

BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION,
SHILLONG

PETITION
FOR
TRUE UP OF DISTRIBUTION
BUSINESS FOR FY 2021-22

FILED BY



MEGHALAYA POWER DISTRIBUTION CORPORATION LTD.

LumJingshai, Short Round Road, Shillong - 793 001

BEFORE THE HON'BLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

At its office at Lower Lachumiere, Shillong – 793001

FILE / PETITION NO.....

IN THE MATTER OF

TRUE UP OF DISTRIBUTION BUSINESS FOR FY 2021-22 UNDER THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF) REGULATIONS, 2014 AND UNDER SECTIONS 62 & 64 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

AND IN THE MATTER OF

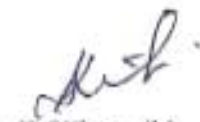
MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED, LUMJINGSHAI, SHILLONG – 793001, MEGHALAYA

PETITIONER

The Petitioner respectfully submits as under:

1. In exercising its powers conferred under the section 131 and 133 of the Electricity Act 2003, the State Government of Meghalaya notified “The Meghalaya Power Sector Reforms Transfer Scheme 2010” on 31st March 2010 leading to restructuring and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities namely:
 - a. **Meghalaya Energy Corporation Limited (MeECL):** the Holding Company;
 - b. **Meghalaya Power Distribution Corporation Limited (MePDCL):**the Distribution Utility;
 - c. **Meghalaya Power Generation Corporation Limited (MePGCL):** the Generation Utility;
 - d. **Meghalaya Power Transmission Corporation Limited (MePTCL):**the Transmission Utility.
2. However, the holding company - MeECL carried out the functions of distribution, generation and transmission utilities from 1st April 2010 onwards, even after restructuring. Therefore, through notification dated 31st March 2012, State Government notified an amendment to The Power Sector Reforms Transfer Scheme leading to effective unbundling of MeECL into MeECL (Holding Company), MePDCL (Distribution Utility), MePGCL (Generation utility) and MePTCL (Transmission Utility) from 1st April 2012.
3. On 23rd December 2013, the Government of Meghalaya has issued the latest transfer scheme notification thereby notifying the Assets and Liabilities as on 1st April 2010 to be vested in MeECL. Subsequently, the Government of Meghalaya has notified the 4th Amendment to the Notified Transfer Scheme dated 31st March 2010 on 29th April 2015, wherein the opening balances of all the four entities namely, MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 have been notified.
4. MePDCL has begun segregated commercial operations as an independent entity from 1st April 2013.
5. The petitioner has submitted the actual expenses of MePDCL for true up of FY 2021-22 based on the audited Statement of Accounts. Copy of the Audited Statement of Accounts and Statutory Audit Report of MePDCL and MeECL for FY 2021-22 and are appended as **Annexure-A and Annexure B respectively**.
6. The expenses of the holding company, MeECL is apportioned equally among the generation, transmission and distribution utilities since the MeECL is an administrative setup for all the three subsidiaries and undertakes common corporate functions of the three companies.

7. The Meghalaya State Electricity Regulatory Commission (hereinafter referred to as "MSERC" or "the Hon'ble Commission") is an independent statutory body constituted under the provisions of Part - X (Sections 76 to 109) of the Electricity Act (EA), 2003. The Hon'ble Commission is vested with the authority of regulating the power sector in the State inter alia including determination of tariff for electricity consumers.
8. In exercise of its powers, MSERC had determined the segregated Aggregate Revenue Requirement (ARR) for MePDCL and tariff for FY 2021-22 in its tariff order dated 25 March 2021, in accordance with the MSERC Tariff Regulations, 2014.
9. Now, based on the provisions of Regulation 11 of the Tariff Regulations, 2014, MePDCL files this petition for approving the true-up of FY 2021-22.
10. The Board of Directors of MePDCL have accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. The copy of the Board's resolution is hereby enclosed as **Annexure-C**.
11. The applicant, therefore, humbly prays before the Hon'ble Commission to pass appropriate order on the following:
 - a) Approval of true-up of expenses and revenue for FY 2021-22 as proposed in this Petition
 - b) To pass such orders, as Hon'ble Commission may deem fit and proper and necessary in view of the facts and circumstances of the case.
 - c) To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.



(S.SKharmih)

Superintending Engineer (R.A)

Superintending Engineer (R.A)

Meghalaya Power Distribution

Corporation Limited

For and on behalf of

Meghalaya Power Distribution Corporation Ltd

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Abbreviations

ARR	Aggregate Revenue Requirement
FY	Financial Year
GoM	Government of Meghalaya
kWh	Kilo Watt Hour
KV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
MSERC	Meghalaya State Electricity Regulatory Commission
MU	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi Year Tariff
O&M	Operation & Maintenance
FPPPA	Fuel and Power Purchase Price Adjustment
MeECL	Meghalaya Energy Corporation Limited
MePDCL	Meghalaya Power Distribution Corporation Limited
MePTCL	Meghalaya Power Transmission Corporation Limited
MePGCL	Meghalaya Power Generation Corporation Limited
MYT Regulations 2014	MSERC (Multi Year Tariff) Regulation, 2014

1 Introduction

1.1 Provisions of Law for Truing Up

- 1.1.1 It is submitted that this Petition True up for FY 2021-22 is hereby filed, based on the information received for FY 2021-22, Audited Statement of Accounts of the utility and pursuant to the initial Tariff Order dated 25th March 2021. Regulation 11 of the said Regulations lays down the general guiding principles for truing up and the provisions of the said Regulations are reproduced below for reference:

“11. Truing-Up

11.1 Where the Aggregate Revenue Requirement and expected revenue from tariff and charges of a Generating Company or Transmission Licensee or Distribution Licensee is covered under a Multi-Year Tariff framework, then such Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall be subject to truing up of expenses and revenue during the Control Period in accordance with these Regulations.

11.2 The Generating Company or Transmission Licensee or Distribution Licensee shall file an Application for Truing up of the previous year and determination of tariff for the ensuing year, within the time limit specified in these Regulations:

11.3 Provided that the Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be prescribed by the Commission, together with the Audited Accounts including audit report by a Statutory Auditor appointed by CA&G, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges:

11.4 Provided further that once the Commission notifies the Regulations for submission of Regulatory Accounts applications for tariff determination and truing up shall be based on the Regulatory Accounts.

11.5 The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:

- a) a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check including pass-through of impact of uncontrollable factors;*
- b) Review of compliance with directives issued by the Commission from time to time;*
- c) Other relevant details, if any.*

11.6 In respect of the expenses incurred by the Generating Company, Transmission Licensee and Distribution Licensee during the year for controllable and uncontrollable parameters, the Commission shall carry out a detailed review of performance of an applicant vis-a-vis the approved forecast as part of the truing up.

11.7 Upon completion of the truing up under Regulation 11.4 above, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 12 below, to factors within the control of the applicant (controllable factors) or to factors beyond the control of the applicant (uncontrollable factors):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 12.1 below shall be attributed entirely to controllable factors.

11.8 Upon completion of the Truing Up, the Commission shall pass an order recording:

a) the approved aggregate gain or loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of controllable factors, and the amount of such gains or such losses that may be shared in accordance with Regulation 14 of these Regulations;

b) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous year, shall be pass through as per Regulation 13 of these Regulations;

c) Tariff determined for the ensuing year.”

1.2 Submissions before the Hon’ble Commission

1.2.1 MePDCL hereby submits the petition under section 61, 62(c) & 62(d) of the Electricity Act, 2003, MSERC Terms (Multi Year Tariff) Regulations, 2014 for approval of True Up FY 2021-22

1.2.2 M/s P Gaggar & Associates has been appointed as Statutory Auditor of MePDCL, and M/s Parik & Coi has been appointed as Statutory Auditor of MeECL. The firms are chartered Accountancy firms, appointed as Statutory Auditors for the FY 2021-22 by the Comptroller & Auditor General of India (C&AG).

2 Truing Up for FY 2021-22

2.1 Background

While approving the ARR for FY 2021-22 in the MYT control period FY 2021-22 to FY 2023-24 vide order dated 25.03.2021 in Case No. 04/2021, the Hon'ble Commission had considered the pre-audited Statement of Accounts of FY 2019-20 and Audited Statement of Accounts of FY 2018-19. Now, since the audited Statement of Accounts for FY 2021-22 for MePDCL and MeECL are available, and as such, MePDCL is claiming the truing up of ARR of FY 2021-22 based on the actual figures as per the audited account statements with necessary justifications as required. Copy of the Audited Statement of Accounts and Statutory Audit Report of MePDCL and MeECL for FY 2021-22 are appended as **Annexure-A and Annexure B** respectively.

2.2 Performance

2.2.1 Availability of Energy:

The power availability in the state of Meghalaya is primarily from three key sources- (a) from the generating stations of MePGCL, (b) from the allocated share of central power sector generating companies like NEEPCO, NHPC and NTPC etc. and (c) from short term power purchase from IEX/bilateral trade and banking etc. The comparison of actual source wise energy availability and the approved energy availability in FY 2021-22, is provided in the table below:

Table 1: Energy Available to MePDCL from various sources in FY 2021-22

Sr. No.	Source	Approved availability (MUs)	Actual availability (MUs)
A	MePGCL	1227.29	877.78
B	Outside purchase		
1	NTPC	589.5	1.95
2	NHPC Loktak HEP	40.28	
3	NEEPCO	723.7	631.58
4	OTPC Pallatana GPP	436.79	434.36
C	Short Term (Bilateral/ Banking/ UI etc.)		
	I. At NER periphery		
	Solar Sources	39.42	
1	Kreate Energy (I) Pvt Ltd - Swapping		188.89
2	APPCL – Swapping		129.14
3	APPCL – Bilateral		43.55
4	APPCL – IEX		22.95
5	GMRETL(Swap)		26.64
6	Manikaran(Swap)		56.28
7	Subheksha (Swap)		22.94
8	Deviation Inter		19.5

	II. Within the State periphery		
1	Deviation Intra		5.28
D	Total Availability	3056.98	2460.84

It may be observed from the above table that the actual power availability from MePGCL and NEEPCO was less than the approved figures. No Power received from NHPC and practically no power received from NTPC. MePDCL had to resort to short term power purchase on bilateral basis/banking/day ahead market etc. to meet the demand in lean seasons. Therefore, a difference has arisen between the power availability as approved in the tariff order, and the actual power availability as ascertained as per actuals.

It is submitted that in exercise of powers under the Regulations referred to hereinabove, the above difference is required to be subjected to truing up of expenses and revenue during the Control Period.

2.2.2 Energy Sales:

2.2.2.1 Energy sold to the consumers of MePDCL.

The comparison of actual category wise energy sold to consumers and the approved sales by the Hon'ble Commission is shown in the table below:

Table 2: Comparison of Energy Sales to inside consumers in FY 2021-22 (in MU)

Sl. No.	Consumer Category	Approved in TO dt 25.03.2021	MePDCL Actual
	LT Category		
1	Domestic (DLT) (Including MeECL Establishments).	400.61	395.99
2	Commercial (CLT)	75.39	62.20
3	Industrial (ILT)	6.08	5.61
4	Agriculture (AP)	0.58	0.15
5	Public Lighting (PL)	0.12	0.56
6	Water Supply (WSLT)	11.77	11.20
7	General Purpose	17.52	15.20
8	BPL	85.11	104.39
9	Crematorium	0.21	0.12
	HT Category		
10	Domestic (DHT)	24.81	15.68
11	Commercial (CHT)	27.72	20.88
12	Water Supply (WS HT)	32.84	29.41
13	Bulk Supply (HT) including ASEB	96.96	70.40
14	Industrial (HT)	144.39	69.11
15	Ferro alloy	35.03	106.48
16	Special Tariff	74.24	93.31
	EHT Category		
17	Industrial (EHT)	52.98	45.94
18	Ferro alloy	341.07	426.32
19	Special Tariff	43.36	130.65
	Total	1470.79	1603.60

The over all actual sales in FY 2021-22 is more than the approved sales by about 132.81 MUs. Therefore, the difference between the actual sales and the approved sales in the Tariff order are liable to be subjected to exercise of truing up in terms of the extant regulations.

2.2.2.2 Energy sold to others.

The Energy sales to others both inside and outside the State in FY 2021-22 is shown below:

Table 3: Energy Sales to Others in FY 2021-22 (in MU)

Sl. No.	Particulars	MePDCL Actual
	Sale at NER/ NER_ER periphery	
1	Kreate Energy (I) Pvt Ltd -Swapping	15.88
2	APPCPL - IEX	126.57
3	APPCPL - Swapping	44.08
4	APPCPL - Bilateral	15.48
5	APPCPL - RE power (Non solar)	28.59
6	GMR Energy Ltd - IEX	19.08
7	GMR Energy Ltd - Swapping	13.86
8	DSM Inter	
	Sub Total	263.54
	Sale at State periphery	
9	DSM Intra	30.37
	Sub Total	30.37
	Total	293.91

2.2.2.3 Total Energy sales.

The total Energy sales in FY 2020-21 is shown below:

Table 4: Total Energy Sales in FY 2021-22 (in MU)

Sl. No.	Particulars	MePDCL Actual
1	Energy sale to inside Consumers	1603.6
2	Energy sale to others both outside and inside the State at State periphery	293.91
3	Total Energy sales	1921.39

2.2.3 Distribution losses and Energy Balance:**2.2.3.1 Distribution losses**

The actual Distribution losses in FY 2021-22 is shown in the table below:

Table 5: Computation of Distribution Losses for FY 2021-22

Sl. No.	Particulars	Calculation	Quantity
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana North Eastern Region (NER)	D	1067.89
5	Total Power at NER	$E=C+D$	1067.89
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sources on long term	$G=E*(1-F\%)$	1035.85
8	Power purchase from MePGCL	H	877.78
9	Power purchase from other sources (both from outside & within the State) (incl.swap/UI/bilateral)	I	515.17
10	Power sold to others (both outside & inside the State) (incl.swap/UI/bilateral)	J	293.91
11	Net power available at State Bus for sale of power within the state	$K=G+H+I-J$	2134.89
12	State Transmission Loss %	L	4.00%
13	State Transmission Loss MU	$M=K*L$	85.4
14	Net power available of Discom for sale of power within the state	$N=K-M$	2049.49
15	Power sold to consumers within the state	O	1603.6
16	Distribution Losses	$P=N-O$	445.89
17	Distribution Losses (%)	$Q=P/N$	21.76%

It is requested that the Hon'ble Commission approve 21.76% as Distribution loss for FY 2021-22. It is respectfully, submitted that every effort has been made to bring down the Distribution losses.

2.2.3.3 Computation of Energy Balance

Based on the above computation of Distribution loss of 21.76%, the computation of Energy Balance is as shown below:-

Table 6: Computation of Energy Balance for FY 2021-22

Sl. No.	Particulars	Calculation	Quantity
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana North Eastern Region (NER)	D	1067.89
5	Total Power at NER	$E=C+D$	1067.89
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sources on long term	$G=E*(1-F\%)$	1035.85
8	Power purchase from State generating stations within the state	H	877.78
9	Power purchase from other sources (both from outside & within the State)	I	515.17
10	Net power available at state bus for sale of power within the state	$J=G+H+I$	2428.8
11	Total power sold	K	1603.6
12	Distribution Losses (%)	L	21.76%
13	T&D Losses in terms of MU	$M = N - K$	445.89
14	Energy Requirement for sale by Discom within state	$N = K/(1-L)$	2049.49
15	Energy Requirement for sale within state at state bus	$O = N/(1-4\%)$	2134.89
16	Surplus Energy at state bus	$P = J-O$	293.91
17	Power sold to others at state bus (both outside & inside the State) (incl.swap/UI/bilateral)	Q	293.91
18	Unaccounted Energy	$R = P - Q$	0.00

2.3 Determination of Components of Annual Revenue Requirement (ARR) FY 2021-22

2.3.1 Calculation Methodology

The Audited Statement of Accounts along with Statutory Audit Report based on which, MePDCL has prepared the comparison of ARR sub components for FY 2021-22 and arrived at net Gap/ Surplus of the ARR components.

Since MeECL is a common holding company performing integrated common functions of all the three successor companies, the ARR of MeECL is to be shared by the three successor companies. As per the approach adopted by the Hon'ble Commission in its past Tariff Orders, MePDCL has considered equal allocations of ARR components of the holding company MeECL in the respective ARRs of the three successor companies. As such, the figures of each component of ARR of the distribution company have been arrived at by adding the respective figure from the accounts of MePDCL and one third of the respective figures from the accounts of MeECL.

2.3.2 Components of Tariff

In accordance with the MYT Tariff Regulations 2014, the ARR of Distribution Company shall comprise of following components:

- (1) Power Purchase Cost Including Transmission Charges
- (2) Operation and Maintenance Expenses
- (3) Interest on Loan Capital
- (4) Interest on Working Capital
- (5) Depreciation as may be allowed by the Commission
- (6) Return on Equity as may be allowed by the Commission
- (7) Taxes on Income.
- (8) Provision of bad and doubtful debts

2.3.3 Power Purchase Cost & Transmission charges

As provided earlier, MePDCL had procured power from Central generating stations, from generating stations of MePGCL as well as from other sources like exchange/swapping etc. All the State Generating stations being hydro are seasonal in nature and the annual generation depends on the rainfall for the year. MePDCL had to resort to short term power purchase on bilateral basis/banking/day ahead market etc. to meet the demand in lean seasons. In addition to this, there are power regulation on discom by NTPC.

A comparison of source wise power purchase cost as per the actuals and approved Power Purchase Cost as per the Tariff Order for FY 2021-22 is shown in the following table.

Table 7: Source wise Power Purchase Cost including transmission charges for FY 2021-22

Station	MSERC Approved			MePDCL Actuals		
	Energy	Total Cost	Unit	Energy	Total Cost	Unit
	(MU)	(Rs Cr)	cost/kWh	(MU)	(Rs Cr)	cost/kWh
MePGCL						
Umiam Stage-I HEP	114.61	16.28	1.42	64.36	3.35	0.52
Umiam State-II HEP	45.45	9.04	1.99	33.69	2.07	0.61
Umiam State-III HEP	137.33	27.14	1.98	109.55	6.42	0.59
Umiam State-IV HEP	203.9	27.14	1.33	124.4	5.75	0.46
Sonapani	4.94	0.68	1.38	5.49	0.19	0.35
Umtru HEP(Old)				-0.04		0
MyntduLeshka HEP	478.71	57.76	1.21	376.67	87.6	2.33
New Umtru	231.48	18.34	0.79	159.67	37.72	2.36
Lakroh	10.87	0.8	0.74	3.99	0.9	2.26
Total for MePGCL	1227.29	157.18	1.28	877.78	144	1.64
NTPC						
Farakka	0			0	0.07	
Kahalgaon I	0			0	0.06	
Khalgaon II	0			0	0.02	
Talcher	0			0	0.01	
Bongaigoan	589.5	369.57		1.95	108.14	
NTPC Surcharge					73.25	
Total for NTPC	589.5	369.57	6.27	1.95	181.55	931.03
NHPC						
Loktak HEP	40.28	7.45	1.85	0	1.75	
NEEPCO						
Kopili Stage-I	82.23	10.65	1.3		0.34	
Kopili Stage-II	8.48	1.33	1.57	0.86	0.58	6.74
Khandong HEP	17.53	3.82	2.18	29.13	5.12	1.76
Ranganadi HEP	131.25	34.63	2.64	131.75	54.36	4.13
Doyang HEP	23.65	14.12	5.97	10.88	11.23	10.32
AGBPP	119	42.32	3.56	207.74	66.6	3.21
AGTCCPP	187.65	51.99	2.77	114.68	44.05	3.84
Pare HEP	42.92	23.7	5.52	56.37	28.25	5.01
Kameng HEP	45.99	19.04	4.14	63.48	25.45	4.01
NEEPCO Surcharge					-102.17	
Free Power	65			16.69		
Total for NEEPCO	723.7	201.6	2.79	631.58	133.81	2.12
OTPC						
OTPC Pallatana	436.79	146.31		434.36	141.49	
OTPC Surcharge					10.29	
Total for OTPC	436.79	146.31	3.35	434.36	151.78	3.49
Solar Sources	39.42	13.8	3.5	0	0	
Short Term						
KEIPL						
Swapping				188.89	0.65	0.03
Bilateral					-15.18	
IEX					-0.2	
Sub total				188.89	-14.73	-0.78
APPCL						
Swapping				129.14	1.1	0.09
Bilateral				43.55	15	3.44
IEX				22.95	9.94	4.33

Sub Total				195.64	26.04	1.33
GMRETL(Swap)				26.64	0.1	0.04
Manikaran(Swap)				56.28	0.17	0.03
Subheksha (Swap)				22.94	0.07	0.03
DSM						
Deviation Inter				19.5	7.7	3.95
Deviation Intra				5.28	-1.91	-3.62
Sub Total				24.78	5.79	2.34
POSOCO					1.25	
VAR Charges					-0.33	
Total	3056.98	895.91	2.93	2460.84	631.25	2.57

Details of Power Purchase invoices for FY 2021-22 have been attached as **Annexure D**.

A comparison of the actual and approved transmission charges of FY 2021-22 is given below:

Table 8: Comparison of Transmission Charges for FY 2021-22 (INR Crore)

Sr. No.	Particulars	Approved in TO Dated 25.03.2021	Actuals
1	Inter-state transmission charges (PGCIL)	62.81	107.13
2	Intra state transmission charges (MePTCL)	52.44	50.24
	TOTAL	115.25	157.37

On the above power purchase cost, MePDCL has availed rebate amounting to Rs 3.12 Cr and it is shown in **Table 22: Non Tariff and Other Income**. MePDCL therefore, requests the Hon'ble Commission not to deduct any further rebate amount from the power purchase cost.

2.3.4 RPO Compliances

Regarding the RPO compliance, it is submitted that MePDCL has not purchased any power from solar and wind sources during FY 2021-22. The details of purchase of energy along with RPO target vis-à-vis achieved are given below:

Table 9: Renewable Purchase Obligation Approved & Achieved

Year	Consumed	Target				Achieved			
		Solar	Non solar	Total		Solar	Non-Solar	Total RPO Met	
		%	%	%	MUs	MUs	MUs	MUs	%
2020-21	1,603.60	1.50%	5.00%	6.50%	104.234	0	44.7	44.7	2.79%

Table 10: Power Purchase from Small Hydro

Details of Small Hydro for RPO Compliance		
Small Hydro Electric Plant	Installed Capacity (MW)	Power Procured (MU) including Free Power
Kopili Stage-II	25	1.53 (=0.86+.0.67)
Sonapani	1.5	5.49
Umiyam Stage-II	20	33.69
Lakroh	1.5	3.99
Total		44.7

2.3.5 Operation and Maintenance Expenses (O&M Expenses)

Operations and Maintenance (O&M) Expenses of the Company consists of the following elements:

- **Repairs and Maintenance expenses:** Repairs and Maintenance Expenses are incurred for the day to day upkeep of the assets of MePDCL and form an integral part of the Company's efforts towards reliable & quality power supply and reduction of losses in the system.
- **Employee Expenses:** Employee expenses comprise of salaries, dearness allowance, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.
- **Administrative and General Expenses:** Administrative expenses mainly comprises of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

2.3.5.1 Repairs and Maintenance Expenses (R & M expenses)

Repair & Maintenance expenses are dependent on various factors such as age of assets, nature of terrain, load served, volume of infrastructure, etc. Most of the lines and substations of MePDCL are aged and thus demand more frequent Repairs and Maintenance. The assets of MePDCL are old and require regular maintenance to ensure uninterrupted operations. MePDCL has been trying its best to ensure uninterrupted operations of the system and accordingly has been making necessary expenditure for R&M activities. The R&M Expenses incurred by MePDCL and one-third of that incurred by the holding company, MeECL is as shown below:

Table 11: R&M expenses for FY 2021-22 (INR Crore)

R&M Expense	MePDCL
Buildings	0.38
Plant and Equipment	0.93
Civil Works	0.38
Lines & Cables	3.54
Vehicles	0.11
Furniture and Fixtures	0.04
Office equipment	0.43
R&M Expenses incurred by MePDCL (actuals) (1)	5.81
R&M Expenses of MeECL Apportioned (actuals) (2)	0.05
Net Actual R&M Expense for True up (1+2)	5.86

MePDCL humbly requests Hon'ble Commission to allow the actual R&M expenses of Rs 5.86 Crores for true up of FY 2021-22.

2.3.5.2 Employee Expenses

The employee expenses incurred by MePDCL and the share of MeECL to be borne in FY 2021-22 as per the audited Statement of Accounts are as shown below:

Table 12: Employee expenses for FY 2021-22 (INR Crore)

Particulars	Amount in Cr
Salaries and wages	144.45
Contributions to provident and other funds	2.81
Staff welfare expenses	0
Apportionment of Employee Benefit Expenses (from Holding Company)	
(a) Salaries and wages	12.85
(b) Staff welfare expenses, insurance etc.	0.02
(c) Contribution to CPS (Corporation Contribution)	0.05
(d) Ex-Gratia expenses	-
(d) DCRG, Pension, Pension contribution to Deputations	53.24
Sub Total	66.16
Total Employee Expense of MePDCL	213.42
Employee Expenses of MeECL Apportioned (actuals)	7.39
Net Actual Employee Expense for True up	220.81

The summary of the comparison of the actual Employee Expenses for FY 2021-22 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the table below:

Table 13: True up of Employee Expenses for FY 2021-22 (INR Crore)

Particulars	Approved in TO Dated 25.03.2021	Actuals
Employee Cost	150.88	220.81

MePDCL humbly requests Hon'ble Commission to allow the actual employee expense of Rs 220.81 Crores for true up of FY 2021-22.

2.3.5.3 Administration and General Expenses (A & G Expenses)

The A & G expenses incurred by MePDCL and the share of MeECL to be borne in FY 2021-22 as per the audited Statement of Accounts is as shown below:

Table 14: A&G Expenses for FY 2021-22 (INR Crore)

Particulars	Amount (in Rs. Cr.)
Insurance Charges	0.02
Rent, Rates and Taxes	0.12
UGO Billing Software Services	1.27
Telegram, Postage, Telegraph and Telex charges	0.25
Training, conveyance and vehicle running expenses	9.61
Printing and stationery expenses	0.46
Auditors' remuneration	0.06
Consultancy Charges	0
License and Registration Charges	0
Technical fees	0
Books & Periodicals	0
Fees and subscription expenses	0
Advertisement charges	0.25
Legal and professional charges	0.95
Meghalaya State Electricity Regulatory Commission (MSERC) Fees	0.25
Electricity and Water Charges	0.19
Meter Reading Expenses	0
Franchisee Commission	0.89
Franchisee Transmission Loss	0.26
Discount allowed	0.52
Stamp Duty	0.03
Bank Charges	0.13
GST Expenses	0.02
ROC charges	0.02
Entertainment expenses	0
Miscellaneous expenses	0.03
A&G Expenses incurred by MePDCL (actuals)	15.33
A&G Expenses of MeECL Apportioned (actuals)	0.42
Net Actual A&G Expense for True up	15.75

The summary of the comparison of the actual A&G Expenses for FY 2021-22 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the Table below:

Table 15: True up of A&G Expenses for FY 2021-22 (INR Crore)

Particulars	Approved in TO Dated 25.03.2021	Actuals
A&G Expenses	12.14	15.75

MePDCL humbly requests Hon'ble Commission to allow the actual A & G expense of Rs 15.75 Crores for true up of FY 2021-22

2.3.6 Depreciation

Depreciation as booked in the Statement of Accounts for FY 2021-22 for MePDCL (Note 2 of MePDCL Accounts) (without IND AS Adjustment) and the apportioned amount of MeECL (Note 2 of MeECL Accounts) (without IND AS Adjustment) for various classes of assets is shown below:

Table 16: Depreciation for FY 2021-22 (INR Crore)

Asset Class	MePDCL
Land	0
Buildings	0.43
Plant and Equipment	5.05
Furniture and Fixtures	0.02
Vehicles	0.03
Office equipment	0.11
Others:	
Hydraulic Works	0
Other Civil Works	0.1
Lines and Cable Network	40.52
Assets under lease	0
Total Depreciation MePDCL	46.26
Apportioned Depreciation from MeECL	0.87
Total	47.13

The adjustment of Amortization of Grants and Subsidies & Amortization of Consumer Contributions (Depreciation on Grants) has been booked in other income i.e. Section 2.3.11 of the petition. Following table shows the comparison of the actual Depreciation vis-à-vis the Depreciation approved by the Hon'ble Commission in its various tariff orders for FY 2021-22.

Table 17: True up of Depreciation for FY 2021-22 (INR Crore)

Particulars	Approved in TO Dated 25.03.2021	Actuals
Depreciation	0.00	47.13

The true up is being done based on the actual value of opening assets and the assets capitalized during the year. It is submitted that the component wise depreciation is computed as per the provisions of Tariff Regulations, 2014. As such, the Hon'ble Commission is requested to kindly approve the actual depreciation as per the audited accounts (Note 2: Property, Plant & Equipment)

MePDCL humbly requests Hon'ble Commission to allow the depreciation of Rs 47.13 Crores for true up of FY 2021-22.

2.3.7 Interest and Financial Charges

The following table shows the summary of the actual Interest and Finance Charges for FY 2021-22 as per audited statement of accounts (Note 28)

Table 18: True up of Interest and Finance Charges for FY 2021-22

Particulars	Amount (in Rs. Cr.)
Interest on Loans	
To related party (Meghalaya Energy Corporation Limited, i.e., Holding Company)	2.46
To Others	131.44
Other Interest	0.12
Guarantee charges	8.37
Other Charges	0.2
Total Finance Charges(MePDCL) (1+2)	142.59
Apportioned Finance Charges from MeECL	16.94
Net Interest and Finance Charges	159.53

Detailed Statement of all the Loans of MePDCL along with the purpose of loan is given in Note 16 - Financial Liabilities (Borrowings) of MePDCL Accounts. Similarly details of loans of MeECL (For MeECL apportionment interest in the above table) is given in Note 16 - Financial Liabilities (Borrowings) of MeECL Accounts.

It is submitted that Interest & Finance Charges are genuine and legitimate expenditure and the Hon'ble Commission may kindly approve the entire interest & finance charges as shown above, as per Audited Accounts.

2.3.8 Interest on Working Capital

Working capital requirement for a distribution utility in Meghalaya is determined on a normative basis by the Regulation 34.3 of MYT Tariff Regulations, 2014. Now, based on the actual data for the components of working capital, the interest on working capital is computed below:

Table 19: Computation of Interest on Working Capital for FY 2021-22

Particulars	Amount (Rs Cr)
O&M for 1 Months (INR Crore) (242.42/12)	20.20
Maintenance Spares (INR Crore)	10.79
(Average Asset of MePDCL and MeECL for the year *1% with escalation of 6%)	
Receivables for 2 Months (INR Crore) (792.25)/6	151.72
Total (INR Crore)	182.71
Interest Rate (%) (SBI PLR as on 01.04.2021)	12.15%
Interest on Working Capital (INR Crore)	20.20

MePDCL humbly requests Hon'ble Commission to allow the Interest on Working Capital of Rs 20.20 Crores for true up of FY 2021-22.

2.3.9 Exceptional Expenses

The following table provides the details of the Exceptional Expenses for FY 2021-22 as per Note 31 of SOA of MePDCL

Table 20: Exceptional Expenses for FY 2021-22

Particulars	Amount (in Rs. Cr.)
Compensation to Staff for injuries, death and/or damages	0
Compensation to others for injuries, death and/or damages	-0.23
One Time Settlement (OTS)	
Net Exceptional items	-0.23

It is therefore prayed before the Hon'ble Commission to kindly approve the Exceptional Expenses of (-) Rs 0.23 Crore for true up of FY 2021-22.

2.3.10 Return on Equity

It is submitted that the return on equity is computed as per Regulation 27 and 31 of the Tariff Regulations, 2014. As per the above provisions of MYT Tariff Regulations, 2014, the computation of Return on Equity is shown below:

Table 21: True up of Return on Equity for FY 2021-22 (INR Crore)

Sr. No.	Particulars	Actuals
1	Opening Equity 31.03.2021 (Shareholders Eq. +Pending Allotment)	858.39
2	Closing Equity 31.03.2022 (Shareholders Eq. +Pending Allotment)	859.26
3	Average Equity for RoE	858.83
4	Equity Capital considered for RoE Computation	858.83
5	RoE (%)	14%
6	Return on Equity (INR Crore)	120.14

The prevalent regulations do not restrict allowing of return on equity on equity capital pending allotment. The actual closing equity component (paid up capital + equity share pending allotment) as per the audited accounts of MePDCL for FY 2021-22 is Rs. 859.26Cr (850.22+19.04). Similarly, the opening equity capital as per audited accounts for FY 2021-22 is Rs. 858.39Cr (846.86+11.53) crores. As such, the average equity capital for FY 2020-21, for calculation of RoE, works out to be Rs. 858.83 crores.

Reference: Paid Up Capital: As per Note 14 of MePDCL Accounts and Equity Share Pending Allotment: As per Note 15 of Accounts.

The issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC: APTEL Case no 46 of 2016) is still under subjudice. The Utility is reiterating the fact that the approved value of Hon'ble Commission for Return on Equity (is not in line with the Regulations. In sake of brevity, MePDCL is not reiterating the grounds and the justification for the claim here since the matter is already under subjudice. Hence, the utility would like to retain its methodology as per the past

petitions & stand on equity base determination as per the earlier petitions which is in line with MSERC Regulations and Transfer Notification Scheme.

It is therefore prayed before the Hon'ble Commission to kindly approve the Return on Equity of Rs 120.14 Crore for true up of FY 2021-22 as computed above.

2.3.11 Other Income

A summary of the other income as per Audited Accounts of MePDCL for FY 2021-22 has been given in the table below:

Table 22: Non Tariff and Other Income in FY 2021-22 (INR Cr)

Sr. No.	Particulars	Actuals
A	Other Income	
	Interest Income: (Note 19 of MePDCL Accounts)	
	From Banks	2.25
	From Others	0
	Other non-operating income:	-
	Rental and Hiring Income	0.03
	Fees and Penalties	0
	Sale of scrap, tender forms and others	0
	Miscellaneous receipts	8.86
	Amortization of Grants and Subsidies	41.62
	Amortization of Consumer Contributions	3.07
B	Revenue Subsidies and Grant	
	R.E. Subsidies	-
	Revenue Grants for Other Expenditures	20.18
C	Other operating revenues- (Note 24 of MePDCL Accounts)	
	Meter Rent	7.54
	Margin Money from Regulated Power	0.83
	Reconnection Fees	0
	Rebates on Purchase of Energy	3.12
	Other Charges From Consumers	18.86
	Cross Subsidy Surcharge	13.71
D	Apportioned Other Income from MeECL	
	(Note 21 of MeECL Accounts)	3.98
	Total Other Income (A + B + C+D)	124.05

Note: 1. Sundry balances written back is the provision on Sundry debtors provided earlier adjusted for the purpose of providing fresh reserve for the year 2021-22. Sundry balances written back

is not considered as part of Income since the Hon'ble Commission has never allowed the provision for bad debt booked as part of the expenses.

2. DPS collected from consumers is not considered since the surcharge payable to the generating cos and transmission cos are not considered by the Hon'ble Commission

3. Amortization of Grants and Subsidies and Amortization of Consumer Contributions of Rs. 41.62 crore and Amortization of Consumer Contributions of Rs 3.07 Crore are linked to the Depreciation depicted in Table 16 above as this is nothing but depreciation on Grants and subsidies and consumer Contributions. Any variation in the methodology of calculating the Depreciation, these amounts should be excluded from the above table of Non-Tariff and Other Income.

Considering claim of depreciation of Rs 47.13 Crores above, MePDCL therefore prayed before the Hon'ble Commission to kindly approve the Other Income as Rs 124.05 Crore for true up of FY 2021-22 as computed above.

2.3.12 Revenue from Sale of Power

A summary of the revenue from sale of power as per Audited Accounts of MePDCL for FY 2021-22 has been given in the table below:

Table 23: Revenue from sale of power in FY 2021-22(Rs. Cr)

Particulars	Approved in TO Dated 25.03.2021	Actuals
Revenue from sale of power within state (including Assam) (Rs in Cr)	944.87*	910.29
Revenue from sale of short-term surplus power outside state (Rs in Cr)	369.85	116.58
TOTAL (Rs in Cr)	1314.72	1026.9
Units sold within state (MU)	1470.79	1603.6
Units sold to others (MU) after crossed up.	1262.28	293.91

*The Hon'ble Commission has not projected any Revenue expected from the revised tariff. However, based on the revised Tariff, it is assessed that the revenue would be Rs 944.87.

MePDCL requests the Hon'ble Commission to allow the revenue as shown in the table above.

2.3.13 Aggregate Technical & Commercial (AT & C) Losses

The total revenue billed for sale of power within the state is Rs. 910.29 crores, which excludes the Electricity Duty billed and the revenue from sale of power outside state.

The revenue collected and AT&C loss for FY 2021-22 is calculated as shown below.

Table 24 AT&C Loss for FY 2021-22

Particulars (MePDCL)	Amount
Opening balance of receivables from sale of power within the state*	392.46
Revenue from sale of power within the state in FY 2021-22	910.29
Total	1302.8
Less: Closing balance of receivables from sale of power within the state*	441.29
Revenue realized in FY 2021-22 from sale of power within the state	861.46
Collection Efficiency	94.64%
T&D losses	21.76%
AT&C Losses	25.95%

***As per Note 7.3- Gross Trade Receivables of the accounts**

AT&C loss shows a reduction of 0.80% from 26.75% proposed for truing up for the FY 2020-21. This is due to reduction of 5.36% in Collection Efficiency even though there is a reduction of 4.99% in T&D loss from the proposed data for FY 2020-21. The reduction in Collection Efficiency is mainly due to the dispute arisen out of termination of Special Tariff which is sub judice and to a certain extent due to Covid-19 pandemic.

MePDCL therefore prays that Hon'ble Commission to approve AT&C Loss at 25.95% and not to punish MePDCL since collection efficiency is impacted due to case that is sub judice.

2.3.14 Statement of Short Term Purchase and Sale

MePDCL has undertaken short term purchase and sale during the FY 2021-22 and the statement is as follows:

Table25 : Statement of Short Term Purchase and Sale in FY 2021-22

Name of Utility/Trader	Purchase		Sale	
	Energy	Total Cost	Energy	Total Cost
	(MU)	(Rs Cr)	(MU)	(Rs Cr)
KEIPL				
Swapping	188.89	0.65	15.88	-0.01
Bilateral		-15.18		
Iex		-0.2		
Surcharge		0		
Sub total	188.9	-14.73	15.88	-0.01
APPCL				
Swapping	129.14	1.1	44.08	-0.03
Bilateral	43.55	15	15.48	4.98
IEX	22.95	9.94	126.57	57.45
RE Power			28.59	11.44
Sub Total	195.64	26.04	214.72	73.84
GMRETL				
Swapping	26.64	0.1	13.86	
IEX			19.08	18.17
Sub Total	26.64	0.1	32.94	18.17
Manikaran(Swap)	56.28	0.17		
Subheksha (Swap)	22.94	0.07		
Deviation Inter	19.5	7.7	30.37	12.49
Deviation Intra	5.28	-1.91		
Total	515.17	17.44	293.91	104.49

3 Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2021-22

The above section details the actual expense and revenue components along with the difference from the same with the approved figures of MSERC. The explanation for the difference in each of the component has also been provided as required.

It may be mentioned that total revenue of Rs 910.29 crores shown in SOA of MePDCL for FY 2021-22 is not only against the expenses for FY 2021-22 but also against the recovery of actuals for the earlier financial years as detailed below:

Period	Amount in Cr
Add: Revenue Gap for 2017-18	112.05
Add: Revenue Gap for 2017-18 Review	23.64
Total	135.69

Therefore, the actual revenue for FY 2021-22 against expenses of FY 2021-22 is Rs. (910.29 – 135.69) = Rs 774.60 crore.

MePDCL has also submitted the justification of each component being controllable or uncontrollable on part of MePDCL. Based on the above clause, the table below summarizes the Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2021-22 over and above the figures approved by the Honourable Commission in the Tariff order dated 25.03.2021

Table 26: Aggregate Revenue Requirement & Revenue Gap/ (Surplus) for FY 2021-22 (INR Crore)

Particulars	Approved in Tariff Order dated 25.03.2021	MePDCL Actuals	Loss/ (Gain)
1	2	3	4 = 3 - 2
Power Purchase Cost	895.91	631.25	(264.66)
Transmission Charges (PGCIL)	62.81	107.13	44.32
Transmission Charges (MePTCL)	52.44	50.24	(2.20)
Employee Expenses	150.88	220.81	69.93
Repair & Maintenance Expenses	6.27	5.86	(0.41)
Administration & General Expenses	12.24	15.75	3.51
Depreciation	0.00	47.13	47.13
Interest and Finance Charges	10.68	159.53	148.85
Interest on Working Capital	20.20	20.20	0.00
Exceptional Expense	0.00	(0.23)	(0.23)
Return on Equity	0.00	120.24	120.24
Total Expenses (A)	1211.43	1377.91	166.48
Less: Non-Tariff Income and Other Income	103.22	124.05	20.83

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Less: Sale of Surplus Power	369.85	116.58	(253.27)
Sub Total (B)	473.07	278.19	(232.44)
Net ARR (C = A – B)	738.36	1099.72	398.92
Add: Revenue Gap for 2017-18	112.05	112.05	0.00
Add: Revenue Gap for 2017-18 Review	23.64	23.64	0.00
Net ARR after Adjustment (D)	874.05	1235.41	398.92
Less: Revenue from Sale of Power	944.87	910.29	(34.58)
Net Gap / (Surplus)	(70.82)	325.12	433.50

MePDCL humbly submits that the Hon'ble Commission to pass through gap of INR 430.50 Crore under the truing up of FY 2021-22.