

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
**World Trade Centre, Centre No.1, 13<sup>th</sup> Floor, Cuffe Parade, Mumbai 400005**  
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**Case No. 103 of 2025**

**Case of Tata Power Company Limited-Transmission seeking review of Order dated 28 March 2025 in Case No. 185 of 2024 for Truing-up of Aggregate Revenue Requirement (ARR) for FY 2022-23 and FY 2023-24, Provisional Truing-up of ARR for FY 2024-25 and Multi Year Tariff (MYT) Projections for 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30.**

The Tata Power Company Limited-Transmission (TPC-T) : Petitioner

**Coram**

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

**Appearance:**

For the Petitioner: : Adv. Shri Venkatesh

**ORDER**

**Date: 30 December 2025**

1. The Tata Power Company Limited-Transmission (TPC-T) has filed this Petition, being Case No 103 of 2025, on 12 May 2025 under Section 94(1)(f) of the Electricity Act, 2003 (EA,2003) and Regulation 28 of MERC (Transaction of Business and Fees and Charges) Regulations, 2022. The Petition is seeking review of the MYT Order dated 28 March 2025 in Case No. 185 of 2024 (**impugned Order**), in the matter of approval of True-up of Aggregate Revenue Requirement (ARR) for FY 2022-23 and FY 2023-24; Provisional True-up of ARR for FY 2024-25; and Multi Year Tariff Projections for 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30 in accordance with the MERC (Multi Year Tariff) Regulations, 2024 (**MYT Regulations 2024**).
2. **Main Prayers of TPC-T are as follows:**
  - a) *Admit the present Review Petition;*
  - b) *Review the Order dated 28.03.2025 passed by this Hon'ble Commission in Case No. 185 of 2024 in terms of the submissions made in the present Petition;*
  - c) *Allow the consequential impact of past disallowed capitalization which have been reinstated in the impugned Order (after third party asset verification) for the following component:*
    - i. *Interest on loans,*
    - ii. *Return on Equity, and*

- iii. *Impact of Review Order in Case no. 91 of 2023 due to consideration of incorrect opening balance for FY 2019-20;*
- d) *Allow the impact of non-DPR capitalisation for the true-up years FY 2022-23 and FY 2023-24 as well as additional R&M expenses on the basis of actual audited expenditure;*
  - e) *Allow the non-DPR capitalisation for the true-up years FY 2022-23 and FY 2023-24 towards cost incurred on account of cable shifting/diversion of 220 kV Mahalaxmi Backbay cable for coastal road project and its associated impact;*
  - f) *Allow non-DPR capitalization for FY 2024-25 which were registered in line with MERC Capex Regulations;*
  - g) *Allow the impact of the Past Period Gap/(Surplus) Recoveries which were disallowed due to computational error in accounting for Provisional surplus approved for FY 2022-23 while arriving at FY 2023-24 closing balance;*
  - h) *Allow associated impact of the above revision on respective line items of ARR as worked out in the instant Review Petition;*
  - i) *Allow the impact of normative O&M expenses for FY 2025-26 after considering the computation of asset addition for the FY 2025-26;*
  - j) *Allow the revision of the rate of depreciation of meters from 5.28% (existing) /4.22% (New) to 9%*
  - k) *Allow the financial implication arising out of the above Review points to be considered during the upcoming MYT Tariff proceedings along with the carrying cost as applicable; and.....”*

**3. TPC-T’s Review petition states as follows:**

3.1 TPC-T has filed the review Petition under Section 94(1)(f) of the EA, 2003 and Regulation 28 of MERC (Transaction of Business and Fees and Charges) Regulations, 2022 seeking review of the MYT Order dated 28 March, 2025 in Case No. 185 of 2024 (impugned Order) for certain errors which have inadvertently crept in the impugned Order, which are an error apparent on the face of the record, and have led to the disallowance of certain legitimate claims. The following are the review issues raised by TPC-T:

**(1) Issue -A: Errors in Capital-Cost Adjustments**

**(2) Issue-B: True-up of Non-DPR Costs:**

**(3) Issue-C: Coastal-Road Cable-Shifting Cost:**

**(4) Issue-D: Disallowance of Registered Non-DPR Schemes:**

**(5) Issue-E: Past-Period Gap Error:**

**(6) Issue-F: Normative O&M Expense understatement for FY 2025-26:**

**(7) Issue-G: Mismatch in Meter Depreciation rate:**

**(8) Issue-H: Combined impact of the above Issues A to F:**

To avoid repetition of submissions, the Commission has provided issue-wise analysis in the subsequent part of the Order. The Commission has taken TPC-T's submissions on record.

- 3.2 TPC-T submitted that the impugned Order contains computational and reasoning errors—mainly in capitalization treatment, RoE and interest calculations, past-period gap adjustments, and disallowance of justified expenditures as identified under Issues A to F. These collectively distort multiple inter-linked ARR elements across FY 2022-23 to FY 2025-26. After re-running the Commission's financial tariff Excel model with the proposed corrections, TPC-T quantified the net under-recovery at Rs. 62.23 Crore, plus carrying cost (Rs. 4 Crore up to FY 2025-26), excluding any future carrying cost on the disallowed Rs. 56 Crore non-DPR schemes.
- 3.3 TPC-T requested that the Commission accept these costs so that the corrected amounts with carrying cost are approved in ensuing tariff proceedings, stressing that review is warranted under settled law for “error apparent on the face of the record” to avoid continued under-recovery.
4. **Proceedings/E-Hearing in the Matter:** The e-hearing was held on 07 October 2025. At the e-hearing, TPC-T reiterated the issues raised in the Review Petition and submitted that there are some errors on the face of the record of the impugned Order while computing ARR components. Hence, review is maintainable as per the provisions of MERC (Transaction of Business and Fees and Charges) Regulations, 2022.
5. The Commission notes that TPC-T has sought the review of the MYT Order in Case No. 185 of 2024. The grounds and submissions of TPC-T and the Commission's analysis and ruling thereon are elaborated in the following paragraphs.
6. The Commission notes that the Petition has been filed under Section 94 (1) (f) of the EA, 2003, read with Regulation 28 of the MERC (Transaction of Business and Fees and Charges) Regulations, 2022. Regulation 28 of MERC (Transaction of Business and Fees and Charges) Regulations, 2022 provides as follows:

*“28. Review of decisions, directions, and orders:*

*(a) Any person aggrieved by a direction, decision or order of the Commission, from which (i) no appeal has been preferred or (ii) from which no appeal is allowed, may, upon the discovery of new and important matter or evidence which, after the exercise of due diligence, was not within his knowledge or could not be produced by him at the time when the direction, decision or order was passed or on account of some mistake or error apparent from the face of the record, or for any other sufficient reasons, may apply for a review of such order, within Forty-Five (45) days of the date of the direction, decision or order, as the case may be, to the Commission. –*

...

*(e) When it appears to the Commission that there is no sufficient ground for review, the Commission may after giving such person an opportunity of being heard in the matter, reject such review application....”*

7. Regulation 28(a) provides that a Review Petition is to be filed within a period of 45 days from the date of passage of the Order. The Commission has passed the impugned Order

dated 28 March 2025 in Case No. 185 of 2024. Aggrieved with the impugned Order, TPC-T filed this Review Petition on 12 May 2025, i.e., within 45 days. **Hence, the criteria for filing a Review Petition within 45 days are satisfied.**

8. Further, it is a settled principle that the exercise of the power of review is limited. Under the guise of review, the Petitioner (TPC-T) could not be permitted to re-agitate or re-argue questions that had already been addressed and decided by the Commission earlier. Therefore, the ambit of review is limited.
9. The issues raised by TPC-T in this Review Petition and the Commission's Analysis & Rulings are given below:
  - 9.1 **Issue A: Error in computing the impact of past disallowed capitalisation (Impact of Review Order dated 7 March 2024 in Case No 91 of 2023) reinstated in the impugned Order (after third-party asset verification), affecting Interest on Loan, Return on Equity and opening balance of GFA, Loan and Equity from FY2019-20 onwards.**

**TPC-T's Submission:**

- In MYT Order in Case No. 299 of 2019, the Commission had considered capitalisation for the installation of 220/33 kV GIS and Additional ICT at the Mahalaxmi scheme, to the extent of the revised in-principle approved cost, i.e., Rs. 132.76 Crore, and had disallowed the cost overrun of Rs. 22.74 Crore. Similarly, it had also considered capitalisation for the '145 kV GIS at BKC' scheme, to the extent of the revised in-principle approved cost, i.e. Rs. 280.20 Crore and had disallowed the cost overrun of Rs. 5.18 Crore.
- The differential capitalisation in relation to the Installation of 220/33 kV GIS and Additional ICT at Mahalaxmi and the Construction of 145 kV GIS at BKC was allowed post-third-party verification, phasing from FY 2016-17 to FY 2018-19. The Commission has reworked the impact of the above differential capitalisation on various parameters viz. interest, depreciation and RoE.

Sr.	Scheme Name	Revised In-Principal Approved Cost	TPC-T Actual Cost	Revised Approved Cost
1	Installation of 220/33 kV GIS and Additional ICT at Mahalaxmi	132.76	157.12	139.82
2	Construction of 145 kV GIS at BKC	280.22	276.45	273.88

- Based on the revision in the approved capitalisation, the financial impact of the same was reworked on the above differential capitalisation on various parameters viz. interest, depreciation and RoE.
- As per TPC-T, there is an error in computation in relation to reduction in the loan to the extent of Rs. 7.36 Crore towards Decapitalised Assets in FY 2016-17 based on the

review of financial model and also not considered Rs. 0.43 Crore towards the capitalization allowed in Review Order in Case No. 95 of 2020 dated 17 June, 2020 in FY 2017-18 for computation of Return on Equity (RoE) and its consequential impact thereof in FY 2018-19.

### **Commission’s Analysis & Rulings:**

#### **1. Error in the reduction of the loan amount by Rs 7.36 Crore**

- In the MYT Order dated 30 March 2020 in Case No. 299 of 2019, the Commission restated the values of Gross Fixed Assets (GFA), Equity, and Loan consequent upon the disallowance of past capitalisation amounting to Rs. 12.38 Crore, which had been approved up to FY 2016-17. As per Table 25 of the said Order, the Commission has revised the closing GFA, Equity and Loan for FY 2016-17, whereby the closing loan balance for FY 2016-17 was revised from Rs 990.29 Crore to Rs 982.92 Crore, resulting in a differential impact of Rs 7.36 Crore. The relevant table from the said Order is extracted as below:

*“3.4.2 As discussed in earlier section, the Commission has disallowed the past capitalisation Rs.12.38 Crore from capitalisation approved till FY 2016-17 due to 400 kV Vikhroli, cost overrun and unutilised AIS Bays. In view of this, the Commission has revised the closing GFA, closing loan and closing equity approved for FY 2016-17 in the MTR Order in Case No. 22 of 2017 as shown in the Table below:*

**Table 25: Revised closing GFA, Equity and Loan for FY 2016-17 (Rs. Crore)**

<b>S. No</b>	<b>Particulars</b>	<b>Amount</b>
<b>1</b>	<b>Closing GFA for FY 2016-17</b>	
	Closing GFA approved in MTR Order	3146.56
	Reduction in GFA due to disallowance in capitalisation	12.38
	Revised Closing GFA	3134.18
<b>2</b>	<b>Closing Equity for FY 2016-17</b>	
	Closing Equity approved in MTR Order	1033.40
	Reduction in Equity due to disallowance in capitalisation	1.07
	Revised Closing Equity	1032.33
<b>3</b>	<b>Closing Loan for FY 2016-17*</b>	
	Closing Loan approved in MTR Order	990.29
	Revised Closing Loan	982.92

..... ”

- As per Sr. No. 3 of Table 25 of the MYT Order dated 30 March 2020 in Case No. 299 of 2019, it is clear that the Commission has revised the Closing Loan to Rs 982.92 Crore, thereby reducing it by Rs 7.36 Crore. Accordingly, the Commission in the impugned Order has given effect to the said adjustment of Rs 7.36 Crore (as per Order in Case No. 299 of 2019) while approving the closing Loan of Rs 985.09 Crore for FY 2016-17 in Table 115 of the impugned Order and that the said adjustment is not from