

(3) The Quarterly Report by the State Commission shall be prepared within 45 days from end date of the respective Quarter.

(4) In case subsidy accounting and the raising bills for subsidy as well as payment thereof is not found in accordance with the Act or Rules or Regulations issued there under, the State Commission shall take appropriate action against the concerned officers for non-compliance as per provisions of the Act.

3. In the said Rules, after Rule 19, the following Rule shall be inserted, namely:-

**"20. (I) Framework for Financial Sustainability:** (a) The loss reduction trajectory to be adopted by the State Commissions for tariff determination shall be in accordance with the trajectory agreed by the respective State Governments and approved by Central Government under any national scheme or programme.

(b) The trajectory for both collection and billing efficiency, for distribution licensee shall be determined by the State Commission.

(c) All the prudent Costs of power procurement, incurred by Distribution licensee for ensuring 24x7 supply of electricity to consumers under the Electricity (Rights of Consumers) Rules, 2020 and for meeting requirements as per Resource Adequacy plan prepared under the Electricity (Amendment) Rules 2022 shall be taken into account, provided that the procurement of power has been done in a transparent manner or tariff has been determined by the Appropriate Commission.

(d) All the prudent costs incurred by the Distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be pass-through;

Provided that such pass-through of the cost for the assets created by the distribution licensee shall be subject to following conditions:

i) Asset has been created in accordance with the capex roll out plan for the licensee approved by the respective State Commission.

ii) Asset has been procured in competitive and transparent manner.

iii) Asset are geo-tagged and properly recorded in Fixed Asset Register (FAR) and the details are made available on the website of the Distribution licensee.

(e) Gains/losses accrued to distribution licensee due to deviation from approved AT&C loss reduction trajectory shall be quantified on the basis of Average Power Purchase Cost and shared between the distribution licensee and consumers. Two third of the gains shall be passed on to the consumers in tariff and rest shall be retained by the distribution licensee. Half of losses shall be borne by distribution licensee and half shall be passed on to the consumers in tariff.

(f) Operation and Maintenance norms for distribution licensee shall be as per the Guidelines issued by the Authority.

(g) Reasonable Return on Equity (RoE) shall be permitted by the State Commission, with the assessment of overall risk and the prevalent cost of capital. The RoE shall be aligned with the RoE specified by the Central Commission for Generation and Transmission in its Tariff Regulations for the relevant period, with appropriate modification taking into account the risks involved in distribution business.

4. In the said Rules, the existing Rule 20 shall be renumbered as 21.

[F. No. 23/2/2022-R&R]

(.....)

Joint Secretary

**Note:** The Principal Rules were published 2005 in the Gazette of India, Part-II, Section 3, Sub-section (i) vide number G.S.R 379 (E), dated the 8th June, 2005 and was last amended vide number G.S.R. 817 (E), dated 31st December, 2020 and vide number G.S.R. 911 (E), dated 29<sup>th</sup> December, 2022.