

Executive Summary

1.1 Background

- 1.1.1 Maharashtra State Electricity Transmission Company Limited (MSETCL) is a State Transmission Utility with a dedicated responsibility of planning, developing, operating, and maintaining the State Transmission System to facilitate transmission of electricity from its source to load centers. It is a wholly owned corporate entity under the Maharashtra Government and was incorporated under the Companies Act, in June 2005. It was constituted under the provisions of Section 39 (1) of the Electricity Act (EA) 2003.
- 1.1.2 The Regulation 39 (1) of the Electricity Act 2003 has laid down provisions for roles and functions of STU as mentioned below:

“Section 39. (State Transmission Utility and functions):

(1) The State Government may notify the Board or a Government company as the State Transmission Utility:

Provided that the State Transmission Utility shall not engage in the business of trading in electricity:

Provided further that the State Government may transfer, and vest any property, interest in property, rights and liabilities connected with, and personnel involved in transmission of electricity, of such State Transmission Utility, to a company or companies to be incorporated under the Companies Act, 1956 to function as transmission licensee through a transfer scheme to be effected in the manner specified under Part XIII and such company or companies shall be deemed to be transmission licensees under this Act.”

- 1.1.3 The Hon’ble Commission had notified the previous Multi Year Tariff (MYT) Regulations 2019 on 1st Aug 2019. As per directives of the Hon’ble Commission in MYT Regulations 2019, MSETCL has submitted a petition, on behalf of both MSETCL and STU aggregated, for determining the estimates of ARR for 4th Control Period from FY 2020-21 to FY 2024-25. The Hon’ble Commission issued Order in Case No. 302 of 2019 dated 30th March 2020 with respect to the Petition filed by MSETCL.
- 1.1.4 The Hon’ble Commission has notified the current Multi Year Tariff (MYT) Regulations 2024 on 19th Aug 2024. As per directives of the Hon’ble Commission in

MYT Regulations 2024, the State Transmission Utility (STU) is required to file a separate petition for Fees and Charges for the 5th Control Period of FY 2025-26 to FY 2029-30. This petition by STU covers allocation statements for the years FY 2019-20 to FY 2024-25 and projections for the control period of FY 2025-26 to FY 2029-30.

1.2 The Present Petition

- 1.2.1 The present petition covers for approval of STU Fees and Charges forecast for long term, Medium-term and Short-term transmission system users for the 5th MYT Control Period for FY 2025-26 to FY 2029-30 according to the principle of the Commission set out in MERC (MYT) Regulations 2024.
- 1.2.2 STU has computed the segregated expenses for the Period FY 2019-20 to FY 2023-24 along with ARR projections for the period FY 2025-26 to FY 2029-30 in accordance with the provisions of the MYT Regulations 2024. STU is submitting segregated accounts & allocation statement for the period FY 2019-20 to FY 2023-24 along with this petition.
- 1.2.3 Excerpt from the Regulation 4 of MYT 2024 regulations is identified below:

*“The Multi-Year Tariff framework shall be based on the following elements, for computation of Aggregate Revenue Requirement and expected revenue from Tariff and Charges for Generating Companies, Energy Storage System Developer (ESSD), Transmission Licensees, Distribution Wires Business, Retail Supply Business, Fees and Charges of **MSLDC** and **Fees and Charges of STU**;*

*(i) A Multi-Year Tariff Petition comprising the forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff or Fees and Charges in case of **MSLDC** and **STU**, expected revenue gap, and proposed Tariff or Fees and Charges for each year of the Control Period, shall be submitted by the Generating Company or ESSD, or Licensee or **MSLDC** or **STU**:*

.....

*(ii) Determination of the Aggregate Revenue Requirement and Tariff or Fees and Charges for Generating Companies, ESSD, Transmission Licensees, Distribution Wires Business, Retail Supply Business, **MSLDC***

and STU by the Commission for each year of the Control Period, at the start of the Control Period:

Provided that the Commission shall also approve the sharing proportion amongst the Transmission System Users of the MSLDC Fees and Charges and STU Fees and Charges for the Control Period;”

1.2.4 Additionally, under the Regulation 5.1 (a) of the MYT 2024 regulations also highlights that:

*“a) Multi-Year Tariff Petition, which is complete in all aspects as per these Regulations, shall be filed by November 1, 2024 by Generating Companies, Transmission Licensees, ESSD, MSLDC and STU, and by November 30, 2024, by Distribution Licensees, **comprising:***

*i. **Truing-up for FY 2022-23 and FY 2023-24** to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019:*

Provided that the Commission may, if it considers appropriate, carry out the Truing-up for years prior to FY 2022-23 under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019, along with the Truing-up for FY 2022-23, in case such Truing-up is yet to be completed;

*ii. **Provisional Truing-up for FY 2024-25** to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019;*

*iii. **Aggregate Revenue Requirement for each year of the Control Period** under these Regulations;*

*iv. **Revenue from the sale of power at existing Tariffs and charges and projected revenue gap for each year of the Control Period** under these Regulations;*

*v. **Proposed category-wise Tariff or Fees & Charges for each year of the Control Period** under these Regulations;*

1.2.5 Based on the provisions of the MYT Regulations 2019, MSETCL submitted true-up of ARR for FY 2022-23 and FY 2023-24 as per the Audited Annual Statements, provisional true-up of FY 2024-25. All the expenses incurred by STU till FY 2024-25

shall be a part of MSETCL petition for as per applicability of MYT Regulations 2019. However, STU in this petition is submitting the expenses incurred to STU based on the allocation statement for the year FY 2019-20 to FY 2023-24.

1.2.6 The Hon’ble Commission, under the Regulation 2.1(1) of MYT Regulations 2024, has mentioned the definition of “Accounting Statement” for STU, the provisions of which are mentioned below:

“(1) “Accounting Statement” means for each Year, the following statements, namely-

- (i) balance sheet.....*
- (ii) profit and loss account.....*
- (iii) cash flow statement.....*

.....
Provided that separate Accounting Statements shall be prepared and submitted to the Commission for each licensed business in accordance with the Licence conditions, and for each regulated business:

.....
Provided further that the Generating Company or Licensee or MSLDC or STU shall submit the Statutory Auditor’s comments, observations and notes to Accounts, along with the Accounting Statements, and a summary of the key issues highlighted by the Statutory Auditor and the steps taken to address them:

.....
Provided also that till the MSLDC and STU remains a part of it, separate books of accounts for MSLDC and STU shall be maintained by the Maharashtra State Electricity Transmission Company Limited and shall be audited and certified by the statutory auditor: Provided further that, till such time separate books accounts for STU are maintained, which shall not be later than one year from date of notification of these Regulations, STU shall submit the interim accounts based on Allocation Statement comprising assets, liabilities, revenue and expenses for STU function and its reconciliation statement with audited accounts, duly certified by the statutory auditor for the purpose of filing of MYT Petition;”

- 1.2.7 As per the directives mentioned above, STU in this petition has submitted the interim accounts based on Allocation Statement comprising assets, liabilities, revenue and expenses for STU function and its reconciliation statement with audited accounts, duly certified by the CA. The formats have also been attached to the Petition as Annexure-1.
- 1.2.8 The projections for the control period of FY 2025-26 to FY 2029-30 are covered separately for STU as well as for MSETCL. Such projections are prepared based on the provisions of MYT Regulations 2024.
- 1.2.9 The summary of the Annual Fixed Charges of STU for the 5th Control Period of FY 2025-26 to FY 2029-30 is identified below:

Table 1: Annual Fixed Charges for STU for the 5th Control Period of FY 2025-26 to FY 2029-30 (Rs. Lakh)

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Projected	Projected	Projected	Projected	Projected
1	Operation & Maintenance Expenses	1,310.58	1,395.44	1,460.77	1,529.16	1,600.74
2	Depreciation Expenses	53.85	58.61	64.96	79.25	77.75
3	Interest on Loan Capital	4.02	6.29	2.80	0.53	-
4	Interest on Working Capital	19.36	20.49	21.09	21.81	22.34
5	Income Tax	-	-	-	-	-
6	Total Revenue Expenditure	1,387.81	1,480.83	1,549.62	1,630.74	1,700.83
7	Return on Equity Capital	4.20	9.02	10.49	13.22	15.11
8	Performance Linked Incentives	26.22	27.56	27.89	28.44	28.43
9	Total Expenditure for STU	30.42	36.58	38.38	41.66	43.54
9	Less: Non-Tariff Income	0.31	0.32	0.34	0.35	0.37
10	Less: Income from application fees for OA, GNA and Connectivity	543.91	598.31	658.14	723.95	796.34
11	Annual Fixed Charges for STU	874.01	918.78	929.52	948.10	947.66

Prayers

STU respectfully pray the Hon'ble Commission

- 2.1.1 As per the MYT Regulations 2024, under Regulation 5.1, the STU should file a petition for Multi-year Tariff by 1st November 2024 and True-up Petition by 1st November 2029. There is no provision for Mid-term Review Petition filing for STU as allowed for Distribution Licensees. It is requested to allow STU to review and revise their fees and charges based on the actual values in the 5th Control Period to avoid major changes in the calculations as STU is filing its first petition.
- 2.1.2 Under the Regulation 2.1 of the MYT Regulations 2024, STU is required to submit the interim accounts based on Allocation Statement comprising assets, liabilities, revenue and expenses for STU function and its reconciliation statement duly certified by the statutory auditor for the purpose of filing this MYT Petition. The Statutory Auditor is appointed by CAG for MSETCL and the certified trial balance (TB) for the previous years (FY 2019-20 to FY 2023-24) has already been submitted and financially closed by MSETCL. In view of the above, it is requested to allow us to submit the allocation statement of STU for the previous years, duly certified by a Chartered Accountant (CA) as this being the 1st petition of STU.
- 2.1.3 Pursuant to Regulation 134.2 of the MYT Regulations 2024, the calculation of the Annual STU Charges payable by Transmission System Users requires deriving the Adjusted Base Transmission Capacity Requirement (TCR). This is achieved by subtracting the Billed Open Access (OA) Demand for Partial Open Access (POA) from the Base TCR. Due to non-availability of proper Billed Demand of POA from the Transmission System Users (AEML-D & TPC-D), the Adjusted Base TCR will be giving erroneous result which will be impacting the Sharing of STU Charges. It is requested to set proper guidelines and suitable mechanism, to be issued to Transmission System Users for sharing the metering 15 min time block wise data of billed POA to STU for accurate computation of Adjusted TCR from FY 2025-26 onwards
- 2.1.4 STU request the Hon'ble Commission to approve the Grid Connectivity Fees and Open Access Application Fees as part of this Petition proposed in table no 74.
- 2.1.5 Provide the workable excel model used by the Hon'ble Commission for approval of the Petition for determination of STU Fees and Charges for the 5th Control Period.

- 2.1.6 STU requests the Hon'ble Commission to condone any shortcomings/ deficiencies and allow STU to submit additional information/ data at a later stage as may be required. Since it is inaugural petition by STU, we request the Hon'ble commission to provide course correction provision for STU.
- 2.1.7 STU requests the Hon'ble Commission to approve the petition for determination of fees and charges to be levied by STU for the 5th Control Period.