

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

In the matter of:

Determination of fuel and power purchase price adjustment amount for Meghalaya Energy Power Distribution Corporation Ltd for first quarter of 2014-15.

AND

In the matter of:

Meghalaya Energy Power Distribution Corporation Ltd. (MePDCL)

..... Applicant.

ORDER

23.01.2015

In response to Commission's letter dated 25.6.2014 and 3.7.2014, Meghalaya Energy Power Distribution Corporation Ltd (MePDCL) filed the information on 13.08.2014 relating to the FPPPA for the first quarter of FY 2014-15 and further information on 29.10.2014.

2. The information shows Rs.33.11 crores as actual fixed cost as against Rs.40.22 crores approved by the Commission for the quarter. Similarly, the actual variable charges have been shown as Rs.35.20 crores against the approved amount of Rs.46.31 crores. The Generating Stations from whom power was purchased are the OTPC, NTPC, NHPC, OPTC and NEEPCO. The quantum of electricity actually purchased from these stations is 197.79 MU while the approved quantum is 282.54 MU. On further examination it is found that the amount of power purchase includes the delayed payment surcharge as reflected in supplementary bills for the past periods. In the present application, the petitioner has proposed levy of Rs.2.28 per unit to Rs. 3.90 per unit as the Fuel and Power Adjustment rate to be charged from different categories of consumers. While computing the surcharge the licensee has considered Rs.47.20 crores (PPPO) which is the difference between the actual

power purchases cost (Rs. 133.73 Cr.) and approved power purchase cost (Rs. 86.53 Cr.). On examination, it is found, that PPP0 includes a supplementary bill of Rs.65.42 crores which is related to the past period bills and delayed payment surcharges. The Commission's order dated 28.06.2013 provides that previous years power purchase dues can be considered during the truing up exercise and therefore if we excludes this amount the approved power purchase cost is more than the actual by Rs.18.2 crores in the quarter of 2014-15 and there is no justification for allowing FPPPA surcharge as proposed by the licensee.

3. MePDCL has also suggested an alternative formula for computing FPPPA in its application and computed the FPPPA (the amount of fuel and power purchase) at Rs.59.85 crores. MePDCL in their alternate proposal suggested Rs.2.49 per unit as the average fuel power purchase surcharge to be charged from consumers. The FPPPA of Rs. 59.85 crores includes PPP0 of Rs.58.5 crores and interest charges of Rs.1.3 crores. However in their calculation MePDCL has included a supplementary of Rs.65.42 crores. As explained in the paragraph 3 above, if we do not consider the previous dues in the current year, the approved power purchase cost will be more than the actual by Rs.6.93 crores in the quarter of 2014-15 and there is no justification for allowing FPPPA surcharge as proposed by the licensee. In both the calculations there is no justification for charging FPPPA at this stage. As regard the proposed modified formula for computation of FPPPA the Commission has already dealt with it in its order dated 02.12.2013.

4. The National Tariff Policy provides while actual increase in fuel prices is an uncontrollable item of expenditure has to be met expeditiously, the policy and the intent of the Electricity Act, 2003 at the same time is not to burden the consumers with the inefficiency of the licensee. The MSERC Regulations also provides that variation in the price of fuel and/or price of power purchase is considered as uncontrollable. The Order dated 28.06.2013 of the Commission prescribed the FPPPA formula and allowed it to be implemented on provisional basis subject to revision if so required. Subsequently the Commission vide its order dated 02.12.2013 allowed the FPPPA charges for the FY 2014-15 on provisional basis subject to the condition that it will be validated with audited records at the time of truing up and any deficit or surplus shall be adjusted accordingly.

5. The licensee has so far submitted the accounts of FY 2010-11 with the AG report and the same has been considered and passed in the truing up order dated 22.12.2014. MePDCL on 15.01.2015 has submitted the audited accounts for FY 2011-12 and mentioned that accounts for 2012-13 are being finalized and will be submitted. However, no application for truing up of 2011-12 has been filed so far. In the absence of audited accounts, the Commission is not in a position to verify the actuals of the expenditure and revenue of the Corporation for previous years. Therefore, at this stage, it would not be appropriate to entertain the present application of the licensee and allow the FPPPA surcharge as claimed by them.

6. The Commission is of the view that the previous years' dues of power purchase should be considered at the time of truing up. Accordingly, the licensee is advised to file annual truing up petition with proper justification, supported by power purchase bills. The Commission requires the licensee to file the true up petitions for 2011-12 and 2012-13 without further delay so that the same may be considered while determining the tariff for 2015-16.

7. The Commission is concerned over the additional cost of power purchase which the licensee has to bear. It is also concerned that the licensees' revenue is not affected and that the financial health of the Corporation is protected and at the same time interest of the consumers are also protected from any undue burden.

8. The matter is hereby disposed of in light of discussed above. No other matter relating to FPPPA is pending before the Commission.

Sd/-

ANAND KUMAR
CHAIRMAN