

No. PFI/Prog/MPERC /2025/11

Dated: 30th January 2025

To,

The Secretary

Madhya Pradesh Electricity Regulatory Commission (MPERC)
5th Floor "Metro Plaza"
E-5 Arera Colony, Bittan Market
Bhopal- 462016, Madhya Pradesh

Subject: Non-Availability of Audited Accounts for FY 2023-24 in Public Domain True-Up Petition (No. 70/2024)

Reference: MPERC Public Notice No. MPERC/RE/2024/35 dtd. 6/01/2025

Dear Sir,

Power Foundation of India (PFI) is a Policy Research and Advocacy entity and a registered society under the aegis of the Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and stakeholders concerned with the Power Sector. Further, PFI is also committed to address challenges in the Power Sector for the benefit of consumers, investors and ensuring sustainable development of the Sector.

- 2) With reference to above-mentioned Public Notice, Hon'ble Madhya Pradesh Electricity Regulatory Commission (MPERC) has sought comments/ suggestions from various stakeholders on True-Up Petition No. 70/2024 filed by MP DISCOMs for FY 2023-24.
- 3) PFI notes that MP DISCOMs have filed the said True-Up Petition under *MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 (hereinafter referred to as "MPERC Tariff Regulations 2021")*. **Regulation 6.6 (c) stipulates that Truing up of Expenses and Revenue shall be based on the Audited Accounts.** Regulation 10 of *MPERC Tariff Regulations 2021* specifies that the Distribution Licensee shall submit Financial Statement of the year under True-up to the Commission and Regulation 4 has defined Financial Statements. Relevant extract of the Regulations are as follows :

" 6.6 (c) Truing up of previous year's expenses and revenue by the Commission based on the Audited Accounts vis-à-vis the approved forecast

10. Preparation and submission of Annual Accounts, Reports, etc.

Every Distribution Licensee shall submit annual Financial Statement and such other information as may be prescribed by the Commission."

...

"4. Definitions

4.1 In these Regulations, unless the context otherwise requires,-

...

*(zd) **Financial Statement**" shall be prepared in accordance with the relevant schedules of the Companies Act, 2013 and shall include -*

- (i) Balance Sheet as at the end of the financial year prepared in accordance with the form contained in Part I of Schedule III to the Companies Act, 2013;*
- (ii) Profit and Loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year complying with the requirements contained in Part II of Schedule III to Companies Act, 2013;*
- (iii) Cash Flow statement for the financial year prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India and as per Section 2(40) of the Companies Act, 2013;*
- (iv) Report of the Statutory Auditors;*
- (v) Reconciliation statement, duly certified by the statutory auditors, showing the reconciliation between the total expenses, revenue, assets and liabilities, of the entity as a Company and the expenses, revenue, assets and liabilities, separately for each business regulated by the Commission and unregulated business operations;*
- (vi) Cost records prescribed by the Central Government under the Companies Act, 2013 along with Cost Audit Reports;*
- (vii) A statement of changes in equity, if applicable; and*
- (viii) Any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to subclause (vii):"*

- 4) Further, Regulation 7.3 of *MPERC Tariff Regulations 2021* specify that DISCOMs need to submit complete information for determination of ARR & Tariff including the Tariff Formats, *as per Annexure-I of the Regulations*, which shall also form part of the Tariff application and said Annexure stipulates that Audited Accounts needs to be submitted.
- 5) Further also, Regulation 7.7 of *MPERC Tariff Regulations 2021* specify that DISCOMs need to put all details of the Petition (including Tariff Formats) on its website within 3 working days of Admission Order of Tariff Petition, as follows:

"

7.3 The Distribution Licensee shall submit the information for determination of ARR and Tariff for the Tariff Period in the formats annexed with these

Regulations (Annexure-I). The information furnished by the Licensee in these formats shall form a part of the application. The Licensee is also required to publish in an abridged form, the application for ARR & tariff determination for the Tariff Period in the manner as may be directed by the Commission. The Licensee shall also have to file additional information as may be directed by the Commission in such formats as and when required for the purpose of finalization of ARR/Tariff.

...

7.7 The Distribution Licensee shall put all the details of the petition filed before the Commission on its Website not later than 3 working days of receipt of a formal Order of the Commission conveying its acceptance by the Commission.”

- 6) **However, PFI observes that there is non-compliance of MPERC Tariff Regulations 2021. There is a mandate in the said Regulations to submit Audited Accounts and Tariff formats for FY 2023-24 by MP DISCOMs and upload the same on their respective websites and even on MPERC website along with the True-Up Petition for FY 2023-24. PFI vide its email dtd. 10/01/2025 (copy enclosed herewith as Annexure-I) had informed Hon'ble MPERC about the said deficiencies.**
- 7) **Till date PFI has neither received any response on the request for Tariff Formats and Audited Accounts for FY 2023-24 nor found the same uploaded on the website of MP DISCOMs or MPERC.**
- 8) It is also noted that Hon'ble MPERC has relied upon Audited Accounts for issuing True-up Order for FY 2022-23 dtd. 5/03/2024.
- 9) PFI submits before the Hon'ble MPERC that in the absence of aforementioned required information (Annual Audited Accounts and Tariff Forms) it is not possible by any stakeholder to analyze the True-up Petition for FY 2023-24. PFI vide its letter dtd. 24th January 2025 has already submitted its comments/suggestions on the ARR and Tariff Petition for FY 2025-26 wherein PFI has reiterated the said issue. However, no response has been received from the Hon'ble Commission till date in this regard.


- 10) In view of above, it is submitted that non-availability of Audited Accounts in public domain related to the True-up Petition filed by MP DISCOMs for FY 2023-24 is a serious non-compliance of the Regulatory provisions, defeats the purpose of seeking stakeholders' comments / suggestions on the said Petition and leads to non-transparency of the public consultation process.
- 11) PFI submits before Hon'ble MPERC to take appropriate action under Section 142 of the Electricity Act 2003 against MP DISCOMs for non-compliance of directions stipulated in *MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021* and make available in public domain the Audited Accounts for FY 2023-24 of all MP DISCOMs. It is therefore requested that the Hon'ble Commission to allow atleast three (3) weeks' time-period to stakeholders to submit comments / suggestions on FY 2023-24 True-up Petition of MP DISCOMs after availability of its audited accounts in the public domain (MPERC website) and defer the Public hearing (scheduled on 7th February 2025) accordingly.

Warm Regards,

Encl: Annexure – I

Copy for kind information :

1. Hon'ble Chairperson, MPERC
2. Hon'ble Member (Law), MPERC
3. Hon'ble Member (Technical), MPERC

Yours Sincerely,

Head Research , PFI

Annexure-I

From: Himanshu Chawla
Sent: 10 January 2025 14:54
To: secretary@mperc.nic.in
Cc: Director General; Mohammad Ashfaq; Sambit Basu
Subject: Information_ MP DISCOMs Petitions | True-Up FY 24 and ARR & Tariff FY 26

Dear Sir,

MPERC vide its Public Notices, *attached herewith*, dated 31/12/2024 and 6/01/2025 has sought comments from the stakeholders on the Tariff Petitions filed by MP DISCOMs related to ARR FY 2025-26 and True-Up FY 2023-24

Power Foundation of India (PFI) wishes to submit the comments / suggestions on the said Tariff Petitions. PFI is a not-for-Profit society under the aegis of Ministry of Power (GoI) supported by leading Power Sector organizations and is committed to address challenges in the Power Sector for the benefit of consumers, investors and ensuring sustainable development of the Sector. We have already submitted our comments to other SERCs on the relevant Tariff Petitions.

It is noted that the said Tariff Petitions uploaded on MPERC and MP DISCOMs website do not have Audited Accounts for FY 2023-24 and Tariff Forms mandated under MPERC *Tariff Regulations 2021* for True-up FY 2023-24, APR FY 2024-25 and FY 2025-26. The said information is very essential to analyse the Tariff Petitions by any stakeholder in order to submit comments / suggestions thereafter.

Therefore, it is requested to inform DISCOMs & relevant department of MPERC to upload the above-mentioned information and if possible kindly also email us the same. Also, it is requested to provide minimum 21 days' time, from uploading of such information, for enabling submission of stakeholders comments / suggestions on the Tariff Petitions for ARR FY 2025-26 and True-Up FY 2023-24.

Thanks and Regards.

Himanshu Chawla
Senior Specialist (Regulatory)

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