

# **MAHARASHTRA WATER RESOURCES REGULATORY AUTHORITY**

## **Approach Paper (October 2019)**

### **Approach on Determination of Bulk Water Tariff 2020-23**

for the Water Resources Projects in the entire State

#### **1. Background:**

The Authority, as mandated in Section 11 (d) of the Maharashtra Water Resources Regulatory Authority Act, 2005 ("Act" for short) is expected to carry out the process of determination of Bulk Water Tariff system after ascertaining the views of the beneficiary public, based on the principle that the water charges shall reflect the full recovery of the cost of the irrigation management, administration, operation and maintenance of water resources projects (for short, "Annual O & M Cost").

The Authority shall establish water tariff system at sub-basin, river basin or State level as the case may be.

This Approach Paper shall be read with "Maharashtra Water Resources Regulatory Authority (Fixing Criteria for and Issuance of Tariff Orders for Bulk Water) Guidelines, 2019".

#### **2. Consultation Method :**

Consultation Method has been framed considering the objectives of the consultation, spectrum of stakeholders, complex nature of the subject and technical, social as well as economic aspects of the subject matter.

The consultation process shall be carried out in two phases. In the first phase Consultation with the identified Focus Group shall be done. Thereafter, in the second phase, consultation with the beneficiary public shall be done.

Consultation document, comprising background, formal proposal and other relevant information will be made available to the Focus Group at least 21 days in advance. Inputs from the Focus Group in the form of their suggestions and concerns will be tapped by direct interactions and dialogues, if they desired so. Focus Group shall have persons, having expertise or technical knowledge, to propose strategies and

solutions on the subject, and will also have the representatives of the implementing agencies.

In the second phase, the consultation document will be updated on the basis of inputs received from the Focus Group and such updated consultation document along with the summery report of the consultation with the Focus Group will be made available for the beneficiary public through the website of the Authority, inviting their views and concerns by giving a time of minimum of 30 days.

As, the regulator is expected to protect the interests of all stakeholders optimally, the decisions of the Authority, as regards to acceptance or rejection of any of the suggestion received in consultation process , shall be final and conclusive.

### **3. Road map:**

Authority shall adopt following strategy for establishing water tariff system.

- 3.1 Finalization of 'Admitted O & M Cost'.
- 3.2 Reviewing the user categories.
- 3.3 Forecasting category wise water use from the available data.
- 3.4 Apportionment of 'Admitted O & M Cost' across user categories based on certain Criteria.
- 3.5 Determination of incentives and disincentives across user categories, keeping in view the objects of the Act.
- 3.6 Determination of tariff across user categories.

### **4. Finalization of 'Admitted O & M Cost' :**

The cost elements to be considered in annual 'O & M Cost' shall include cost of 'Irrigation Management', 'Cost of Administration', 'Cost of Operations' and 'Cost of Maintenance' of Water Resources Projects. Provided further that 'Cost of Maintenance' shall include cost of both 'Preventive Maintenance' and 'Operative Maintenance'.

Bulk Water Supply Entity (BWSE) shall submit the projected annual O & M cost estimates for the control period under consideration. If cost estimates are not received timely, Authority will derive the reasonable cost based on past data available with the Authority.

Thereafter, consultation with Focus Group and the beneficiary public shall be done.

The Authority after taking cognizance of inputs received through consultation process shall finalize the “recoverable amount of annual O & M Cost”. The amount so finalized by the Authority shall be the 'Admitted Cost'.

#### **5. Reviewing the User Categories :**

Authority will review the existing user categories in consultation with the Focus Group and may add/delete/modify the existing user categories which are Agriculture, Domestic and Industry.

The comments of the beneficiary public shall also be sought, by making available the consultation document on the website of the Authority.

The Authority, after taking cognizance of inputs received through consultation process shall finalize the user categories.

#### **6. Finalizing Projected Category Wise Water Use:**

BWSE shall furnish all relevant information, along with the application, pertaining to previous as well as control period under consideration, such as storage facilities available, irrigation potential created, irrigation potential actually in use, category wise water uses, evaporation and other losses etc. In the event of non-receipt of data or information from the BWSE, Authority will appropriately use the information as provided in the Annual Irrigation Status Reports and any other latest available data.

The Authority will scrutinize the information regarding category wise water use, projected for the control period under consideration.

Thereafter, consultation with the Focus Group shall be done over the projected category wise water use quantities.

The comments of the beneficiary public shall also be sought, by making available the relevant data on the Authority's website.

The Authority, after taking cognizance of inputs received through consultation process shall finalize the apportionment of the available water across water user categories.

#### **7. Apportionment of 'Admitted Cost' Across User Categories:**

The Authority, based on the experience gathered so far, will review the existing Criteria for apportionment of 'Admitted Cost' across user categories and prepare the draft revised criteria.

Thereafter, consultation with the Focus Group shall be done over the draft revised criteria.

The comments of the beneficiary public shall also be sought, by making available draft revised criteria for apportionment of 'Admitted Cost' across the user categories by hosting it on website of the Authority.

The Authority, after taking cognizance of the inputs received through consultation process and after conducting due scrutiny and enquiry shall finalize the criteria for apportionment of 'Admitted Cost' across user categories. The decision of the Authority in this regard shall be final, conclusive and binding.

#### **8. Determination of Incentives and Disincentives:**

Existing incentives/disincentives/penalties will be reviewed in consultation with the Focus Group and beneficiary public keeping in view the various objects of the Act; while doing so the inputs of the impact assessment exercise, will also be considered.

The Authority, after taking cognizance of inputs received through consultation process shall finalize various incentives and disincentives across the user categories. The decision of the Authority in this regard shall be final, conclusive and binding.

## **9. Criteria for Bulk Water Tariff**

The principles for the tariff determination so finalized through consultation process in Para. 4 to 8 above shall be documented as "Criteria for Bulk Water Tariff" and shall be shared with all for information, by displaying the same on the website of the Authority.

## **10. Determination of Tariff Across User Categories:**

The Authority, on the basis of category wise apportioned 'Admitted Cost', category wise apportioned water use and the Criteria evolved through consultation process, shall determine the draft user category wise Bulk Water Tariff. The Authority, may vary category wise bulk water tariff, for different source categories, depending on nature of source after recording reasons thereof.

The comments of the beneficiary public and BWSEs shall be sought, by making available Draft Bulk Water Tariff Proposal on website of the Authority for a minimum period of 30 days.

The Authority, after taking in to the consideration inputs received through consultation process shall finalize the category wise Bulk Water Tariff across user categories. The tariff Order shall have inbuilt provision for annual increase in tariff. The decision of the Authority in this regard shall be final and conclusive. The Tariff Order thus finalized shall be made public by displaying the same on the website of the Authority.

## **11. Applicability of Tariff Order :**

The Tariff Order shall be applicable for three consecutive Water Accounting Years, starting from the Water Accounting Year in which the Tariff Order is issued. The Authority, by giving specific reasons, may extend the control period of the Tariff Order. The Tariff Order with or without annual increase in Tariff. The tariff Order issued by the Authority shall be applicable to all Bulk Water Supply Entities and Bulk Water User Entities in the respective jurisdiction or any Entity connected thereto in the State of Maharashtra.