.00	0.81	6.31
3	HT Electric Vehicle Charging Station	Rs./kVA/month	70.00	0.81	5.69
TOD Tariffs (in addition to above Base Tariffs)- compulsory for HT I and HT II categories					
	2200 Hrs – 0600 Hrs				(1.50)
	0600 Hrs – 0900 Hrs & 1200 Hrs- 1800 Hrs				0.00
	0900 Hrs – 1200 Hrs				0.80
	1800 Hrs – 2200 Hrs				1.10
LOW TENSION CATEGORY					
4	Commercial LT-II (A)	Rs./conn./month	160.00	0.81	7.29
5	Commercial LT-II (B)	Rs./conn./month	160.00	0.81	7.29
6	Commercial LT-II (C)	Rs./conn./month	160.00	0.81	6.86
7	Industrial LT-V (II)	Rs./kVA/month	140.00	0.81	6.86
8	Public Service LT VII(B)(II)	Rs./kVA/month	140.00	0.81	7.04

Sr. No.	Consumer Category	Fixed/ Demand Charge		Wheeling Charges	Energy Charges
				(Rs. /kVAh)	(Rs/kVAh)
9	LT Electric Vehicle Charging Station	Rs./kVA/month	70.00	0.81	5.69
TOD Tariffs (in addition to above Base Tariffs)- compulsory for LT II(B), LT II(C), LT V (ii) and LT VII (B) categories					
2200 Hrs – 0600 Hrs					(1.50)
0600 Hrs – 0900 Hrs & 1200 Hrs- 1800 Hrs					0.00
0900 Hrs – 1200 Hrs					0.80
1800 Hrs – 2200 Hrs					1.10

Note:

Fuel Adjustment Charge (FAC) computed as per provisions of MERC MYT Regulations, 2019 from time to time shall be applicable to all categories of consumers and will be charged over and above the base tariffs.

The detailed computation of category-wise revenue with revised tariffs for FY 2023-24 is set out at **Annexure I** of this Order.

Table 134: Revised Tariffs for FY 2024-25 (effective from 1 April 2024)

Sr. No.	Consumer Category	Fixed/ Demand Charge		Wheeling Charges	Energy Charges
				(Rs. /kVAh)	(Rs/kVAh)
HIGH TENSION CATEGORY					
1	Industrial HT-I (A)	Rs./kVA/month	220.00	0.90	5.99
2	Commercial HT-(II)	Rs./kVA/month	220.00	0.90	6.32
3	HT Electric Vehicle Charging Station	Rs./kVA/month	80.00	0.90	5.60
TOD Tariffs (in addition to above Base Tariffs)- compulsory for HT I and HT II categories					
2200 Hrs – 0600 Hrs					(1.50)
0600 Hrs – 0900 Hrs & 1200 Hrs- 1800 Hrs					0.00
0900 Hrs – 1200 Hrs					0.80
1800 Hrs – 2200 Hrs					1.10
LOW TENSION CATEGORY					
4	Commercial LT-II (A)	Rs./conn./month	200.00	0.90	7.30
5	Commercial LT-II (B)	Rs./conn./month	200.00	0.90	7.30
6	Commercial LT-II (C)	Rs./conn./month	200.00	0.90	6.91
7	Industrial LT-V (II)	Rs./kVA/month	180.00	0.90	6.78
8	Public Service LT VII(B)(II)	Rs./kVA/month	180.00	0.90	6.95
9	LT Electric Vehicle Charging Station	Rs./kVA/month	80.00	0.90	5.60

Sr. No.	Consumer Category	Fixed/ Demand Charge	Wheeling Charges	Energy Charges
			(Rs. /kVAh)	(Rs/kVAh)
TOD Tariffs (in addition to above Base Tariffs)- compulsory for LT II(B), LT II(C), LT V (ii) and LT VII (B) categories				
2200 Hrs – 0600 Hrs				(1.50)
0600 Hrs – 0900 Hrs & 1200 Hrs- 1800 Hrs				0.00
0900 Hrs – 1200 Hrs				0.80
1800 Hrs – 2200 Hrs				1.10

Note:

FAC computed as per provisions of MERC MYT Regulations, 2019 from time to time shall be applicable to all categories of consumers and will be charged over and above the base tariffs.

The detailed computation of category-wise revenue with revised tariffs for FY 2024-25 is set out at **Annexure II** of this Order.

5.5.3 On this basis, the approved Tariff Schedule is appended as **Annexure III** to this Order.

5.6 Determination of Cross-Subsidy Surcharge (CSS)

JNPT's Submission

5.6.1 JNPT has submitted that, Section 2(47) of the EA 2003 defines 'Open Access', while Section 42 of the Act inter-alia mandates the Distribution Licensee to provide Open Access to eligible consumers, subject to payment of Cross-Subsidy Surcharge, Additional Surcharge, and other applicable charges.

5.6.2 Section 86(1) of the EA 2003 inter-alia mandates the Commission to determine Cross-Subsidy Surcharge (CSS), Additional Surcharge and other applicable charges payable by the consumers opting for Open Access.

5.6.3 CSS shall be calculated based on the Formula stipulated in the revised Tariff Policy notified by Ministry of Power on January 28, 2016, as reproduced below:

“SERCs may calculate the cost of supply of electricity by the distribution licensee to consumers of the applicable class as aggregate of (a) per unit weighted average cost of power purchase including meeting the Renewable Purchase Obligation; (b) transmission and distribution losses applicable to the relevant voltage level and commercial losses allowed by the SERC; (c) transmission, distribution and wheeling charges up to the relevant voltage level; and (d) per unit cost of carrying regulatory assets, if applicable.

Surcharge formula:

$$S = T - [C/(1-L/100) + D + R]$$

Where,

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

Above formula may not work for all distribution licensees, particularly for those having power deficit, the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee

Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of consumers seeking open access.”

5.6.4 JNPT has computed the category-wise CSS for HT I and HT II Category, i.e., the category eligible for Open Access in accordance with the above formula, for each year of the Control Period, as shown in the following Table:

Table 135: Proposed Cross-Subsidy Surcharge for HT-I category

Year	T (ABR)	C	WL	TL	L	C/(1-L%)	D	CSS	CSS
	Rs./ kWh	Rs./ kWh	%	%	%	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kVAh
FY 2023-24	8.21	5.55	13.55%	3.18%	16.73%	6.67	0.98	0.56	0.53
FY 2024-25	8.56	5.65	13.05%	3.18%	16.23%	6.74	1.04	0.77	0.73

Table 136: Proposed Cross-Subsidy Surcharge for HT-II category

Year	T (ABR)	C	WL	TL	L	C/(1-L%)	D	CSS	CSS
	Rs./ kWh	Rs./ kWh	%	%	%	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kVAh
FY 2023-24	8.21	5.55	13.55%	3.18%	16.73%	6.67	0.98	0.56	0.52
FY 2024-25	8.55	5.65	13.05%	3.18%	16.23%	6.74	1.04	0.77	0.72

Commission’s Analysis and Ruling

5.6.5 Section 2(47) of the EA, 2003, mandates a licensee to provide non-discriminatory Open

Access to the consumers wishing to avail power from Open Access market. Section 86 (1) read with Section 42(2) allows the State Commission to introduce Open Access with determination of surcharge considering the factors such as Cross-subsidies and other operational constraints. Further second proviso of Section 42(2) specifically provides that, such 'surcharge' shall be utilized to meet the requirements of current level of cross subsidies within the area of supply of the licensee.

- 5.6.6 The basic intent of the levy of Cross Subsidy Surcharge as per the Electricity Act, 2003, is to compensate the Distribution Licensee (DL) for the loss of cross subsidy due to migration of its (cross subsidizing) consumers to open access. Further the Act also mandates that such Surcharge and cross subsidy is required to be progressively reduced by the State Commission.
- 5.6.7 Being a first tariff order of JNPT, the Commission has determined the tariff of the consumers in such a manner that there is no cross-subsidy between the consumer categories. As the Cross subsidy between the consumer categories does not prevail and the consumers are paying the tariff equivalent to ACoS, hence the question of loss of cross subsidy does not arise. Therefore, as the tariff determined being 100% of the average cost of supply, the Commission feels that there is no need to determine the Cross subsidy Surcharge, as there will be no loss of cross subsidy in case of any migration of consumers to open access.
- 5.6.8 Thus, in view of the above provisions, the Commission has not determined any CSS for the HT consumers.

6. SCHEDULE OF CHARGES

6.1 Schedule of Charges Components

JNPT's Submission

6.1.1 JNPT has been levying schedule of charges for the consumers which is approved by the Commission for MSEDCL in its Order dated 30 March 2020 in Case No. 322 of 2019. JNPT has submitted that being a SEZ it has developed the network in a manner that any new consumer is able to get the connection in plug and play manner and no incremental network is required to be laid by the Distribution Licensee to release supply to the consumer. Accordingly, JNPT has not proposed any Schedule of Charges for release of supply to consumer except for the following charges as given below:

- a) Administrative charges for dishonouring the cheque – Rs 750/- or Bank charges whichever is higher.
- b) Processing fees for Open Access – Rs 2500/- per application
- c) Operating charges for Open Access – Rs 2500/- per month.
- d) Reconnection charges pursuant to disconnection due to default in payment:
 - LT Connection – Rs 500/-
 - HT Connection – Rs 3000/-

Commission's Analysis and Ruling

Administrative Charges for cheque bouncing

6.1.2 When a cheque is dishonoured, it is considered to be a serious offence under Section 138 of the Negotiable Instruments Act. The Commission approves charges of Rs. 750/- per instance towards compensation for Administrative Charges (Bank Charges and other costs) for dishonouring of cheques, applicable to all consumer categories.

Table 137: Administrative Charges for dishonouring of cheques approved by the Commission for the Control Period

Particulars	Proposed Charges (Rs.)	Approved in this Order (Rs.)
Administrative charges for dishonouring of cheques	750	750

Processing Fees and Operating Charges for Open Access

6.1.3 The Commission approves following processing fees and operating charges for Open Access:

Table 138: Processing Fees and Operating Charges for Open Access approved by the Commission for the Control Period

Particulars	Proposed Charges(Rs.)	Approved in this Order(Rs.)
Processing Fees for Open Access	2,500/- per application	2,500/- per application
Operating charges for Open Access	2,500/- per month	2,500/- per month

Reconnection charges

6.1.4 JNPT has claimed reconnection Charges pursuant to disconnection due to default in payment for LT and HT connection. The Commission approves the following reconnection charges due to default in payment.

Table 139: Reconnection Charges approved by the Commission for the Control period

Particulars	Proposed Charges (Rs.)	Approved in this Order (Rs.)
Reconnection Charges – HT Connection	3000/-	500/-
Reconnection Charges – LT Connection	3000/-	500/-

7. SUMMARY OF DIRECTIVES

- 7.1.1 The approach taken by JNPT while claiming the O&M Expenses is considering the fact that, JNPT became operational in FY 2021-22 and is in the process of ramping up its operations in the next few years. However, as JNPT achieves substantial loading and occupancy in its SEZ area it is expected that JNPT shall claim the actual incurred O&M Expenses. Hence it is directed that JNPT shall keep a record of actual employee expenses, actual A&G Expenses incurred for its regulated distribution business. Further, common expenses related to O&M shall be allocated amongst the JNPT's regulated distribution business and JNPA in a reasonable and justifiable manner.
- 7.1.2 Since JNPT is authorized to undertake its operations as Licensed Distribution Licensee only in its SEZ area, JNPT shall ensure that the assets (i.e., 220/ 33 kV Substation and other distribution assets) are not used for supply to the area outside the authorized Licence area.
- 7.1.3 JNPT is directed to segregate the Distribution Loss between the HT and LT levels and submit the break-up at the time of filing next petition.
- 7.1.4 JNPT is directed to submit, relevant details and computation of Voltage wise Cost of Supply (VCoS) in line with the framework stipulated by APTEL at the time of filing next petition.
- 7.1.5 JNPT is required to submit 'Cost Audit Report' in accordance with Regulation 23.4 of the MYT Regulations 2019. The Licensee shall submit the 'Cost Audit Report' at the time of submission of the next True up petition.
- 7.1.6 JNPT is directed to invest Contribution to Contingency Reserve for FY 2022-23 to FY 2024-25 as per Regulation 35.1 of MYT Regulations, 2019.
- 7.1.7 JNPT is directed to park the additional recovery Rs. 0.20/ kVAh allowed by the Commission and subsumed in the energy charges, to be parked in the separate FAC fund and to be utilized to offset any additional power purchase cost over and above allowed to be recovered as part of FAC mechanism so as to avoid tariff shock to consumers in future.

8. APPLICABILITY OF ORDER

- 8.1.1 The Tariffs determined in this Order shall be applicable from 1 April 2023. Where the billing cycle of a consumer is different with respect to the date of applicability of the revised tariffs, they should be made applicable for the consumption on a pro rata basis. The bills for the respective periods as per the existing and revised tariffs shall be calculated based on the pro-rata consumption (units consumed during the respective periods, arrived at based on average unit consumption per day multiplied by the number of days in the respective periods covered in the billing cycle).
- 8.1.2 The Commission has determined the revenue from the proposed tariffs as if they were applicable for the entire year. Any shortfall or surplus in the actual revenue against the approved ARR will be trued-up at the end of the Control Period.

The Petition of Jawaharlal Nehru Port Trust (JNPT) in Case No. 219 of 2022 stands disposed of accordingly.

Sd/-

(Mukesh Khullar)
Member

Sd/-

(I. M. Bohari)
Member

Sd/-

(Sanjay Kumar)
Chairperson


(Abhijit Deshpande)
Secretary


MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Annexure I: Category wise Revenue with revised Tariffs for FY 2023-24

Consumer Category	No. of consumers	Components of tariff				Relevant sales & load/demand data for revenue calculation			Full year revenue excluding Government subsidy (Rs. Crore)						Full year revenue (including subsidy) (Rs. Crore)	Average Billing Rate (Rs/kWh)	Ratio of Average Billing Rate to Average Cost of Supply (%)
		Fixed Charges (specify part name and unit)	Demand Charges (specify part name and unit)	Energy Charges (Rs./kVah)	Wheeling Charges (Rs./kVah)	Sanctioned Load in kW	Contract Demand in KVA/MVA	Sales in MkVah	Revenue from Fixed Charges	Revenue from Demand Charges	Revenue from Energy Charges	Revenue from Wheeling Charges	Prompt Payment Discount	Total			
HT Category																	
Industrial HT-I (A)	5.00		180.00	6.18	0.81	1792.44	1613.20	3.58		0.35	2.36	0.31	(0.02)	3.00	3.00	8.37	103%
Commercial HT-(II)	2.00		180.00	6.31	0.81	3840.34	2496.22	3.84		0.38	2.52	0.33	(0.02)	3.22	3.22	8.37	103%
Sub Total (HT Category)	7.00					5632.78	4109.42	7.42	0.00	0.73	4.88	0.64	(0.03)	6.21	6.21	8.37	
LT Category																	
Commercial LT-II (A)		160.00		7.29	0.81	5.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Commercial LT-II (B)	3.00		160.00	7.29	0.81	222.15	144.40	0.19		0.01	0.14	0.02	(0.00)	0.16	0.16	8.57	105%
Commercial LT-II (C)	3.00		160.00	6.86	0.81	305.85	198.80	0.49		0.02	0.37	0.04	(0.00)	0.42	0.42	8.58	105%
Industrial LT-V (II)	2.00		140.00	6.86	0.81	240.00	156.00	0.37		0.02	0.27	0.03	(0.00)	0.32	0.32	8.58	105%
Public Service LT VII(B)(II)	2.00		140.00	7.04	0.81	100.00	65.00	0.08		0.01	0.06	0.01	(0.00)	0.07	0.07	8.36	102%
Sub Total (LT Category)	10.00					873.60	564.20	1.14	0.00	0.05	0.83	0.10	(0.00)	0.97	0.97	8.56	105%
Total	17.00					6506.38	4673.62	8.56	0.00	0.77	5.71	0.74	(0.04)	7.19	7.19	8.40	103%

Annexure II: Category wise Revenue with revised Tariffs for FY 2024-25

Consumer Category	No. of consumers	Components of tariff				Relevant sales & load/demand data for revenue calculation			Full year revenue excluding Government subsidy (Rs. Crore)						Full year revenue (including subsidy) (Rs. Crore)	Average Billing Rate (Rs/kVah)	Ratio of Average Billing Rate to Average Cost of Supply (%)	
		Fixed Charges (specify part name and unit)	Demand Charges (specify part name and unit)	Energy Charges (Rs./kVah)	Wheeling Charges (Rs./kVah)	Sanctioned Load in kW	Contract Demand in KVA/MVA	Sales in MkvAh	Revenue from Fixed Charges	Revenue from Demand Charges	Revenue from Energy Charges	Revenue from Wheeling Charges	Prompt Payment Discount	Total				
HT Category																		
Industrial HT-I (A)	6.00		220.00	5.99	0.90	2401.96	2161.76	5.39		0.57	3.48	0.51	(0.02)	4.54	4.54	8.43	103%	
Commercial HT-(II)	3.00		220.00	6.32	0.90	3502.77	2276.80	4.78		0.45	3.14	0.46	(0.02)	4.03	4.03	8.44	103%	
Sub Total (HT Category)	9.00					5904.72	4438.56	10.17		0.00	1.02	6.63	0.97	(0.04)	8.58	8.58	8.44	103%
LT Category																		
Commercial LT-II (A)	0.00	200.00		7.30	0.90		0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00		
Commercial LT-II (B)	3.00		200.00	7.30	0.90	355.45	231.04	0.41		0.02	0.28	0.04	(0.00)	0.34	0.34	8.43	102%	
Commercial LT-II (C)	3.00		200.00	6.91	0.90	489.35	318.08	1.37		0.03	1.00	0.13	(0.01)	1.16	1.16	8.43	103%	
Industrial LT-V (II)	2.00		180.00	6.78	0.90	384.00	249.60	0.69		0.03	0.49	0.07	(0.00)	0.58	0.58	8.43	102%	
Public Service LT VII(B)(II)	2.00		180.00	6.95	0.90	160.00	104.00	0.16		0.01	0.11	0.01	(0.00)	0.13	0.13	8.42	102%	
Sub Total (LT Category)	10.00					1388.80	902.72	2.62		0.00	0.10	1.88	0.25	(0.01)	2.21	2.21	8.43	102%
Total	19.00					7293.52	5341.28	12.79		0.00	1.12	8.50	1.22	(0.05)	10.79	10.79	8.43	103%

Annexure III: Tariff Schedule

JAWAHARLAL NEHRU PORT TRUST ('JNPT') SCHEDULE OF ELECTRICITY TARIFFS (Effective from 1 April 2023)

The Maharashtra Electricity Regulatory Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act, 2003 and all other powers enabling it in this behalf, has determined, by its Multi Year Tariff Order dated **31 March 2023 in Case No. 219 of 2022**, the tariffs for supply of electricity by the Distribution Licensee, Jawaharlal Nehru Port Trust (JNPT) to various categories of consumers as applicable from **1 April 2023 to 31 March 2025**.

GENERAL:

1. These tariffs supersede all tariffs so far in force.
2. The tariffs are subject to revision and/or surcharge that may be levied by the Distribution Licensee from time to time as per the directives of the Commission.
3. The tariffs are exclusive of the separate Electricity Duty, Tax on Sale of Electricity and other levies by the Government or other competent authorities, which will be payable by consumers over and above the tariffs.
4. The tariffs are applicable for supply at one point only.
5. The Distribution Licensee may measure the Maximum Demand for any period shorter than 15/30 minutes of maximum use, subject to conformity with the Commission's Electricity Supply Code Regulations, where it considers that there are considerable load fluctuations in operation.
6. The tariffs are subject to the provisions of the applicable Regulations and any directions that may be issued by the Commission from time to time.
7. Unless specifically stated to the contrary, the figures of Energy Charge and Wheeling Charge are denominated in Rupees per unit (kVAh) for the energy consumed during the month.
8. Fuel Adjustment Charge (FAC) computed in accordance with provisions of MYT Regulations, 2019 and Commission's directions in this regard from time to time shall be applicable to all categories of consumers and will be charged over and above the base tariff.

HIGH TENSION (HT) – TARIFF

HT I: HT - Industry

Applicability:

This tariff category is applicable for electricity for Industrial use at High Voltage for purposes of manufacturing and processing, including electricity used within such premises for general lighting, heating/cooling, etc.

It is also applicable for use of electricity / power supply for Administrative Offices / Canteen, Recreation Hall / Sports Club or facilities / Health Club or facilities/ Gymnasium / Swimming Pool exclusively meant for employees of the industry; water pumps, fire-fighting pumps and equipment, street, and common area lighting; Research and Development units, Telecommunications Tower etc. -

Provided that all such facilities are situated within the same industrial premises and supplied power from the same point of supply.

This tariff category shall be applicable for use of electricity / power supply by an Information Technology (IT), or IT-enabled Services (ITeS) Unit as defined in the applicable IT/ITes Policy of Government of Maharashtra.

It is also applicable for use of electricity / power supply for common facilities in the IT Park/ SEZ (such as lobbies, central air conditioning, lifts, escalators, Effluent Treatment Plant/ Sewage Treatment Plant, wash rooms etc.) which are used by the Units, excluding support services areas, after the registration is granted to the IT Park by the Directorate of Industries and Development Commissioner of the SEZ for an IT SEZ, as per the IT and ITeS Policy of the Government of Maharashtra as applicable from time to time. (In case the Government of Maharashtra revisits the present dispensation given under the IT and ITeS Policy, 2015, such use will be billed under the Commercial tariff category unless otherwise stipulated in the revised Policy.)

Rate Schedule

Tariff w.e.f. 1 April 2023 to March 2024

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Industrial HT-I (A)	180.00	0.81	6.18

Tariff w.e.f. 1 April 2024 to March 2025

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Industrial HT-I (A)	220.00	0.90	5.99

HT-II – HT Commercial

Applicability:

This tariff category is applicable for electricity used at High Voltage in non-residential, non-industrial and/ or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating, cooling, cooking, and washing/cleaning, entertainment/ leisure and water pumping in, but not limited to, the following premises:

- a) Non-Residential, Commercial and Business premises;
- b) Combined lighting and power services for facilities relating to Entertainment;
- c) Offices, including Commercial Establishments;
- d) Hotels / Restaurants, Ice-cream parlours, Coffee Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths, and Fax / Photocopy shops;
- e) Automobile and all other types of repairs, servicing, and maintenance centres (unless specifically covered under another tariff category); Retail Gas Filling Stations, Petrol Pumps & Service Stations, including Garages;
- f) Banks and ATM centres, Telephone Exchanges, TV Stations, Radio Stations;
- g) Sewage Treatment Plant/ Effluent Treatment Plant and common facilities like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting for Commercial Complexes, and not covered under the HT I – Industry category;
- h) Construction of all types of structures/ infrastructure for any purposes;
- i) Stand-alone Research and Development units not covered under any other category;

Any other class of consumers not defined under HT I and HT III consumer category of this tariff order.

Rate Schedule

Tariff w.e.f. 1 April 2023 to March 2024

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Commercial HT-(II)	180.00	0.81	6.31

Tariff w.e.f. 1 April 2024 to March 2025

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Commercial HT-(II)	220.00	0.90	6.32

HT III: HT Electric Vehicle Charging Stations

Applicability

This Tariff category is applicable for Electric Vehicle Charging Station including battery swapping

stations for Electric Vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises.

Electricity consumption for other facilities at Charging Station such as restaurant, rest rooms, convenience stores, etc., shall be charged at tariff applicable to Commercial Category.

Rate Schedule

Tariff w.e.f. 1 April 2023 to March 2024

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
HT Electric Vehicle Charging Station	70.00	0.81	5.69

Tariff w.e.f. 1 April 2024 to March 2025

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
HT Electric Vehicle Charging Station	80.00	0.90	5.60

LOW TENSION (LT) – TARIFF

LT II – LT Commercial

LT II (A): LT- Commercial (0-20 kW)

LT II (B): LT- Commercial (Above 20 kW)

LT II (C) - LT Commercial above 50 kW Load

Applicability

This tariff category is applicable for electricity used at Low/Medium Voltage in non-residential, non- industrial and/or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating, cooling, cooking, and washing/cleaning, entertainment/ leisure and water pumping in, but not limited to, the following premises:

- a) Non-Residential, Commercial and Business premises;
- b) Combined lighting and power supply for facilities relating to Entertainment;
- c) Offices, including Commercial Establishments;
- d) Hotels / Restaurants, Ice-cream parlours, Coffee Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths, and Fax / Photocopy shops;
- e) Automobile and all other types of repairs, servicing, and maintenance centres (unless specifically covered under another tariff category); Retail Gas Filling Stations, Petrol Pumps and Service Stations, including Garages;

- f) Banks and ATM centres, Telephone Exchanges, TV Stations, Radio Stations, Telecommunications Towers;
- g) Construction of all types of structures/ infrastructure for any purposes;
- h) Sewage Treatment Plant/ Effluent Treatment Plant and common facilities like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting for Commercial /Complexes and not covered under the LT III – Industry category;
- i) Stand-alone Research and Development Units not covered under any other category.
- j) Any other class of consumers not defined under any other consumer category of this tariff order.

Rate Schedule

Tariff w.e.f. 1 April 2023 to March 2024

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Commercial LT-II (A)	160.00	0.81	7.29
Consumer Category	Fixed Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Commercial LT-II (B)	160.00	0.81	7.29
Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Commercial LT-II (C)	160.00	0.81	6.86

Tariff w.e.f. 1 April 2024 to March 2025

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Commercial LT-II (A)	200.00	0.90	7.30
Consumer Category	Fixed Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Commercial LT-II (B)	200.00	0.90	7.30
Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Commercial LT-II (C)	200.00	0.90	6.91

LT V - LT Industrial

LT V (II) – LT Industrial .

Applicability

This tariff category is applicable for electricity for Industrial use, at Low/Medium Voltage, for purposes of manufacturing and processing, including electricity used within such premises for general lighting, heating/cooling, etc.

It is also applicable for use of electricity / power supply for Administrative Offices / Canteens, Recreation Hall / Sports Club or facilities / Health Club or facilities/ Gymnasium / Swimming Pool exclusively meant for employees of the industry; Research and Development units, Telecommunications Tower etc.

Provided that all such facilities are situated within the same industrial premises and supplied power from the same point of supply;

This tariff category shall also be applicable for use of electricity / power supply by an Information Technology (IT), or IT-enabled Services (ITeS) Unit as defined in the applicable IT and ITeS Policy of Government of Maharashtra.

It is also applicable for use of electricity / power supply for common facilities in the IT Park/SEZ (such as lobbies, central air conditioning, lifts, escalators, Effluent Treatment Plant/Sewage Treatment Plant, wash rooms etc.) which are used by the Units, excluding support services areas, after the registration is granted to the IT Park by the Directorate of Industries and Development Commissioner of the SEZ for an IT SEZ, as per the IT and ITeS Policy of the Government of Maharashtra as applicable from time to time.

Rate Schedule

Tariff w.e.f. 1 April 2023 to March 2024

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Industrial LT-V (II)	140.00	0.81	6.86

Tariff w.e.f. 1 April 2024 to March 2025

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Industrial LT-V (II)	180.00	0.90	6.78

LT VIII (B)– LT – Public Services (Others)

Applicability:

This tariff category is applicable for electricity supply at Low/Medium Voltage for:

- a. Educational Institutions, such as Schools and Colleges; Health Care facilities, such as Hospitals, Dispensaries, Clinics, Primary Health Care Centres, Diagnostic Centres, Blood Banks, Laboratories; Libraries and public reading rooms - other than those of the State or Central Government or Local Self-Government bodies such as Municipalities, Zilla Parishads, Panchayat Samitis, Gram Panchayats, etc.

- b. Sports Clubs and facilities / Health Clubs and facilities / Gymnasium / Swimming Pools attached to such Educational Institutions /Health Care facilities, provided that they are situated in the same premises and are meant primarily for their students / faculty/ employees/ patients;
- c. all offices of Government and Municipal/ Local Authorities/ Local Self-Government bodies, such as Municipalities, Zilla Parishads, Panchayat Samitis, Gram Panchayats; Police Stations and Police Chowkies; Post Offices; Armed Forces/Defence and Para-Military establishments;
- d. Service-oriented Spiritual Organisations;
- e. State or Municipal/Local Authority Transport establishments, including their Workshops
- f. Fire Service Stations; Jails, Prisons; Courts;
- g. Airports;
- h. Ports and Jetties;
- i. Railway/Metro/Monorail Stations, including Shops, Workshops, Yards, etc, if the supply is at Low/ Medium Voltage.
- j. Waste processing units not covered under LT PWW category
- k. All Students Hostels affiliated to Educational Institutions not covered under LT Public Service - Government;
- l. All other Students' or Working Men/Women's Hostels;
- m. Other types of Homes/Hostels, such as (i) Homes/Hostels for Destitute, Disabled Persons (physically or mentally handicapped persons, etc.) and mentally ill persons (ii) Remand Homes (iii) Dharmshalas, (iv) Rescue Homes, (v) Orphanages - subject to verification and confirmation by the Distribution Licensee's concerned Zonal Chief Engineer or equivalent.

Rate Schedule

Tariff w.e.f. 1 April 2023 to March 2024

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Public Service LT VII(B)(II)	140.00	0.81	7.04

Tariff w.e.f. 1 April 2024 to March 2025

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
Public Service LT VII(B)(II)	180.00	0.90	6.95

LT VIII: LT – Electric Vehicle (EV) Charging Stations

Applicability:

This Tariff category is applicable for Electric Vehicle Charging Station including battery swapping station for electric vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises.

Electricity consumption for other facilities at Charging Station such as restaurant, rest rooms, convenience stores, etc., shall be charged at tariff applicable to Commercial Category.

Rate Schedule

Tariff w.e.f. 1 April 2023 to March 2024

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT Electric Vehicle Charging Station	70.00	0.81	5.69

Tariff w.e.f. 1 April 2024 to March 2025

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT Electric Vehicle Charging Station	80.00	0.90	5.60

MISCELLANEOUS AND GENERAL CHARGES

Fuel Adjustment Charge (FAC) Component of Z-factor Charge

The Fuel Adjustment Charge (FAC) component of the Z-factor Charge will be determined in accordance with the formula specified in the relevant Multi Year Tariff Regulations and any directions that may be given by the Commission from time to time and will be applicable to all consumer categories for their entire consumption.

In case of any variation in the fuel prices and power purchase prices, the Distribution Licensee shall pass on the adjustments through the FAC component of the Z-factor Charges accordingly. The details of applicable ZFAC for each month shall be available on the Distribution Licensee's website <https://www.jnport.gov.in/>

Electricity Duty and Tax on Sale of Electricity

Electricity Duty and Tax on Sale of Electricity shall be levied in addition to the tariffs approved by the Commission, and in accordance with the Government of Maharashtra stipulations from time to time. The rate and the reference number of the Government Resolution/ Order under which the Electricity Duty and Tax on Sale of Electricity are applied shall be stated in the consumers' energy bills. A copy of such Resolution / Order shall be provided on the Distribution

Licensee's website <https://www.jnport.gov.in/>

Prompt Payment Discount

A prompt payment discount of one percent of the monthly bill (excluding Taxes and Duties) shall be provided to consumers for payment of electricity bills within 7 working days from the date of their issue.

Delayed Payment Charge

In case the electricity bill is not paid within the due date mentioned on the bill, delayed payment charges on the billed amount, including the taxes, cess, duties, etc., shall be levied on simple interest basis at the rate of 1.25% on the billed amount for the first month of delay.

Rate of Interest on Arrears

The rate of interest chargeable on the arrears of payment of billed dues shall be as given below:

Sr. No.	Delay in Payment (months)	Interest Rate (%)
1	Payment after 60 days and up to 90 days from date of billing	12%
2	Payment beyond 90 days and up to 180 days from date of billing	15%

Load factor incentive

Consumers having a Load Factor above 75% and up to 85% will be entitled to an incentive in the form of a rebate of 0.75% on the Energy Charges for every percentage point increase in Load Factor from 75% to 85%. Consumers having a Load Factor above 85 % will be entitled to a rebate of 1% on the Energy Charges for every percentage point increase in Load Factor from 85%. The total rebate will be subject to a ceiling of 15% of the Energy Charges applicable to the consumer.

The Load Factor is to be calculated as follows:

$$\text{Load Factor} = \frac{\text{Consumption during the month in MU}}{\text{Maximum Consumption Possible during the month in MU}}$$

Maximum consumption possible = Contract Demand (kVA) x Unity Power Factor x (Total no. of hours during the month, less actual interruptions hours recorded on meter for billing period)

In case the consumer exceeds its Contract Demand (including during the non-peak hours, i.e., 22:00 hrs to 06:00 hrs.) in any particular month, the Load Factor Incentive will not be payable to the consumer in that month.

This incentive is applicable only to consumers in the tariff categories HT I: Industry and HT II:

Commercial.

Penalty for exceeding Contract Demand

In case a LT consumer with a sanction demand/ contract demand less than 20 kW records actual contract demand above 20 kW, he will be billed at the tariff applicable for the respective load slab approved by the Commission, in which recorded demand falls for that billing cycle only and also be charged an additional amount at the rate of 150% of the applicable charge for the Demand in excess of the Contract Demand.

Further Distribution licensee can enhance the Contract Demand of the consumer when the consumers exceeds the Contract Demand on more than three occasions during a calendar year, irrespective whether the Consumer submits an application for the same or otherwise. However, before such revision of Contact Demand, Distribution Licensee must give 15 days' notice to such consumer. Also, the Consumer is liable to pay necessary charges as may be stipulated in the approved Schedule of Charges for the revised Contract Demand.

Consumers' Security Deposit

As specified under Regulations 13 of the MERC (Supply Code Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021, Consumer shall pay Security Deposit and will be entitle for interest on such Security Deposit.

Definitions

Maximum Demand

Maximum Demand in kilowatts or kilo-Volt Amperes, in relation to any period shall, unless otherwise provided in any general or specific Order of the Commission, mean twice the highest number of kilo-watt-hours or kilo-Volt Ampere hours supplied and taken during any consecutive thirty-minute blocks in that period.

Contract Demand

Contract Demand means the demand in kilowatt (kW) or kilo–Volt Amperes (kVA), mutually agreed between the Distribution Licensee and the consumer as entered into in the agreement or agreed through other written communication. (For conversion of kW into kVA, the Power Factor of 0.80 shall be applied.)

Sanctioned Load

Sanctioned Load means the load in kW mutually agreed between the Distribution Licensee and the consumer.

In case the meter is installed on the LV (Low voltage)/MV (Medium Voltage) side, the methodology to be followed for billing purpose is as follows:

2% to be added to MV demand reading, to determine the kW or kVA billing demand, and

'X' units to the MVA reading to determine the total energy compensation to compensate the transformation losses, which is calculated as follows

'X' = $(730 * \text{kVA rating of transformer})/500$ Units/month, to compensate for the iron losses, plus one percent of units registered on the LT side for copper losses.

Billing Demand - LT tariff categories

Monthly Billing Demand will be the higher of the following:

- 65% of the actual Maximum Demand recorded in the month during 0600 hours to 2200 hours;
- 40% of the Contract Demand.

Note:

- Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.
- In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change in Contract Demand is affected.

Billing Demand - HT tariff categories

Monthly Billing Demand will be the higher of the following:

- a) Actual Maximum Demand recorded in the month during 0600 hours to 2200 hours;
- b) 75% of the highest Billing Demand recorded during the preceding eleven months, subject to the limit of Contract Demand;
- c) 70% of the Contract Demand*.

* For FY 2024-25: 75%

Note:

- Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.
- In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change of Contract Demand is affected.

Appendix I

List of Persons at the Technical Validation Session held on 22 December 2022

Sr. No.	Name	Organisation
1	Shri Anil Chopade	JNPT
2	Shri Milind Aigalkar	JNPT
3	Shri Bhagwan Sinkar	JNPT
4	Shri Suhas Ambade	Consultant to JNPT
5	Shri Ghanshyam Thakkar	Energy Optima
6	Shri Tushar Kothavale	PwC
7	Shri Swapnil Kolwadkar	PwC

Appendix II

List of Persons at the e-Public Hearing on 7 February 2023

Sr. No.	Name	Organisation
1	Shri Anil Chopade	JNPT
2	Shri Milind Aigalkar	JNPT
3	Shri Bhagwan Sinkar	JNPT
4	Shri Suhas Ambade	Consultant to JNPT
5	Shri Ghanshyam Thakkar	Energy Optima
6	Shri Tushar Kothavale	PwC
7	Shri Swapnil Kolwadkar	PwC