

## **REJOINDER BY PRAYAS (ENERGY GROUP)**

**6<sup>th</sup> March 2023**

### **In reply to MSEDCL's response to Prayas (Energy Group)'s submission in Case 226/2022**

Prayas (Energy Group) made a submission dated 15<sup>th</sup> February 2023 in Case No. 226 of 2022 to the Commission. This was in response to call for public comments in the matter vide public notice dated 26<sup>th</sup> January 2023. A copy of this submission was served to MSEDCL via Letter No. PEG/2023/13. Subsequently, Prayas (Energy Group) made a representation before the MERC on 25<sup>th</sup> February 2023 in the Pune public hearing conducted via e-consultation mode. This rejoinder by Prayas (Energy Group) is to respond to MSEDCL's replies to Prayas's submission and to reiterate on record our submission at the public hearing.

At the outset, it must be noted that MSEDCL's petition and public notice dated 26<sup>th</sup> January 2023, did not provide sufficient information and data to support MSEDCL's claims on many crucial aspects. Without such details being available as part of the petition and public consultation, the claims should not be allowed by MERC.

### **1 Agricultural consumption**

MSEDCL agricultural consumption estimates is 39,000 MUs (24%) higher than the agricultural consumption approved by the Commission for the Control Period. MSEDCL claims the estimate is based on the actual sales recorded by MSEDCL for the true-up years and CAGR based projections for future years. Table 1 summarises the agricultural consumption norm (kWh/HP/Annum) as submitted by MSEDCL in its petition in Case No.322 of 2019 and records what was finally approved by the Commission. The approval was based on the detailed study (involving data from 1.33 lakh consumers and 502 dedicated agricultural feeders) conducted by the Working Group constituted by the Commission. It also captures the average norm reported by MSEDCL based on actuals and considered in its projections. It is quite clear that MSEDCL's

present projections are in line with its projections in Case No. 322 of 2019, a significant part of which was disallowed by the Commission.

Table 1: MSEDCL petitioned and approved consumption norms

Consumption norm (kWh/HP/Annum)			
Year	MSEDCL petition in 322/2019	MERC approved in 322/2019	MSEDCL in 226/2022
FY21	1422	1191	1489
FY22	1440	1191	1547
FY23	1458	1192	1436
FY24	1477	1192	1464
FY25	1496	1192	1485

MSEDCL has mentioned that its case in Appeal No. 65 of 2022 (DFR No. 318 of 2020) against Case No. 84 of 2020 (review order of 322/2019) is pending before APTEL and that the appeal challenges MERC’s approach regarding agricultural sales estimation. However, it must be noted that there is no stay on order in 84/2020 or 322/2019 and no operative decision/ direction from APTEL on the matter of agricultural sales estimation.

MSEDCL has not been able to provide any reasonable justification, data and analysis for deviation from the methodology adopted by the Commission. Further, it has not ensured timely compliance with Commission’s detailed directives in Para 4.2.25 of 322/2019 related to adoption of approved methodology for agricultural sales estimation and for improving feeder metering/ consumer mapping etc. MSEDCL has also not given detailed justification for not using feeder based AMR/AMI readings for estimating agricultural consumption. Hence, MSEDCL’s claims should be completely disallowed due to lack of adequate justification and non-compliance with MERC directives. Due to the impact on ARR, Commission should not consider any additional data/ justifications/ studies provided after the public consultation process by MSEDCL, as the same would not be legally tenable and vitiates entire public process. In case MSEDCL submits any additional data, analysis, or evidence in this regard and in case MERC desires to consider / take on record such information then public consultations and hearings should be undertaken again , similar to the Commissions treatment of the matter in Case No.1 of 1999 as any additional information on this issue completely changes the nature and character of the MSEDCL petition.

## 2 Stabilisation Amount as per MYT order

MSEDCL has clarified that the 'Stabilisation amount as per MYT Order' claimed in the Petition is different from 'Stabilisation (buffer) for Fuel Cost Adjustment' approved in Case No. 322 of 2019. It contends that it is related to Table 8-2 of Case 322 of 2019. In its reply, MSEDCL claims that "the recovery allowed over the 4th Control Period of Rs. 20,054 Cr (Stabilisation amount) exactly matches with the claim submitted by MSEDCL."

In paragraph 3.25, 4.25, 5.23 and 6.34 of the present MTR petition where the stabilization amount is being calculated, there is no reference to Table 8-2 of Case 322 of 2019 or any reference to the rationale for revenue gap adjustment. The paragraphs state that "*MSEDCL submits that in the MYT Order, Hon'ble Commission has allowed revenue recovery as shown in the following table. MSEDCL has considered the same.*" But MSEDCL has failed to establish how the calculation presented in Tables No.80 etc. are linked to Table 8-2 of the Order in case 322 of 2019. For amounts as large as one third the total revenue gap claimed, it is essential that detailed justification is provided. Merely pointing to certain sections of the order, without detailed reconciliation of demand defeats the basic purpose of regulatory scrutiny and public hearings.

Adequate information/ justification for the stabilization fund was not provided to consumers. As such clarity was not provided and the rationale for adjustment was not clearly provided, this claim should be disallowed by the Commission.

## 3 Reduction in revenue recovery in 2019-20 as well as increase in power purchase cost

In replies to data gaps, MSEDCL has claimed that the actual revenue recovery for FY20 was lower than as approved by MERC in the provisional true-up due to multiple factors. One of the factors stated in the reply was the "*deviation in estimated and actual revenue due to sales mix/consumer mix and deviation in levy of FAC at the time of last Petition with respect to that actually levied in that period*".

It is not clear why such amounts were not adjustments in subsequent FAC filings which allow for adjustment due to under/over-recovery from past periods. If they were adjusted, how they have been accounted for subsequently should be clarified.

Order in case 322 of 2019 was issued in March 2020. As such it is expected that there should not be much difference in projected sales mix and power purchase cost for FY 19-20. MSEDCL should explain in detail the reasons for deviation from projections for both these parameters, and any deviation should be allowed only after through prudence check of such deviation.

#### 4 RPO Compliance

MSEDCL has stated multiple factors for past non-compliance in its replies. The justifications for past RPO non-compliance should be considered by Commissions in the appropriate RPO compliance orders. However, future non-compliance projected by MSEDCL is unwarranted and should be disallowed. This is especially the case with availability of multiple market-based options for green power procurement on the power exchanges (REC, G-DAM, G-TAM). Any impact to power purchase cost and ARR should be adjusted accordingly.

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