



**BEFORE THE**  
**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION**  
**TARIFF (D) APPLICATION No.2 / 2009**

**In the matter of**

The Meghalaya State Electricity Board (MeSEB) - **PETITIONER**

and

**An Application for determination of the Annual Revenue Requirement and Distribution Tariff for the fiscal year 2009-10.**

Present : **Shri P.J.Bazeley, IAS(Retired)**

Chairman

**Meghalaya State Electricity Regulatory Commission.**

**Date of Order : 30<sup>th</sup> November,2009.**



## O R D E R

1. The Petitioner (Meghalaya State Electricity Board), a deemed licensee under the Electricity Act, 2003, filed an application on 28<sup>th</sup>.November,2008, for determination of Annual Revenue Requirement (ARR) & Tariff(Distribution) for the fiscal year 2009-10. After due scrutiny, the Commission returned the said application to the Petitioner for furnishing required additional information, vide its' Order dated 02<sup>nd</sup>.December 2008 (see Annexure 1). 0
2. The Petitioner resubmitted the aforesaid application along with some of the required additional information, to the Commission's Secretariat on 22<sup>nd</sup>.January, 2009. The Commission was without a Chairman or a Member from January to July 2009. Hence, the Petitioner's Annual Revenue Requirement (ARR) and Tariff (D) Application for the fiscal year 2009-10 pended during this period.

**THE PROCESS**

3. On 03rd.August 2009, the Commission carefully examined and considered the Petitioner's ARR & Tariff Application for the fiscal year 2009-10 (Annexure 2). In order to enable the Commission to prudently analyze the projections made in the said petition, the Commission passed Orders-

1. *requiring the Petitioner to submit detailed data pertaining to the preceding five years besides those projected for the tariff-year 2009-10, relating to generation, utilization of Central power, purchase of power, transmission & distribution losses, aggregate technical & commercial losses, billing-efficiency, revenue-collection efficiency, power demand & supply position, organizational interest burden, burden of other costs, extent of annual capitalized expenses including capitalized interest, subsidies received, arrear-dues recovered, capital-investment made, market-borrowings, equity : debt status of the organization, asset & liability status of the organization, investments made for rural-electrification, organizational manpower : energy sales ration, annual revenue requirement : energy sales ration, total revenue collected : energy sales ratio, average unit cost of power at point of delivery to consumers, metering status, transmission status, detailed annual revenue requirement trends, demand-charge trends and unit tariff trends.*
2. *Keeping in view the point of time at which the tariff-proposals for the fiscal year 2009-10 were being considered, the Commission required the Petitioner to also submit their Audited Statement of Accounts for the fiscal year 2008-09, or their Certified Pre-Audited Statement of Accounts for 2008-09, if the Audited Statement of Accounts for the fiscal year 2008-09 were not yet ready.*



4. Subject to timely submission of the aforesaid required additional details, the Petitioners' ARR & Tariff(D) Petition for 2009-10 was taken on record on that date, namely the 03 August 2009 and the Petitioner was directed to cause their ARR and Tariff (D) Petition for 2009-10 to be published in local newspapers in accordance with the provisions of sub-section (2) of Section 64 of the Electricity Act, 2003 in the same abridged format as done in respect of their corresponding petitions for the year 2008-09 and earlier years; and to call for views, comments and suggestions from all interested person(s), parties and organizations, to be submitted in writing, to the Commission, during office-hours on all working days, or by e-mail to the address of [secy.mserec-meg@nic.in](mailto:secy.mserec-meg@nic.in) within a period of thirty days from the date of publication of notice.
  
5. The Petitioner published their ARR and Tariff(D) Petition for 2009-10, in an abridged format, in the (1) local Khasi Daily "The Mawphor" issue dated 17<sup>th</sup> August, 2009, (2) local English Daily "The Shillong Times" issue dated 19<sup>th</sup> August, 2009 and (3) local Garo Daily "The Janera" from Tura issue dated 20<sup>th</sup> August, 2009. In pursuance thereof, the Commission received views, comments and suggestions from interested person, parties and organizations till 19<sup>th</sup> September, 2009. Since 19<sup>th</sup> to 21<sup>st</sup>.September, 2009 were holidays, the Commission kept it open for such views, comments and objections to be filed till 22<sup>nd</sup>.September 2009.
  
6. Two parties (Memorialists) filed their written views, comments and suggestions within the specified timeframe, namely –
  - (1). The Greater Shillong Crematorium and Mortuary Society vide their letter dated 26<sup>th</sup> August, 2009, (Annexure 3) and
  - (2). The Byrnihat Industries Association vide their letter dated 15<sup>th</sup> September, (Annexure 4).
  
7. Both the aforesaid view/comments/objections were taken on record and copies thereof furnished to the Petitioner (MeSEB), for their further comments, if any. The Petitioner responded on 14 October 2009 (Annexure 5) stating that consumption of electricity by a Crematorium had not yet been categorized by the Commission. As such, the Petitioner was charging the Crematorium for electricity consumed at commercial consumption rates. Referring to the Memorandum submitted by the Byrnihat Industries Association, the Petitioner observed that attempts are continuously being made by them to the best possible extent, to adhere to CERC directives / IEGC guidelines relating to admissibility of over- drawal. They added that under practical conditions, overdrawal even at low frequency cannot be entirely avoided.
  
8. The Commission, then, proceeded to determine the Annual Revenue Requirement and the Distribution-Tariff for the fiscal year 2009-10, in conformity with the provisions of –



1. the Meghalaya State Electricity Regulatory Commission (Determination of Tariff) Regulations, 2006,

(2). Sections 61 to 66 of the Electricity Act, 2003, and

(3). the Tariff Policy announced by the Government of India under section 3 of

the Electricity Act, 2003.

9. A public hearing was duly notified to be held on Tuesday 20<sup>th</sup> October, 2009, to hear the aforesaid parties, the MeSEB and any other interested party from the public who may like to appear suo-motto . State Government in the Power Department were intimated of the public hearing. Due to poor attendance on that date, the public hearing was adjourned and refixed for Tuesday the 10 November 2009. Wide publicity of the new hearing date was caused through the media and direct notices to the Petitioner, the Memorialists and the State Government Power Department.

10. The public hearing was accordingly held on Tuesday the 10<sup>th</sup>.November 2009. The Record Note of the Public hearing is annexed as Annexure 6.

11. The Petitioner's ARR and T(D) Petition for 2009-10 was also placed before the State Advisory Committee for their views, at the Committee's Meeting held on Wednesday the 11<sup>th</sup>.October 2009. The Record Note of the deliberations at the State Advisory Committee Meeting held on 11<sup>th</sup>.October 2009 is annexed as Annexure 7.

12. In the meantime, the Commission carefully examined the documents submitted by the Petitioner in response to the Commission's Order dated 03 August, 2009, interalia the Petitioner's ARR and T(D) Petition for the year 2009-10 and documents submitted therewith. In doing so, it was noted that there were several inconsistencies in the physical and fiscal data submitted by the Petitioner, which needed further elaboration and clarification. The Commission passed seven interlocutory orders requiring the Petitioner to elaborate, clarify and otherwise provide required data and details, to enable the Commission to fix a cost-effective distribution tariff for the year 2009-10. The Petitioner submitted the required elaborations and clarification. The said interlocutory orders of the Commission and the corresponding replies of the Petitioner are listed in Table-I, below. All the reference in Table-I



the Petitioner are listed in documents under below are catalogued in

the index of attachments to this Order and copies annexed as Annexures 8 to 25.

13. The data and the details as provided by the Petitioner in their responses are listed in columns (6) to (8) of Table-I below. All such data and details have been carefully examined and taken into consideration by the Commission, while drawing up the instant Order.

<b>Table – I</b>							
<b>STATEMENT SHOWING DATES OF 's INTERLOCUTORY ORDERS IN ARR and T(D) PETITION No.2/2009,</b>							
<b>DETAILS OF COMMUNICATION OF SUCH ORDERS TO MeSEB and MeSEB's RESPONSE</b>							
<b>Order No.</b>	<b>Date</b>	<b>Communicated by MSERC Office to Petitioner (MeSEB) vide</b>		<b>Copy placed at Annexure</b>	<b>Replied by Petitioner (MeSEB) vide their</b>		<b>Copy placed at Annexure</b>
		<b>Memo No.</b>	<b>Dated</b>		<b>Memo No.</b>	<b>Dated</b>	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	03.08.2009	MSERC/70/2008/220	04.08.2009	8	MESEB/SE(RA)/33/33	04.09.2009	9
2	17.08.2009	MSERC/DIST-TAR:09-10/13/09/239	17.08.2009	10	MESEB/SE(RA)/33/51	19.10.2009	11
3	22.09.2009	MSERC/DIST-TAR:09-10/14/09/297	22.09.2009	12	MESEB/SE(RA)/33/42	14.10.2009	13
4	30.09.2009	MSERC/DIST-TAR:09-10/14/09/315	30.09.2009	14	MESEB/SE(RA)/33/43	14.10.2009	15
5	14.10.2009	MSERC/DIST-TAR:09-10/14/09/323	14.10..2009	16	MESEB/SE(RA)/33/50	16.10.2009	17
		MSERC/DIST-TAR:09-10/14/09/332	21.10.2009	18	MESEB/SE(RA)/33/61	29.10.2009	19
6	22.10.2009	MSERC/DIST-TAR:09-10/14/09/400	22.10.2009	20	MESEB/SE(RA)/33/62	29.10.2009	21
					MESEB/SE(RA)/33/70	19.11.2009	21-A
7	23.10.2009	MSERC/DIST-TAR:09-10/14/09/402	23.10.2009	22	MESEB/SE(RA)/33/63	30.10.2009	23
					MESEB/SE(RA)/33/65	09.11.2009	23-A
8	10.11.2009	MSERC/DIST-TAR:09-10/14/09/396	11.11.2009	24	MESEB/SE(RA)/33/68	13.11.2009	25

## **ANALYSIS OF DATA and DECISIONS ON ARR and TARIFF [Distribution]**

### **ANNUAL REVENUE REQUIREMENT – FISCAL DATA**

14. The ARR and T(D) Petition for 2009-10 refiled by the Petitioner on 22 January 2009, on the executed Affidavit was Commission on 03 data provided in the



strength of a duly taken on record by the August 2009. The fiscal Petition reflected a Net

Annual Revenue Expenditure(ARE) of Rs.567.55 Crores during 2009-10 as may be seen in column (3) of Table-II below.

15. The Petitioner furnished revised fiscal data in connection with their ARR and T(D) Petition for 2009-10, vide their letter No.MESEB/SE(RA)/33/43, dated 14 October 2009 (Annexure 15). The revised fiscal data reflected a reduced level of net ARE amounting to Rs.479.27 Crores during 2009-10, effecting a reduction of 15.5 % on their initially projected ARE, as may be seen in column (4) of Table-II below.

16. The Petitioner furnished further revised fiscal data in connection with their ARR and T(D) Petition for 2009-10, vide their letter No.MESEB/SE(RA)/33/65, dated 09 November 2009 (Annexure 23-A). The revised fiscal data reflected a further reduced level of net ARE amounting to Rs.466.20 Crores during 2009-10,

Table – II

STATEMENT SHOWING SUCCESSIVE REVISIONS OF DATA FOR DETERMINING ARR FOR THE YEAR 2009-10 AS SUBMITTED BY THE MeSEB.				
Sl.	Details	ARR as proposed by MeSEB in their Tariff Petition for 2009-10 as resubmitted on 22.01.2009	Revised ARR Data as proposed by MeSEB vide their letter No.MESEB/SE(RA)/33/43, Dt.14.10.2009	Revised ARR Data as proposed by MeSEB vide their letter No.MESEB/SE(RA)/33/65, Dt.09.11.2009  (All Rupees in Crores)
(1)	(2)	(3)	(4)	(5)
	(i). Purchase of Power inc transmission Charges	<b>289.35</b>	<b>289.35</b>	<b>285.59</b>
	Repair & Maintenance	<b>30.81</b>	<b>17.74</b>	<b>17.74</b>
	Employees cost	<b>103.24</b>	<b>103.24</b>	<b>103.24</b>
	Administration and General expenses	<b>9.50</b>	<b>8.71</b>	<b>8.71</b>
	Depreciation	<b>31.75</b>	<b>15.53</b>	<b>15.53</b>
	Interest & Finance Charges	<b>92.90</b>	<b>92.90</b>	<b>92.90</b>
	Other Debits (including provision for Bad Debts)	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>



Other (Miscellaneous) – Prior period Credit / Charges	0.00	0.00	0.00
Provision for Income-tax	0.00	0.00	0.00
<b>Sub-total – 1</b>	<b>567.55</b>	<b>537.47</b>	<b>533.71</b>
Less:			
Expenses Capitalised	0.00	58.20	58.20
i) Interest & Finance Charges		0.00	9.31
ii) Other Expenses			
<b>Sub total --- 2</b>	<b>0.00</b>	<b>58.20</b>	<b>67.51</b>
<b>Net expenses (1-2) – 3</b>	<b>567.55</b>	<b>479.27</b>	<b>466.20</b>
Less:			
i) Other Income	36.39	36.39	36.39
ii) R.E.Subsidy		NA	13.68
iii) Subsidy against power purchased			0.00
iv) Recovery against supply of power to Government Departments			0.00
v) Penalty for failure to effect 3% reduction of AT&C loss			0.00
<b>Sub-total --- 4</b>	<b>36.39</b>	<b>50.07</b>	<b>50.07</b>
<b>Net after deductions (3-4)</b>	<b>531.16</b>	<b>429.20</b>	<b>416.13</b>
<b>Add: Return on equity</b>	<b>28.28</b>	<b>28.28</b>	<b>28.28</b>
<b>Net for ARR</b>	<b>559.44</b>	<b>457.48</b>	<b>444.41</b>
<b>TOTAL ENERGY SALES in MU's</b>	<b>1220.33</b>	<b>1220.33</b>	<b>1013.97</b>
Aggregate Technical & Commercial (AT&C) Losses  (see MeSEB letter No.MESEB/SE(RA)/33/ 43 , dt. 14.10.2009 at Annexure 15 )	32.92 %	32.92 %	32.92 %

reflecting a further reduction of 2.3 % on their initially projected ARE as may be seen in column (5) of Table-II below.

17. The steep deviations of the Petitioner's successive ARE proposals for the same year have far reaching consequences. The consequences for similar deviations relating to the fiscal year 2008-09 are analyzed in the following chart –



Items	2008-09				
	ARE proposed by MeSEB	ARE allowed by MSERC Order dt. 30.09.2008	ARE as revised by MeSEB during trueing-up exercise	ARE allowed by MSERC vide trueing-up Order dt. 10.09.09	ARE as per the Pre-Auditted Statement of Accounts
1 Net ANNUAL REVENUE EXPENDITURE	483.73	454.71	410.56	394.12	<b>398.06</b>
2 VARIATION OF PROPOSED ARE FROM ACTUAL ARE	+ 21.5 %	+ 14.2 %	+ 3.1 %	- 0.9 %	<b>0</b>
3 Net ANNUAL REVENUE REQUIREMENT	512.01	<b>465.73</b>	<b>405.35</b>	<b>371.65</b>	<b>361.42</b>
4 Total Energy Sales	1071.44	1071.44	<b>1071.44</b>	<b>1071.44</b>	<b>1044.60</b>
5 Average Unit Cost of Power in Paise per Unit	478	435	<b>378</b>	<b>346</b>	<b>346</b>

18. The aforesaid analysis clearly reflect that the end-consumers were subjected to the burden of an average unit rate of 435 paise per unit during the fiscal year 2008-09, as against an actual average unit rate of 346 paise. In other words the end-consumers were liable to pay an average amount of 89 paise per unit in excess of what should have been paid.

19. The Commission, therefore, expects the Petitioner to take corrective steps and to put in place suitable arrangements for reflecting reasonable and realistic annual revenue requirements for the fiscal year 2010-11. Such a reasonable projection should normally not vary more than +/- 5.0 per cent from the ultimate actual expenditure, of the year.

20. The Commission expects that the current exercise for determining the distribution tariff for the fiscal year 2009-10, will yield an Annual Revenue Requirement, as close as possible, or within +/- 5 % of the actual ARR as would be finally reflected by the Audited Statement of Accounts for the year. For such purpose the Commission has notified the Meghalaya State Electricity Regulatory Commission (Furnishing of Details for Determination of Tariff) Regulations, 2009 prescribing as many as twenty-eight different formats for furnishing of vital data pertaining to the last five years operations, by the licensee, while submitting an Annual Revenue Requirement and Tariff (Distribution) Petition, hereafter.





**POWER GENERATION , STATE SHARE OF CENTRAL POWER and POWER PURCHASED ON SHORT TERM BASIS –**

21. The Commission notes that in their ARR and T(D) Petition resubmitted on 22 January 2009, the Petitioners indicated that they would generate 656.44 million units of energy (exclusive of auxillary consumption), and procure 1088.40 million units of energy through longterm State Share of central power as well as short term power purchase, totaling 1744.84 million units of energy. The net energy for sale during 2009-10, after debiting T&D losses(524.51 million units or 30.06 %) would be 1220.33 million units.
22. Later, on 16 October 2009, the Petitioner submitted vide their letter No.MESEB/SE(RA)/33/50, dated 16.10.2009 (Annexure 17) that they would generate a reduced level of 581.46 million units of energy (exclusive of auxillary consumption), and procure 1163.38 million units of energy from long term State Share of central power, as well as short term power purchase, totaling 1744.84 million units of energy. The net energy for sale during 2009-10, after debiting T&D losses(524.52 million units or 30.06 %) would be 1220.32 million units.
23. Three weeks later, on 09 November 2009, the Petitioner further submitted vide their letter No.MESEB/SE(RA)/33/65, dated 09.11.2009 (Annexure 23-A) that they would generate a reduced level of 581.46 million units of energy (exclusive of auxillary consumption), but procure only 868.31 million units of energy from long term State Share of central power, as well as short term power purchase, totaling 1449.77 million units of energy. The net energy for sale during 2009-10, after debiting T&D losses(435.80 million units or 30.06 %) would be 1013.97 million units. The gist of these proposals are tabulated in Table-3 below.
24. The Commission feels that it would not have been necessary for the Petitioner to revise their power availability data on 09 November 2009, if the Petitioner had taken reasonable care and concern to firm up the revised data before submitting it to the Commission on 16 October 2009. As observed earlier, the Commission expects that the Petitioner will take effective steps to put required support systems into position, to ensure projection of reasonable and correct data to support their ARR and Tariff Petitions, hereafter.



Table - 3

POWER AVAILABILITY DURING 2009-10 AS PROJECTED BY MeSEB										
		2009-10			Revised Projections			Revised Projections		
		as projected in Tariff Petition resubmitted on 22.01.2009			as submitted by MeSEB vide their letter No.MESEB/SE(RA)/33/50, dated 16.10.2009			as submitted by MeSEB vide their letter No.MESEB/SE(RA)/33/65, dated 09.11.2009		
Sl.	Source	Units in MUs	Rate	Total	Units in MUs	Rate	Total -	Units in MUs	Rate	Total -
			Paise / Unit	Rs. in Cr.		Paise / Unit	Rs.in Cr.		Paise / Unit	Rs.in Cr.
OWN GENERATION in MU's										
1	Stage I	109.62			120.21			120.21		
2	Stage II	4.00			55.22			55.22		
3	Stage III	153.39			159.24			159.24		
4	Stage IV	184.79			195.55			195.55		
5	Umtru	52.78			51.58			51.58		
6	Micro Hydels	4.50			2.00			2.00		
7	Myntdu-Leshka	150.00			0.00			0.00		
8	GROSS GENERATION	659.08			583.80			583.80		
9	Less Auxillary Consumption	2.64			2.34			2.34		
10	<b>NET GENERATION</b>	<b>656.44</b>			<b>581.46</b>			<b>581.46</b>		
PURCHASE FROM OUTSIDE										
I.LONG TERM SHARE										
1.	NEEPCO									
1-A	Free Power	74.40						58.32		
	Transmission Charge									
1-A	<b>Sub-total of 1-A</b>	<b>74.40</b>						<b>58.32</b>		
1-B	Purchase Power									
i	Kopli PS	94.41	75.11	7.09				82.59	70.47	5.82
ii	Kopli Stage II PS	12.42	233.94	2.91				10.16	174.21	1.77
iii	Khandong PS	25.26	103.61	2.62				16.07	113.25	1.82
iv	AGTPP	70.04	204.38	14.31				73.02	194.47	14.20
v	AGBPP	189.35	220.25	41.70				199.38	201.88	40.25
vi	Ranganadi	170.30	202.27	34.45				122.55	198.53	24.33
vii	Doyang	25.55	296.96	7.59				21.04	376.90	7.93
1-B	<b>Sub-total of 1-B</b>	<b>587.33</b>		<b>110.67</b>				<b>524.81</b>		<b>96.12</b>
2	<b>NHPC : Loktak HEP</b>	<b>64.31</b>	<b>125.08</b>	<b>8.04</b>				<b>31.97</b>	<b>163.90</b>	<b>5.24</b>
3	NTPC									
i	FSTPP	65.00	202.10	13.14				22.15	282.17	6.25
ii	KHSTPP-I	36.47	206.24	7.52				9.35	273.80	2.56
iii	TSTPP	44.25	142.43	6.30				14.06	219.06	3.08
iv	KHSTPP-II	131.04	220.31	28.87				85.50	264.33	22.60
	<b>Sub-total of 3</b>	<b>276.76</b>		<b>55.83</b>				<b>131.06</b>		<b>34.49</b>
4	NVVN(Swapping)	0.00						21.50	0.00	0.20
5	PTC	0.00								



6	TSECL(Swapping)								
7	Shyam Century Ferros					6.43	530.00	3.40	
8	OPEN ACCESS - Others					91.22	1022.00	93.22	
9	UI / Bilateral	85.60	800	68.48		3.00	300.00	0.90	
9-A	Sub-total	85.60		68.48		122.15	800	97.72	
	Total (10 +1-A + 1-B + 2 + 3 + 9A)	1088.40		243.02		868.31		233.57	
1	Net Own Generation	656.44			581.46			581.46	
2	Power Purchased from Outside	1088.40			1163.38			868.31	
3	Total Energy Availability	1744.84			1744.84			1449.77	
4	T&D Losses (in MU's)	524.51			524.52			435.80	
5	T&D Losses (as a %)	30.06			30.06			30.06	
6	Total Energy available for Sale	1220.33			1220.32			1013.97	
III REC									
IV TRANSMISSION CHARGES									
i	PGCIL			34.65					40.34
ii	RLDC Charges			1.68					1.68
iii	AEGCL			10.00					10.00
	Sub-total			46.33					52.02
	Grand Total			289.35					285.59

## SHORT TERM PURCHASE OF POWER

25. The Commission notes that in their initial ARR and T(D) Petition resubmitted on 22 January 2009, the Petitioners indicated that they would cause short term purchase of 85.60 million units of energy through 'Unscheduled Interchange' (UI) to meet their minimum requirement, at an average unit cost of Rs.8.00 per unit (inclusive of wheeling charges), and provided an amount of Rs.68.48 Crores in their projected power costs, therefore.

26. Subsequently, the Petitioner revised their proposal in the above regard under cover of their letter No.MESEB/SE(RA)/33/65, dated 09.11.2009 (Annexure 23-A), indicating that they would cause short term purchase of an increased level of **122.15 million units of energy, at a projected cost of Rs.97.52 Crores,** through bilateral arrangements and 6.43 million units would be purchased from Shyam Century Ferros at an average cost of



Rs.5.30 per unit, 3.00 million units would be obtained through UI at an average cost of Rs.3.00 per unit, and **91.22 million units would be purchased from `Others' at an average unit cost of Rs.10.22 per unit.** Details of these projections are reflected in Table-3 above.

27. The Commission is of the view that procurement of 91.22 million units of power (*which amounts to around 9 per cent of the total quantity of 1013.97 million units of power to be sold during 2009-10*) at the steep rate of Rs.10.22 per unit, would adversely affect the average per unit cost of power and therefore result in a critical burden on the end-consumers. The Petitioner, therefore, needs to exercise utmost caution and resort to advance long term plans for purchase of power, at competitive costs, to meet arising shortfalls during specific periods of the year.

For similar reasons, the Central Electricity Regulatory Commission had passed orders on 11 September 2009, in Suo-motu Petition No.178/2009, temporarily capping the maximum ceiling tariff or bidding price at Rs.8.00 per Kwh in terms of the proviso to Section 62(1)(a) read with Section 66 of the Electricity Act of 2003.

28. **In addition**, in the initial projections reflected in their ARR and T(D) Petition for the year 2009-10 as submitted on 22 January 2009, the Petitioner (MeSEB) indicated that the total transmission or wheeling charge for 1088.40 million units of power during 2009-10 would be Rs.46.33 Crores, reflecting an average unit wheeling cost of around 43 paise, which is on the higher side.

29. Subsequently, the Petitioner submitted revised projections under cover of their letter No.MESEB/SE(RA)/33/65, dated 09.11.2009 (Annexure 23-A) indicating that the total transmission or wheeling charge for a reduced level of 868.31 million units of power during 2009-10 would be Rs.52.02 Crores, reflecting an average unit wheeling cost of around 60 paise, which is clearly high and unreasonable.

30. In order to more fully consider the revised projection of the Petitioner relating to transmission or wheeling costs, the Commission collated data extracted from the Statement of Accounts the Petitioner's Pre-Accounts for the years



Petitioner's Audited for the year 2007-08 and Audited Statement of 2008-09. Based on such

data, the average per unit transmission or wheeling charges during the two previous years were analyzed. These are reflected in Table-4 and 4-A below –

STATEMENT SHOWING AVERAGE PER UNIT TRANSMISSION OR WHEELING CHARGE							
Sl.	Year	Total Power Purchased in MU's	Transmission Charge paid to PGCIL Rs.in crores	Transmission Charge paid to RLDC Rs.in crores	AEGCL Transmission Charges Rs.in crores	Total Transmission Charge Rs.in crores	Average per unit transmission charge in paise / unit
[1]	[2]	[3]	[5]			[7]	[8]
1	2007-08 <i>(as per Audited SoA)</i>	924.14	27.07	NA	NA	28.67	31 paise/unit
2	2008-09 <i>(as per Pre- Audited SoA)</i>	968.93	31.28	NA	NA	32.66	34 paise/unit
3	2009-10 <i>(as proposed by MeSEB vide letter No.MESEB/SE(RA)/33/70 dt.19.11.2009 read with earlier submissions)</i>	868.31	40.34	1.68	10.00	52.02	60 paise/unit
4	2009-10 <i>(as assessed and approved by the Commission)</i>	868.31	31.26	1.68	3.90	36.84 <i>Say 36.90</i>	42 paise/unit

Table – 4 A

Sl.	Year	Details	Total Qty. of power wheeled In M.U's	Total Amount Charged for Wheeling Rs.in Crores	Average Unit Cost in paise / unit	Remarks
[1]	[2]	[3]	[4]	[5]	[6]	[7]
1	2006-07	AEGCL Charges as per MeSEB vide letter No.MESEB/SE(RA)/33/70 dt.19.11.2009	203.05	3.05	15	
2	2007-08		249.21	3.74	15	
3	2008-09		231.07	3.47	15	
4	2009-10 Projected by MeSEB		NA	10.00	NA	



31. The analysis reflected in

Table-4 and Table-4 A

above reveals that the actual average transmission charge payable was 31 paise per unit during 2007-08 and 34 paise per unit during 2008-09. Viewed against such level of average charges, the Petitioner's projection of average transmission charge of 60 paise per unit during 2009-10, without any valid justification, is clearly high and unreasonable.

32. Likewise the average AEGCL component of transmission charges was 15 paise per unit during each of the three previous years, amounting to Rs.3.05 Crores during 2006-07, Rs.3.74 Crores during 2007-08 and Rs.3.47 Crores during 2008-09. Viewed against such level of charges, the Petitioner's projection of Rs.10.00 Crores as payable to AEGCL for transmission of power during 2009-10, without any valid justification, is clearly high and unreasonable.

33. After careful consideration of the details set out above, the Commission assesses and allows ARE to cover –

1. The likely expenditure of Rs. 31.26 Crores as transmission charges payable to PGCIL at a notional average rate of 36 paise per unit.,
  2. the likely expense of Rs.1.68 Crores as transmission charges payable to RLDC during 2009-10, as proposed by the Petitioner., and
  3. a likely expenditure of Rs. 3.90 Crores as transmission charges payable to AEGCL at a notional average rate of 15 paise per unit for around 260.00 million units of power,
- totaling Rs.36.84 Crores, rounded-off to Rs.36.90 Crores.

Thus, the Commission



approves a total likely


expenditure of Rs.36.90 Crores as transmission or wheeling charges during 2009-10.

34. Consequently, and keeping in view the imperative need to ensure that short term purchase of power needs to be carefully made in the most cost-effective basis, the Commission approves the revised proposal of the Petitioner as submitted on 09 November 2009 to cause short term purchase of 122.15 million units of power during 2009-10, **provided that such short term purchase of power results in an overall average unit cost, not exceeding the cost for such short term purchase as proposed by the Petitioners in their ARR and T(D) proposal as resubmitted on 22 January 2009, namely Rs.8.00 per unit.** The approved revenue requirement for the proposed short term purchase of 91.22 million units of power from 'Others' should therefore not exceed Rs.72.98 Crores, **resulting in the proposed revenue requirement for short term purchase of power being curtailed by Rs.20.23 Crores.**
35. In considering the Petitioner's projection of an overall revenue requirement of Rs.285.39 Crores for purchase of a total quantity of 868.31 million units of power during 2009-10, inclusive of all arising transmission or wheeling charges, the Commission collated data relating to total costs and average per unit cost incurred by the Petitioner for purchase of power, over the previous three years, based on their Audited Statement of Accounts for the years 2006-07 and 2007-08 and on their certified Pre-Audited Statement of Accounts for the year 2008-09. The connected collated data is reflected in Table-5 below –

<b>STATEMENT SHOWING COMPARITIVE COST OF PURCHASE OF POWER FROM OUTSIDE</b>							
Year	Units of Power purchased in MU's	Cost of Power Rs.in Cr.	Wheeling Charges Rs.in Cr.	Total cost of power Rs. In Cr.	Average Rate at which purchased Paise / Unit	Remarks	
1 <b>2006-07</b> <i>(as per Audited SoA)</i>	<b>929.30</b>	206.87	33.86	<b>240.73</b>	259	NA	
2 <b>2007-08</b> <i>(as per Audited SoA)</i>	<b>924.15</b>	174.53	28.67	<b>203.20</b>	220	+ 15 % below previous year	
3 <b>2008-09</b> <i>(as per Pre-Audited SoA)</i>	<b>968.92</b>	168.97	32.66	<b>201.63</b>	208	+ 5 % below previous year	



4	<b>2009-10</b>  (as per original proposal in Tariff Petition of MeSEB)	<b>1002.80</b>	243.02	46.33	<b>289.35</b>	288	+ 38 % over previous year
5	2009-10  (as per revised proposal of MeSEB)	868.31	233.57	52.02	285.59	329	+ 58 % over previous year

36. The data reflected in Table-5 is revealing. While the average unit cost of 929.30 million units of power purchased during the year 2006-07, inclusive of wheeling charges was Rs.2.59 per unit, the average unit cost of purchase of 924.15 million units of power during the year 2007-08, inclusive of wheeling charges was Rs.2.20 per unit (that is lower than the previous year by about 15 %).
37. Likewise, the average unit cost of 968.92 million units of power purchased during the year 2008-09 inclusive of wheeling charges was Rs.2.08 per unit (that is lower than the previous year by about 5 %).
38. In their initial ARR and T(D) Petition for 2008-09, the Petitioner proposed to cause purchase of 1002.80 million units of power during 2009-10 inclusive of wheeling charges, at an average unit cost of Rs.2.88 per unit (that is higher than the previous year by 38 %). While this projection of average unit cost was clearly on the higher side, the Petitioner in their revised projections dated 09 November 2009, proposed to cause short term purchase of a reduced level of 868.31 million units of power during 2009-10 at an average unit cost inclusive of wheeling charges, of Rs.3.29 per unit (that is higher than the previous year by about 58 %).
39. In the premises and after careful consideration of all connected facts and data, the Commission approves the Petitioner's proposal to cause purchase of the million units of power, at exceeding the average  proposed level of 868.31 an average unit cost not unit cost (inclusive of



wheeling charges) of Rs.2.88 per unit, as initially proposed in their ARR and T(D) Petition for 2009-10. That is, the Commission allows a restricted revenue requirement of Rs. 250.24 Crores to purchase 868.31 million units of power on short term basis, inclusive of all transmission or wheeling charges, during the year 2009-10, as against a pre-audited expenditure of Rs.201.63 Crores for the purchase 968.92 million units of power on short term basis, inclusive of all transmission or wheeling charges, during the year 2008-09.

#### REVENUE REQUIREMENT FOR PURCHASE OF POWER

40. As reflected in paras 25 to 38 of this Order, the Petitioner projected Rs.289.35 Crores as revenue requirement for purchase of 656.44 MU's of power during 2009-10. This was later revised to Rs.285.59 Crores for purchase of 868.31 MU's during 2009-10.

41. On careful consideration and for reasons stated in paras 25 to 38 of this Order, the Commission approves a revenue requirement of Rs.250.24 Crores for purchase of 868.31 MU's of power during the year 2009-10.

#### REVENUE REQUIREMENT FOR REPAIR & MAINTENANCE

42. The Petitioner projected a revenue requirement of Rs.30.81 Crores for meeting Repair & Maintenance costs during 2009-10, as against a pre-audited revenue expenditure of Rs.16.13 Crores during 2008-09, reflecting an increase of about 91 % over the previous year.

43. On being asked by the Commission to justify the projected steep increase in repair and maintainance costs, the Petitioner revised the revenue requirement to Rs.17.74 Crores during 2009-10 (see Annexure 15), reflecting an increase of about 10 % over the previous year.

44. On careful consideration, the Commission approves the revised level of revenue requirement of Rs.17.74 Crores during 2009-10 for repair and maintenance, as



proposed by the Petitioner.

#### REVENUE REQUIREMENT FOR EMPLOYEES COST

45. The Petitioner projected a revenue requirement of Rs.103.24 Crores for meeting Employee Costs during 2009-10, as against a pre-audited revenue expenditure of Rs.104.79 Crores during 2008-09, reflecting a decrease of about 1.5 % over the previous year.
46. On careful consideration, the Commission approves the projected level of revenue requirement of Rs.103.24 Crores during 2009-10 for employee costs, as proposed by the Petitioner.

#### REVENUE REQUIREMENT FOR ADMINISTRATION AND GENERAL EXPENSES

47. The Petitioner projected a revenue requirement of Rs.9.50 Crores for meeting Administration and General Expenses during 2009-10, as against a pre-audited revenue requirement of Rs.7.92 Crores during 2008-09, reflecting an increase of about 20 %.
48. On being asked by the Commission to justify the projected increase in repair and maintainance costs, the Petitioner revised the revenue requirement to Rs.8.71 Crores during 2009-10 (see Annexure 15), reflecting an increase of about 10 % over the previous year.
49. On careful consideration, the Commission approves the revised level of revenue requirement of Rs.8.71 Crores during 2009-10 for Administration and General Expenses, as proposed by the Petitioner.

#### REVENUE REQUIREMENT

50. The Petitioner projected Rs.31.75 Crores for



#### FOR DEPRECIATION COSTS

a revenue requirement of covering Depreciation

Costs during 2009-10, as against a pre-audited revenue requirement of Rs.14.12 Crores during 2008-09, reflecting an increase of about 125 % over the previous year.

51. On being asked by the Commission to justify the projected steep increase in Depreciation Costs, the Petitioner revised the revenue requirement to Rs.15.53 Crores during 2009-10(see Annexure 15), reflecting an increase of about 10 % over the previous year.
52. On careful consideration, the Commission approves the revised level of revenue requirement of Rs.15.53 Crores during 2009-10 for covering Depreciation Costs, as proposed by the Petitioner.

#### REVENUE REQUIREMENT FOR INTEREST AND FINANCE CHARGES

53. The Petitioner projected a revenue requirement of Rs.92.90 Crores for meeting Interest and Finance Charges during 2009-10, as against a pre-audited revenue requirement of Rs.87.57 Crores during 2008-09, reflecting an increase of about 6 % over the previous year.
54. The Commission notes that the projected requirement of Rs.92.90 Crores includes an amount of Rs.21.56 Crores as Interest payable on State Government Loans. It is further noted that vide para 19 of its' ARR And Tariff(D) Order for the year 2008-09, dated 30 September 2008, the Commission had observed as follows - *'The tariff proposal currently being examined contains more than Rs.90 Crores of interest payments. Of this Rs.29.02 Crores is to be paid to Government. This Commission, in line with several other Commissions in the country, feels that no provision should be made on this account. As and when the Government reforms the Board, this amount, like several other liabilities, can be suitably adjusted. The amount is therefore deducted from the ARR.'* Further, on query by the Commission, the Petitioner has clarified on record that they have not paid to State Government any interest on State Government Loans over the past three years.

55. In the premises, the reason to differ with the Order not to make any



Commission sees no Commissions earlier provision in the ARR for

paying interest on State Government Loans. The projected amount of Rs.21.56 Crores for such purpose is therefore deducted from the projected provision of Rs.92.90 Crores for payment of 'Interest and Finance Charges', reducing it to Rs.71.34 Crores.

56. On careful consideration, the Commission approves revenue requirement for payment of Interest & Finance Charges at the reduced level of Rs.71.34 Crores during 2009-10.

#### REVENUE REQUIREMENT FOR OTHER DEBITS INCLUDING PROVISION FOR BAD DEBTS

57. The Petitioner projected a revenue requirement of Rs.10.00 Crores for covering Other Debits including provision for Bad Debts during 2009-10, as against a pre-audited revenue requirement of Rs.18.48 Crores during 2008-09, reflecting a decrease of about 46 % over the previous year.

58. On careful consideration, the Commission approves the revenue requirement of Rs.10.00 Crores during 2009-10 for covering Other Debits including provision for Bad Debts during 2009-10, as proposed by the Petitioner.

#### REVENUE REQUIREMENT FOR OTHER (MISCELLANEOUS) – PRIOR PERIOD CREDIT / CHARGES

59. The Petitioner did not project any revenue requirement for this purpose during 2009-10.

#### REVENUE REQUIREMENT FOR PROVISION FOR INCOME TAX

60. The Petitioner did not project any revenue requirement for this purpose during 2009-10.

EXPENSES TO BE CAPITALISED AND DEBITTED



FROM ASSESSED REVENUE REQUIREMENT.

61. On query by the Commission, the Petitioner projected on record, that the level of capitalization of `Interest & Finance Charges' during 2009-10 is Rs.58.20 Crores (Annexure 15), and the level of capitalization of `Other Expenses'during 2009-10 is Rs.9.31 Crores (Annexure 11).
62. On careful consideration, the Commission approves both these projections, as proposed by the Petitioner.

OTHER INCOME TO BE DEBITTED FROM ASSESSED REVENUE REQUIREMENT.

63. The Petitioner projected in their ARR and T(D) Petition that an amount of Rs.36.39 Crores is `Other Income' during 2009-10 to be debited from the assessed revenue requirement for the year.
64. On careful consideration, the Commission approves this projection, as proposed by the Petitioner.

SUBSIDY

65. On query by the Commission, the Petitioner as well as State Government in the Power Department informed the Commission on record, that the only `Subsidy' proposed to be released to the Petitioner during 2009-10 is Rural Electrification Subsidy amounting to Rs.13.68 Crores (See Annexure 26).
66. On careful consideration, the Commission debits this amount of Rs.13.68 Crores from the assessed revenue requirement of the Petitioner during 2009-10.

RETURN ON EQUITY



67. The equity base of the Petitioner (MeSEB) is Rs.202.00 Crores. The Commission allowed 14 % Return on Equity amounting to Rs.28.28 Crores, during the previous years, while determining the Petitioner's Annual Revenue Requirement. The Commission includes an equivalent amount of Rs.28.28 Crores in the Petitioner's ARR for 2009-10.

#### PRELIMINARY ANNUAL REVENUE REQUIREMENT

68. Based on the premises stated above, the Commission assesses a preliminary Annual Revenue Requirement of Rs.387.50 Crores for the Petitioner during the fiscal year 2009-10.

#### AGGREGATE TECHNICAL AND COMMERCIAL (AT&C) LOSSES

69. The Pre-Audited Statement of Accounts for the year 2008-09 reflect an AT&C loss of 33.79 % during the year. Since the AT&C loss exceeds 30 %, the mandated loss reduction stands at 3 %. The licensee (Petitioner) is thus expected to reduce their AT&C losses to 30.79 % during 2009-10. The ARR and T(D) Petition for 2009-10 reflects proposed reduction of AT&C losses to 32.92 per cent during 2009-10. This falls short of the required level of reduction by 2.13 per cent or by 30.88 million units, as shown in Table-6 below –

<b>STATEMENT SHOWING CALCULATION OF FISCAL LOSS FOR FAILURE OF LICENSEE TO REDUCE AT&amp;C LOSSES BY 3 % DURING 2009-10</b>		
1	Total ARR exclusive of Penalty for less than 3 % reduction of AT&C losses during 2009-10. Rs. in Crores	387.50
2	Total Units of energy for sale during 2009-10 in million units	1013.97
3	Average Unit Rate of Energy exclusive of Penalty for less than 3 % decrease in AT&C losses	382.16 paise per unit
4	AT&C Losses during 2008-09	33.79 %
5	Mandated minimum reduction	3 %
6	Required maximum level of AT&C loss during 2009-10	30.79 %
7	Total Energy Availability during 2009-10 in million units	1449.77
8	AT&C Loss during 2009-10 at projected level of 32.92 % in million units = 32.92 % of 1449.77 MU's	477.26
9	Maximum permissible level of AT&C loss during 2009-10 at 30.79 % in MU's = 30.79 % of 1449.77 MU's	446.38



10	Shortfall in reduction of AT&C losses from mandated level during 2009-10 in MU's = Sl.8 – Sl.9	30.88
11	Fiscal Loss for failure of licensee to reduce AT&C losses during the year by 3 %  = 30.88 MU's X 382.16 Paise	Rs.11.8011 Crores
	Say	Rs.11.80 Crores

70. The Commission, therefore decides to debit the ARR by an amount of Rs.11.80 Crores for the Petitioner's (Licensee's) failure to reduce AT & C losses by at least 3 % during 2009-10.

### **REPRESENTATION OF THE GREATER SHILLONG CREMATORIUM & MORTUARY SOCIETY**

71. The Commission has carefully considered all issues raised in the Memorandum submitted by the Greater Shillong Crematorium & Mortuary Society (Annexure 3), as well as the comments of the Petitioner (MeSEB) under cover of their letter No.MESEB/SE(RA)/33/42, dated 14<sup>th</sup>.October 2009 (Annexure 13). Pending appropriate amendment of the Meghalaya Electricity Supply Code 2006 to suitably categorize supply of electricity to Crematorium, the Commission places supply of electricity to Crematorium under the Domestic (DLT) Category and fixes their tariff as follows –

Fixed Charges - Rs.30.00 per KW per month.

Energy Charges - First 100 Units - 225 paise per Unit

Next 100 Units - 265 paise per Unit

Above 200 Units - 365 paise per Unit.



## NET ANNUAL REVENUE REQUIREMENT

### DURING 2009-10.

72. On careful consideration of all facts stated in this Order, including the Memorandum submitted by the Memorialists (see para 6 of this Order ), the Preliminary Revenue Requirement of the Petitioner during 2009-10, and the amount by which the ARR is to be debited for failure of the Petitioner to secure 3 % reduction in the Aggregate Technical & Commercial Loss during the year, the Commission assesses and approves a Net Annual Revenue Requirement of Rs.375.70 Crores during the fiscal year 2009-10 for providing 1013.97 million units of power to consumers (see column 14 of Table 7 below), as against a pre-audited revenue requirement of Rs.361.42 Crores during the fiscal year 2008-09 for providing 1044.60 million units of power to consumers during that period.
73. Details of the aforesaid ARR during the year 2009-10, along with comparative position during the years 2006-07, 2007-08 and 2008-09 are reflected in Table 7 below –





Table - 7 STATEMENT SHOWING PROSED ANNUAL REVENUE REQUIREMENT OF THE MEGHALAYA STATE ELECTRICITY BOARD

FOR 2009-10 and CORRESPONDING POSITION RELATING TO 2008-09

Sl. No.	Items	2008-09 Rs.in Crores					ACTUAL ARR Rs.in Crores			ARR Rs.in Crores		
		ARR as proposed by MeSEB	ARR allowed by the Commission vide its' Tariff Order dt.17.12.08	ARR based on data given in the Pre-Audited Statement of Accounts for 2007-08	ARR for 2008-09 as decided by the Commission, on review vide its' Order dt.10.09.09	ARR for 2008—09 as per Pre-Audited Statement of Accounts submitted by MeSEB vide L.No.MESEB/SE (RA)/33/70, dt. 19.11.2009	2006-07 as per Audited SoA	2007-08 as per Audited SoA	2008-09 As per pre-Audited SoA	ARR proposed by MeSEB for 2009-10	Revised ARR Data as subsequently proposed by MeSEB	MeSEB Letter Number & Date communicating revised figures as shown in column (11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	(i). Purchase of Power in trans. Charges	264.89	264.89	201.89	201.89	201.64	240.73	203.19	201.64	289.35	285.59	@-1
	Repair & Maintenance	29.17	29.17	20.09	20.09	16.13	12.61	17.23	16.13	30.81	17.74	@-2
	Employees cost	102.81	102.81	102.41	102.41	104.79	82.60	95.93	104.79	103.24	103.24	@-3
	Administration and General expenses	8.78	8.78	4.35	4.35	7.92	6.48	7.32	7.92	9.50	8.71	@-2
	Depreciation	15.37	15.37	14.85	14.85	14.12	12.61	12.90	14.12	31.75	15.53	@-2
	Interest & Finance Charges	93.88	64.86	65.69	65.69	87.57	52.62	76.24	87.57	92.90	92.90	@-4
	Other Debits (including provision for Bad Debts)	10.00	10.00	10.00	10.00	18.48	0.00	0.00	18.48	10.00	10.00	@-3
	Other (Miscellaneous)	0.00	0.00	31.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	@-3
	- Prior period Credit / Charges											
	Provision for Inc.tax	0.00	0.00	0.00	0.00	4.21	0.00	0.15	4.21	0.00	0.00	@-3
	Sub-total - 1	524.90	495.88	451.23	434.79	454.86	407.65	412.96	454.86	567.55	533.71	
	Less:					48.33		44.47	48.33	0.00	58.20	@-2
	Expenses Capitalised	41.17	41.17	40.67	40.67	8.47	28.00	10.66	8.47	0.00	9.31	@-5
	i) Interest & Finance Charges	0.00	0.00	0.00	0.00		7.51					
	ii) Other Expenses											
	Sub total --- 2	41.17	41.17	40.67	40.67	56.80	35.51	55.13	56.80	0.00	67.51	



	Net expenses (1-2)= 3	483.73	454.71	410.56	394.12	398.06	372.14	357.83	398.06	567.55	466.20	
	Less:											
	i) Other Income	0.00	0.00	0.00 33.49	0.00 33.49	39.79	30.69	32.39	39.79	36.39	36.39	@-3
	ii) R.E.Subsidy	0.00	0.00		0.00	11.69	24.15	32.80	11.69	0.00	13.68	@-6
	iii) Subsidy against power purchased	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	iv) Recovery against supply of power to Government Departments	0.00	17.26		17.26	13.44	0.00	17.26	13.44	0.00	0.00	
	v) Fiscal Loss for failure to cause 3% reduction of AT&C loss											
	Sub-total --- 4	0.00	17.26	33.49	50.75	64.92	54.84	82.45	64.92	36.39	50.07	
	Net after deductions (3-4)	483.73	437.45	377.07	343.37	333.14	317.30	275.38	333.14	531.16	416.13	
	Add: Return on equity	28.28	28.28	28.28	28.28	28.28	28.28	28.28	28.28	28.28	28.28	
	Net for ARR	512.01	465.73	405.35	371.65	361.42	345.58	303.66	361.42	559.44	444.41	
	TOTAL ENERGY SALES in MU's	1071.44	1071.44	1071.44	1071.44	1044.60	832.75	1058.10	1044.60	1220.33	1013.97	
	Avg Unit Cost of Power in Paise / Unit	478	435	378	346	346	415	287	346	458	438	

Note to Table-7 above –

@-1 = MeSEB Letter No.MESEB/SE(RA)/33/65, dated 09.11.2009 (Annexure 23-A)

@-2 = MeSEB Letter No.MESEB/SE(RA)/33/43, dated 14.10.2009 (Annexure 15)



@-3 = Tariff (D) Petition for 2009-10 dated (Annexure 2)

@-4 = MeSEB Letter No.MESEB/SE(RA)/33/62, dated 29.10.2009 (Annexure 21)

@-5 = MeSEB Letter No.MESEB/SE(RA)/33/51, dated 19.10.2009 (Annexure 11)

@-6 = State Power Department Letter No.PE.87/2005/81, dated 13.10.2009 (Annexure 27)

read with MeSEB Letter No.ACM(II)/662/2000/89, dated 08.10.2009, (Annexure 28)

and MeSEB Letter No.MESEB/SE(RA)/33/43 dated 14.10.2009 (Annexure 15)

## DETERMINATION OF TARIFF (DIST) FOR THE FISCAL YEAR 2009-10

74. To recover the approved ARR of Rs.375.70 Crores, the Commission fixes tariff for different categories as specified in columns (3) and (5) of Table 8, below –

**Table – 8**

Showing Tariff (Distribution) for the fiscal year 2009-10 and total revenue for different categories / slabs as fixed vide Commission's Order dated 30 November 2009, in Tariff (D) Petition No.2 of 2009									
Sl.	Category	Fixed Charges per KW in Rupees per month	Different Slabs	UNIT RATE AS FIXED VIDE TARIFF ORDER DATED 30 NOVEMBER 2009	Estimated Billing Demand in kVA	Estimated Sale of Energy in MU's	Revenue from Fixed / Demand Charges Rs. in Cr.	Revenue from Energy Sales Rs. in Cr.	Total Revenue Rs. in C
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>LT (Domestic) CATEGORY</b>									
1	Agriculture (AP)	30		130	412	0.57	0.0148	0.0741	0.8889
2	Domestic (DLT)	25	First 100 Units	225	222356	121.38	6.6707	27.3105	62.9392
			Next 100 Units	265		58.52		15.5078	
			Above 200 Units	365		36.85		13.4502	
3	Industrial (ILT)	100	First 500 Units	400	10772	0.52	1.2926	0.2080	3.8200
			Next 500 Units	480		0.78		0.3744	



			Above 1000 Units	500		3.89		1.9450	
4	Commercial (CLT)	70	First 100 Units	400	35089	12.55	2.9475	5.0200	19.3037
			Next 100 Units	475		12.55		5.9612	
			Above 200 Units	500		10.75		5.3750	
5	General Purpose	50	First 100 Units	440	9968	2.07	0.5981	0.9108	5.1535
			Next 100 Units	475		2.07		0.9833	
			Above 200 Units	505		5.27		2.6613	
6	Water Supply (WSLT)	60		400	4516	5.97	0.3251	2.3880	2.7131
7	Public Lightening (PL)	70		490	314	1.70	0.0264	0.8330	0.8594
8	Kutir Jyoti	0			5639	5.34	0.00	0.1539	0.1539
9	Office Employees	0		10	NA	36.79	0.00	0.3679	0.3679
<b>Sub-total</b>									<b>317.57</b>
<b>Sub-total</b>									<b>96.1996</b>
<b>H.T CATEGORY</b>									
Sl.	Category	Demand Charge per KVA per month	UNIT RATE AS FIXED VIDE TARIFF ORDER DATED 30 NOV 2009		Estimated Billing Demand in kVA	Estimated Sale of Energy in MU's	Revenue from Fixed / Demand Charges Rs. in Cr.	Revenue from Energy Sales Rs. in Cr.	Total Revenue Rs. in Cr.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
10	HT - Water Supply (WSHT)	Rs.170.00	325	5664	26.01	1.1555	8.4532	9.6087	
11	HT – Industrial (IHT)	Rs.110.00	330	120413	306.30	15.8945	101.0790	116.973	
12	HT – General Purpose including Domestic HT	Rs.275.00	330	8836	16.88	2.9159	5.5704	8.4863	
13	HT – Bulk Supply	Rs.275.00	365	35073	77.87	11.5741	28.4225	39.9966	
14	HT – Commercial (CHT)	Rs.250.00	370	6324	10.74	1.8972	3.9738	5.8710	
<b>Sub-total</b>									<b>437.8</b>
<b>Sub-total</b>									<b>180.936</b>
<b>EHT CATEGORY</b>									
15	EHT – Industrial	Rs.100.00	320	88530	193.60	10.6236	61.9520	72.5756	
<b>Sub-total</b>									<b>72.5756</b>
<b>Sub-total</b>									<b>948.97 MU</b>
<b>Sub-total</b>									<b>349.7113</b>
OUTSIDE STATE SALES ( BILATERAL / UI )							65.00 MU	26.0000	
<b>GRAND TOTAL</b>							<b>1013.97 MU</b>	Rs .375.7113 Crores	
								<b>= Rs.375.70 Cro</b>	



75. Accordingly, the Commission hereby fixes the Distribution Tariff for the fiscal year 2009-10, for each category and slab, as indicated in Table 9, below,.

76. The tariff as fixed vide para 74 above shall come into effect, at once, that is from the 1<sup>st</sup>.day of December 2009 and shall remain effective till the 31<sup>st</sup>.day of March 2010, or the date of the Commission's Orders fixing distribution tariff for the fiscal year 2010-11, whichever is later.

<b>Table - 9</b>				
<b>Statement showing tariff for different categories / slabs during 2009-10</b>				
as fixed vide Commission's Order dated 30 November 2009 in Tariff (D) Petition No.1 of 2009				
Sl.	Category	Different Slabs	Fixed Charges per KWA in Rupees per month	Unit Rate in Paise per unit per month
(1)	(2)	(3)	(4)	(5)
<b>L.T (Domestic ) CATEGORY</b>				
1	Domestic (DLT)	First 100 Units	25++++	225
		Next 100 Units		265
		Above 200 Units		365
2	Commercial (CLT)	First 100 Units	70	400
		Next 100 Units		475
		Above 200 Units		500
3	Industrial (ILT)	First 500 Units	100	400
		Next 500 Units		480
		Above 1000 Units		500
4	Agriculture (AP)	All Units	30	130
5	Public Lightining (PL)	All Units	70	490
6	Water Supply (WSLT)	All Units	60	400
7	General Purpose	First 100 Units	50	440
		Next 100 Units		475
		Above 200 Units		505
<b>H.T.CATEGORY</b>				



8	HT- Water Supply (WSHT)	Rs.170.00	<b>325 paise</b>
9	HT-Industrial (IHT)	Rs.110.00	<b>330 paise</b>
10	HT-General Purpose incl'dg DHT	Rs.275.00	<b>330 paise</b>
11	HT- Bulk Supply	Rs.275.00	<b>365 paise</b>
12	HT – Commercial	Rs.250.00	<b>370 paise</b>
<b>E.H.T CATEGORY</b>			
14	Industrial	Rs.100.00	<b>320 paise</b>

### GENERAL REMARKS

1. The Petitioner's road map under the XI Plan indicated that the Transmission & Distribution Losses would be reduced to 20.05 per cent by the fiscal year 2009-10. The proposals under consideration reveal that the T&D Losses are not likely to come below 30.06 per cent during the said year. Urgent corrective action is called for.
2. The Petitioner's road map under the XI Plan indicated that the Aggregate Technical & Commercial Losses would be reduced to 26.68 per cent by the fiscal year 2009-10. The proposals under consideration reveal that the T&D Losses are not likely to come below 32.92 per cent during the said year. Urgent corrective action is called for.
3. Given the present level of Billing Efficiency of around 72 per cent, the MeSEB is advised to draw up a five year road map to increase the billing efficiency to as close to 100 per cent, as possible.
4. Only 1,68,802 or 66 per cent of the 2,56,627 consumers are presently metered. MeSEB needs to consider ways and means to increase the metered consumers to as close to 100 per cent, as possible.



5. The unbundling of the State Electricity Board is long overdue as per mandate of the Electricity Act of 2003. SEB's which have unbundled in other parts of the country have sharply improved their operating efficiencies. State Government need to hasten the unbundling of the MeSEB with a view to enable power generation, transmission and distribution in Meghalaya to be carried out in a cost-effective and efficient manner. Unless this is done the critical time and cost over-runs of power sector operations will continue to burden the end-consumers with unreasonably high power tariffs.
  
6. The Commission places on record its gratitude to the Officers of the MeSEB for their fullest cooperation in carrying out the exercise of determining the Annual Revenue Requirement and Tariff (Distribution) for the fiscal year 2009-10 (Petition taken on record on 03 August 2009), within the statutory period of 120 days ending 30<sup>th</sup>.November, as per provisions of sub-section 3 of Section 64 of the Electricity Act of 2003.

Given under the hand and seal of the Meghalaya State Electricity Regulatory Commission, this 30<sup>th</sup>.day of November 2009, at Shillong.

**P.J.Bazeley**  
**Chairman**  
**Meghalaya State Electricity Regulatory**  
**Commission**  
**30<sup>th</sup>.November 2009.**



**INDEX OF ANNEXURES TO MSERC ORDERS DATED 30 NOVEMBER 2009**

**IN ARR and T(D) PETITION No.2/2009**

Sl.	Details	Communication Number	Date	Annexure No.
1	Commission's Order dated 02.12.2008 returning MeSEB ARR and T(D) Petition dated 28.11.2008			1
2	<b>MeSEB ARR and T(D) Petition for 2009-10 as resubmitted on 22.01.2009</b>			2
3	Memorandum dated 26.08.2009 submitted by the Greater Shillong Crematorium & Mortuary Society			3
4	Memorandum dated 15.09.2009 submitted by the Byrnihat Industries Association			4
5	MeSEB Response dated 14.10.2009 to the Memorandum dated 26.08.2009 submitted by the Greater Shillong Crematorium & Mortuary Society., and  Memorandum dated 15.09.2009 submitted by the Byrnihat Industries Association vide their letter No.MESEB/SE(RA)/33/42 dated 14.10.2009			5
6	<b>Record Note of Public Hearing on 10.11.2009</b>			6
7	<b>Record Note of State Advisory Committee Meeting held on 11.10.2009</b>			7
8	Commission's Interlocutory Order dated 03.08.2009	MSERC/70/2008/220	04.08.2009	8
9	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/33	04.09.2009	9
10	Commission's Interlocutory Order dated 17.08.2009	MSERC/DIST-TAR:09-10/13/09/239	17.08.2009	10
11	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/51	19.10.2009	11
12	Commission's Interlocutory Order dated 22.09.2009	MSERC/DIST-TAR:09-10/14/09/297	22.09.2009	12
13	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/42	14.10.2009	13
14	Commission's Interlocutory Order dated 30.09.2009	MSERC/DIST-TAR:09-10/14/09/315	30.09.2009	14
15	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/43	14.10.2009	15
16	Commission's Interlocutory Order dated 14.10.2009	MSERC/DIST-TAR:09-10/14/09/323	14.10.2009	16
17	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/50	16.10.2009	17
18	<b>MeSEB Reply to Commission's I.O dated</b>	MSERC/DIST-TAR:09-10/14/09/332	21.10.2009	18
19	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/61	29.10.2009	19
20	<b>Commission's Interlocutory Order dated 22.10.2009</b>	MSERC/DIST-TAR:09-10/14/09/400	22.10.2009	20
21	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/62	29.10.2009	21
22	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/70	19.11.2009	21-A
23	23.10.2009	MSERC/DIST-TAR:09-10/14/09/402	23.10.2009	22
24	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/63	30.10.2009	23
25	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/65	09.11.2009	23-A
26	Commission's Interlocutory Order dated 10.11.2009	MSERC/DIST-TAR:09-10/14/09/396	11.11.2009	24
27	<b>MeSEB Reply to Commission's I.O dated</b>	MESEB/SE(RA)/33/68	13.11.2009	25
28	<b>Government of Meghalaya, Power Department letter No. PE.87/2005/81, dt. 13.10.2009 regarding amount of subsidy to MeSEB during 2009-10</b>			26

