

Calculation of Rate for Operator's Monthly Remuneration AS PER SCHEDULE 5

8.2 Operator's Rates

8.2.1 Gross Operator's Rate and Operator's Bulk Water Rate

- (a) "Gross Operator's Rate" means the gross rate expressed in Indian Rupees applicable per cubic meter of water supply, as offered in the bid price form submitted by the Operator as part of the Bid is applicable from the date of commencement and as adjusted from time to time, pursuant to the provisions contained in the General Conditions. The Gross Operator Rate shall be inclusive of (i) Transportation of Water through pipes from source / wtp to consumer connection/meter, (ii) Customer Services & (iii) Repayment of Capital Investment infused by the Operator.
- (b) The Operator's Bulk Water Rate supply shall be the rate applicable to bulk water supply provided to Communities pursuant to the General Conditions. The Operator's Bulk Water Rate shall be equal to then current Operator's Rate.

As per clause 17.4 of the Contract the Operator's Rate was due to be rebased after fifth anniversary of Commencement Date, but extension was granted to the Operator for 5 years for Rate Rebasing. After the 10th anniversary of the Commencement Date, information & documents were called from Operator for Rate Rebasing. After completing the Rate Rebasing Process, the Operator Rate was derived at **Rs. 10.81** per unit from 01/04/2024 and was communicated to the Operator. The Operator was paid for the year 2023-24 at Rs. 10.81 per unit.

As extension was given to the Operator for 5 years the Operational Efficiency Targets as per Schedule 3 becomes applicable to the Operator from 10th anniversary of the Commencement Date. After application of performance efficiency targets the Operator is to be paid remuneration at Net Operator Rate. So the Net Operator rate is applicable for the period commencing 1st April 2024 onwards.

AS PER SCHEDULE 3

Table 1 : Performance Targets

Performance Targets	60 th Month from the date of Commencement	From 61 st Month from the commencement date till expiry date
<i>Contractual Technical Efficiency (CTE)</i>	Existing as on 31 st March, 2010 to 60% progressively	Progressive increase from 60% to 75% in 61 st month to 120 th month. 121 st months onwards minimum 75%.
<i>Contractual Collection Efficiency (CCE)</i>	Existing as on 31 st March, 2010 to 75% progressively	Progressive increase from 75% to 98% from 61 st month to 120 th month. 121 st months onwards minimum 98%..

AS PER SCHEDULE 5

8.2.3 Net Operator's Rate (OPRnet) in Accounting year 'n'

"Net Operators Rate" means the rate arrived at after deducting the direct payments (as defined in Part A of this Schedule 5),,, repayment of Capital Investment infused by the operator in asset creation and other amounts as decided, from the Gross Operators Rate

Net Operator Rate is calculated as below:

$$OPRnet = \frac{\text{Gross Operator's Remuneration} - \text{Direct Payment (DP) for the accounting year 'n'} - \text{Repayment of capital cost to Operator in the accounting year 'n'}}{V_{c_n}}$$

Where:
 Operator's Remuneration = Gross Operator's Remuneration as per Para 3.1.1 of Part A of Schedule 5.

Direct Payment (DP) = Direct payment as per definition mentioned in Part A of Schedule-5

Repayment of Capital cost is as per definition mentioned in Part A of Schedule 5.

$$V_{c_n} = \text{Volume Billed \& Collected during Accounting Year 'n'}$$

$$V_{c_n} = V_{fn} \times ACE$$

Where,

Vf_n = Total volume of water billed to the Consumers and Communities for services rendered during the Accounting Year "n".
ACE = As per Para 8.5

"Direct Payments (DP)" shall mean the payments by NESL / NMC for any excess quantum of Raw Water & Energy consumed by the Operator in comparison with Contractual Technical Efficiency which shall be borne by Operator and computed as per Para 12 of Part A of Schedule 5 and penalties under Clause 26.6 of General Conditions or any other payments by NESL / NMC on account of operator.

"Repayment of Capital Cost (RCC)" shall mean Payment by NESL/NMC in accounting year 'n' to the Operator, a part of Capital Investment infused by operator on behalf of NESL/NMC which shall be calculated and paid on the basis of Equal Monthly Installments in 180 months without any interest.

8.4 Technical Efficiency

Contractual Technical Efficiency ("CTE"), for any Accounting Year (n), shall be as specified in Schedule 3.

ATE_n is the "Actual Technical Efficiency" of the water supply systems operated by the Operator on behalf of NESL in the Accounting Year "n" which is calculated as follows:

$$ATE_n = Vf_n / Vp_n$$

Where:

Vp_n = Volume of water produced, which shall be equal to water put into the distribution system at the outlet of treatment facilities as defined in Schedule 3.

Vf_n = Total volume of water billed to the Consumers and Communities for services rendered during the Accounting Year "n".

8.5 Commercial Efficiency

Contractual Commercial Efficiency ("CCE"), for any Accounting Year (n), shall as specified in Schedule 3.

ACEn is the "Actual Commercial Efficiency" of the water supply systems operated by the Operator on behalf of NESL in Accounting Year "n" which is calculated as follows:

$$ACE_n = MC_n / MB_n$$

Where:

MC_n = Amount (Rs.) paid before the 30th of September of the Accounting Year "n+1" at Water Rates for the Accounting Year "n"

MB_n = Amount (Rs) billed to Consumers and Communities as Water Rates for the Accounting Year "n".

The Actual Commercial Efficiency shall be calculated on the basis of the records of billing and collection submitted by the Operator to NESL, in accordance with the terms of the General Conditions.

For calculating the direct payment, it is necessary to calculate:

- Gross Operator's Remuneration = 351586 units per day x 365 x 10.81 (Rebased Rate) = 1387235300
- Direct Payment calculated as under:

Year 2022-23			
Sr. No.	Description	Qty	Unit
1	Volume of water billed to consumer in previous accounting year i.e. 2021-22	351.586	MLD
2	NRW permitted as per Schedule 3 @ 37% (351.586 x 37%)	130.08682	MLD
3	Growth factor of demand- Data available in respect of two (2) immediately previous accounting year. (351.586-340.124)/340.124 i.e.3.37%	11.84826337	MLD
4	Real water Demand of 2022-23 (1+2+3)	493.521	MLD

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5	Annual Demand of 2022-23	180.1351954	MCM
6	Actual water lift	252.730	MCM
7	Excess Water Lift (6-5)	72.595	MCM
8	Raw water charges in Rs. Per MCM	786240.168	Rs.
9	Electricity charges in Rs. Per MCM	3349455.56	Rs.
10	Excess water charges to be recovered (7 x 8)	57076951.34	Rs.
11	Excess Electricity charges to be recovered (7 x 9)	243153071.79	Rs.
12	Total recovery for excess used of water(10+11)	300230023.13	Rs.

According to above provisions the Net Operator's Rate is derived as follows :

Gross Operator's Remuneration (A)	1387235300	=351586*10.81*365 For F.Y. 2021-22
Direct Payment (B)	300230023	
Net Operators Remuneration (A-B)	1087005277	
Net Operator Rate	8.47	=1087005277/(351586*365) Subject to CPI & WPI

The Net Operator Rate derived above is subject to CPI & WPI. The same will be recalculated after the CPI & WPI are published for the F.Y 2024-25. The difference would be adjusted in the bill subsequent to the month in which CPI & WPI will be published for the F.Y 2024-2025.

In view of the above SOP for the disbursement of payment to the Operator through the Escrow Accounts and Net Operator's Rate for the F.Y 2024-25 @ Rs. 8.47/- per unit is herewith submitted for approval.