

Before the

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No. 1, 13th Floor, Cuffe Parade, Mumbai 400 005
Tel. No.: 022 6987 6666
E-mail: mercindia@merc.gov.in
Website: www.merc.gov.in

CASE NO. 207 of 2024

In the matter of
Case of The Brihanmumbai Electric Supply and Transport Undertaking (BEST) for
approval of True-up of Aggregate Revenue Requirement (ARR) for FY 2022-23 and
FY 2023-24, Provisional True-up of FY 2024-25 and ARR Projections and Multi Year
Tariff for 5th Control Period from FY 2025-26 to FY 2029-30

Coram

Sanjay Kumar, Chairperson
Anand M. Limaye, Member
Surendra J. Biyani, Member

Date: 28 March, 2025

ORDER

The Brihanmumbai Electric Supply and Transport Undertaking (**BEST**) filed its Multi Year Tariff (**MYT**) Petition for the approval of Truing-up of Aggregate Revenue Requirement (**ARR**) for FY 2022-23 and FY 2023-24, Provisional Truing-up of FY 2024-25, and approval of ARR Projections and Multi Year Tariff for the 5th Control Period from FY 2025-26 to FY 2029-30.

The Petition has been filed in accordance with the MERC (Multi Year Tariff) Regulations, 2019 (**“MYT Regulations, 2019”**) and its amendments thereof for the Truing-up of FY 2022-23 and FY 2023-24, Provisional Truing-up of FY 2024-25 and approval of the ARR Projections and Multi Year Tariff for the 5th Control Period from FY 2025-26 to FY 2029-30 in accordance with the MERC (Multi Year Tariff) Regulations, 2024 (**“MYT Regulations, 2024”**)

In exercise of its power conferred under Section 62 (read with Section 61) and Section 86 of the Electricity Act, 2003 (**“EA, 2003”**) and all other powers enabling it on this behalf, and after taking into consideration the submission made by BEST, the public and the stakeholders and all other relevant material, the Commission issues the following Order.

TABLE OF CONTENTS

1. BACKGROUND AND BRIEF HISTORY	18
1.1. Background	18
1.2. MYT Regulations	18
1.3. Petition and Main Prayers of BEST	19
1.4. Admission of the Petition and Public Consultation Process	21
1.5. Organisation of the Order	21
2. SUGGESTIONS/OBJECTIONS, BEST'S RESPONSES AND THE COMMISSION'S RULINGS	23
2.1. Background	23
2.2. Payment of Standby Charges	23
2.3. Electric Vehicle (EV) Charging Tariff	24
2.4. Tariff Reduction due to Higher RE Purchase	25
2.5. Advance Payment Option	25
2.6. Virtual Net Metering	26
2.7. kVAh Billing	26
2.8. Issuance of Public Notice	27
2.9. Change in Slabs of Electricity Bill	27
2.10. Levy of Wheeling Charges	28
2.11. Two Pager Summary of the ARR shall be provided to each Consumer along with Bill 31	
2.12. Offenses Committed	32
2.13. Ineligibility under Revamped Distribution Section Scheme (RDSS)	32
2.14. Appointment of AMISP (M/s Adani Transmission Ltd.)	33
2.15. Solar Farms installation in Bus Depots	35
2.16. EV Charging Facility in Bus Depots	35
2.17. Introduce Trams to replace Buses	36
2.18. Payment of MCGM Dividends	36
2.19. Power Purchase from Walwhan Solar Energy @ Rs. 8.56/kWh	37
2.20. Inflated Operation and Maintenance Costs	37
2.21. Disallowance of additional Tariff recovery from Consumers till legality of Smart Meters installed is decided	39
2.22. Rs. 27.000/- Crore spent on Smart Meters	41
2.23. Replies to RTI Queries	42

2.24.	Smart Meters are being used as Electronic Meters (Issue of Manual Billing).....	42
2.25.	Notice for the Replacement of Smart Meter gives no Choice of Meter.....	43
2.26.	Recovery of Cost of Smart Meters should be Fixed Cost rather than Variable Cost	44
3.	TRUING UP OF FY 2022-23 AND FY 2023-24.....	46
3.1.	Background	46
3.2.	Energy Sales	46
3.3.	Distribution Losses and Energy Balance.....	48
3.4.	Power Purchase Expenses	51
3.5.	Operation and Maintenance Expenses	75
3.6.	Capital Expenditure and Capitalisation.....	84
3.7.	Funding of Capitalisation	88
3.8.	Depreciation	89
3.9.	Interest on Long-Term Loan.....	92
3.10.	Interest on Working Capital.....	96
3.11.	Interest on Consumer Security Deposit.....	100
3.12.	Contribution to Contingency Reserves.....	101
3.13.	Other Expenses.....	102
3.14.	Provision of Bad and Doubtful Debts	104
3.15.	Return on Equity	106
3.16.	Return as Interest on Internal Funds.....	112
3.17.	Sharing of Gains/(Losses) on account of uncontrollable Factors.....	113
3.18.	Non-Tariff Income.....	119
3.19.	Revenue for FY 2022-23 and FY 2023-24.....	120
3.20.	True-up of Aggregate Revenue Requirement for FY 2022-23 and FY 2023-24...	122
4.	PROVISIONAL TRUE-UP OF FY 2024-25.....	130
4.1.	Background	130
4.2.	Energy Sales	130
4.3.	Distribution Losses and Energy Balance.....	133
4.4.	Power Purchase Expenses	136
4.5.	Operation and Maintenance Expenses	154
4.6.	Capital Expenditure and Capitalisation.....	162
4.7.	Funding of Capitalisation	166
4.8.	Depreciation	167
4.9.	Interest on Long Term Loan	169

4.10.	Interest on Working Capital.....	171
4.11.	Interest on Consumer Security Deposit.....	174
4.12.	Contribution to Contingency Reserves.....	175
4.13.	Other Expenses.....	176
4.14.	Provision of Bad and Doubtful Debts	177
4.15.	Return on Equity	178
4.16.	Return on Internal Funds.....	180
4.17.	Non-Tariff Income.....	181
4.18.	Revenue from Existing Tariff.....	182
4.19.	Provisional Truing-up of Aggregate Revenue Requirement of FY 2024-25.....	183
5.	ARR FOR 5TH CONTROL PERIOD FOR FY 2025-26 TO FY 2020-30.....	187
5.1.	Background	187
5.2.	Resource Adequacy Plan.....	187
5.3.	Scrutiny of the RA Plan as per the provisions of the MERC RA Regulations, 2024 189	
•	Compliant to Reg 17.4 of MERC RA Regulations	201
5.4.	Energy Sales	204
5.5.	Distribution Losses and Energy Balance.....	215
5.6.	Power Purchase Expenses	220
5.7.	Operation and Maintenance Expenses	239
5.8.	Capital Expenditure and Capitalisation.....	245
5.9.	Funding of Capitalisation	250
5.10.	Depreciation	252
5.11.	Interest on Long Term Loan.....	257
5.12.	Interest on Working Capital.....	260
5.13.	Interest on Consumer Security Deposit.....	265
5.14.	Contribution to Contingency Reserves.....	266
5.15.	Other Expenses.....	269
5.16.	Provision for Bad and Doubtful Debts	270
5.17.	Return on Equity	272
5.18.	Return as Interest on Internal Funds.....	275
5.19.	Non-Tariff Income.....	276
5.20.	Non-Compliance to the Directions of the Commission	277
5.21.	Summary of Aggregate Revenue Requirement for FY 2025-26 to FY 2029-30...	280
6.	TARIFF PHILOSOPHY.....	285

6.1.	Cumulative Revenue Requirement and Revenue Gap/(Surplus) for FY 2023-24 and FY 2024-25	285
6.2.	Carrying/(Holding) Cost on Revenue Gap/(Surplus) post Truing-up of FY 2022-23 and FY 2023-24	290
6.3.	Cumulative ARR for MYT Control Period	293
6.4.	Cost of Supply	296
6.5.	kVAh Billing for LT Consumers Categories above 20 kW	297
6.6.	Fixed Cost Recovery	299
6.7.	Wheeling Charges	304
6.8.	Energy Charges	306
6.9.	Cross-Subsidy.....	309
6.10.	Time-of-Day (ToD) Tariff	312
6.11.	Advance Payment.....	323
6.12.	Green Energy Tariff.....	324
6.13.	Prepaid Meter Rebate	327
6.14.	Net Metering for the Regenerative Braking – Metro	327
6.15.	Rebate for Bulk Consumption.....	327
6.16.	Discount on Digital Payment to Consumers	328
6.17.	Overall Tariff Philosophy	328
6.18.	Tariff for 5 th MYT Control Period.....	329
7.	SCHEDULE OF CHARGES.....	341
7.1.	Schedule of Charges for MYT 5 th Control Period.....	341
8.	COMPLIANCE TO DIRECTIVES.....	354
8.1.	Background	354
8.2.	Replacement of Electro-Mechanical Meters with Electronic Meter	354
8.3.	Submission of DPR for Smart Meter	355
8.4.	Benefits/CBA due to Smart Meter installation.....	355
8.5.	Smart Meter implementation plan.....	356
8.6.	Funding of Capital Expenditure	357
8.7.	Reduction in Distribution loss.....	357
8.8.	Demand Response Scheme for saving power purchase expenses.....	358
8.9.	Delay in Bill Generation.....	359
8.10.	Sharing of Historical Data of Energy Consumption	360
8.11.	Financial Accounting of BEST	360
8.12.	Publishing Energy Accounting Report	361