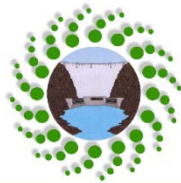


**BEFORE
MEGHALAYA STATE ELECTRICITY
REGULATORY COMMISSION
SHILLONG**

**PETITION
FOR
TRUE UP OF GENERATION
BUSINESS FOR FY 2016-17**

FILED BY



MePGCL

Generating Clean And Green Energy

**MEGHALAYA POWER GENERATION CORPORATION
LIMITED**

Lum Jingshai, 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 GENERATION BUSINESS FOR FY 2016-17, and DETERMINATION OF GENERATION TARIFF FOR FY 2019-20 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 GENERATION CORPORATION LIMITED, LUMJINGSHAI, SHORT ROUND ROAD, SHILLONG – 793001, MEGHALAYA

PETITIONER

The Petitioner respectfully submits as under:

1. In exercising its powers conferred under 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 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 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. MePGCL has begun segregated commercial operations as an independent entity from 1st April 2013.
5. The petitioner has submitted the actual expenses of MePGCL for trueing up of FY 2016-17 based on the audited Statement of Accounts. Copies of the Audited Statement of Accounts (for MePGCL & MeECL), Statutory Audit Report (for MePGCL & MeECL) and C&AG Report of MePGCL for FY 2016-17 are appended as **Annexure-A (1) & (2)**, **Annexure- B(1) & (2)** and **Annexure - C** 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 accordance with the directives of the Hon’ble Commission and MSERC Tariff Regulations 2014, MePGCL is filing a separate petition for 1) Old plants & Sonapani, and 2) Myntdu- Leshka.
9. In exercise of its powers, MSERC had determined the segregated Aggregate Revenue Requirement (ARR) for MePGCL and tariff for old plants including Sonapani for FY 2016-17 in its tariff order dated 30th March, 2016 and Annual Fixed Charges for FY 2015-16, FY 2016-17 & FY 2017-18 for Myntdu- Leshka in its tariff order dated 30th March 2017, in accordance with the MSERC Tariff Regulations, 2014.
10. Now, based on the provisions of clause 11 of the Tariff Regulations, 2014, MePGCL files this petition for approving the final true-up of FY 2016-17 for 1) Old plants including Sonapani & 2) Myntdu- Leshka.
11. The Board of Directors of MePGCL has accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. A copy of the Board’s resolution is enclosed as **Annexure - D**.
12. The applicant, therefore, humbly prays before the Hon’ble Commission to pass appropriate orders on the following:
 - a. Approve the true-up of expenses and revenue for 1) Old plants including Sonapani 2) Myntdu- Leshka of MePGCL for FY 2016-17 and allow the recovery of the true up gap in the tariff of FY 2019-20.
 - 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.

(A Lyngdoh)
Superintending Engineer
(Project Monitoring)

For and on behalf
Meghalaya Power Generation Corporation Ltd

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1. Introduction

1.1 Provisions of Law for True-up

- 1.1.1** The Hon'ble Commission/ State Govt. had notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 on 25th September 2014. It is submitted that the Regulation 1.4 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 states as under:

"1.4 These Regulations shall be applicable for determination of tariff in all cases covered under these Regulations from April 1,2015 or from the date the Commission may decide in this respect. However, for all purpose including the review matters pertaining to the period prior to notification of these Regulations , the issues related to the determination of tariff shall be governed by regulation MSERC (Terms and Conditions for Determination of Tariff) Regulations, 2011"

- 1.1.2** It is further stated that the amendment to regulation 1.4 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) regulations, 2014 dated 28 August 2017 states as follows:

"These Regulations shall be applicable for the determination of tariff in all cases covered under these regulations effective from April 1, 2015 and onwards up to 31st March 2018 and also for the next MYT control period beginning from 1st April 2018 to 31st March 2021."

- 1.1.3** It is submitted that this True up Petition for FY 2016-17 is hereby filed, based on the information received for FY 2016-17, Audited Statement of Accounts of the company and Tariff Order dated 30th March, 2016.

- 1.1.4** The Hon'ble Commission had notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 on 25th September 2014, which is applicable for determination of tariff effective from 1st April, 2015. Regulation 6.2 (b) (i) of the said Regulations specifies that from the first year of the control period and onwards, the petition must comprise of truing up of the previous year. 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 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.”*

1.1.5 Section 61 & Section 62(1)(a) of the Electricity Act 2003 empower the Hon'ble Commission to determine tariff for generation for the generating company.

1.2 Submissions before the Hon'ble Commission

1.2.1 MePGCL hereby submits the petition under sections 61 & 62 of the Electricity Act 2003 and MSERC (Multi Year Tariff) Regulations, 2014 for approval of True Up for FY 2016-17 and Revision of tariff for FY 2019-20.

1.2.2 M/s S. N. Mukerji & Co. has been appointed as Statutory Auditor of MePGCL and M/s V. Singhi & Associates as Statutory Auditor of MeECL. The firms are Chartered Accountancy firms, appointed as Statutory Auditors for the FY 2016-17 by the Comptroller & Auditor General of India (C&AG).

2. Company Profile and Performance Overview

2.1 Company Profile

2.1.1 The Company is a Generating Company within the meaning of Section 2 (28) of the Electricity Act 2003. Further, Section 7 and 10 of the Electricity Act 2003 prescribes the following major duties of the Generating Company:

- To establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines connected therewith in accordance with the provisions of this Act or the rules or regulations made there under
- To supply electricity to any licensee in accordance with this Act and the rules and regulations made there under
- To submit technical details regarding its generating stations to the Appropriate Commission and the Authority.
- To co-ordinate with the Central Transmission Utility or the State Transmission Utility, as the case may be, for transmission of the electricity generated by it.

2.1.2 As per Meghalaya Power Sector Transfer Scheme, MePGCL has been vested with the function of generation of power by the State Government of Meghalaya. The Business Scope of the Company falls within the legal framework as specified in the Act and includes:

- To supply electricity to any licensee in accordance with this Act and the rules and regulations made there under,
- To initiate accelerated power development by planning and implementing new power projects,
- To operate the existing generating stations efficiently & effectively,
- To implement Renovation and Modernisation for existing plants to improve performance through constant R & M activities, regular maintenance etc.,
- Achieve high reliability and safety levels in all operational areas,
- Taking appropriate steps towards ensuring safety and adhering to environmental norms
- Adopt best industry practices to become the best and efficient generating company
- Other associated businesses like providing Training, Research and Development activities, Technical consultancy services and O&M related services

2.2 Performance Highlights

2.2.1 MePGCL started functioning as an independent commercial entity from 1st April, 2013. The power generated by the MePGCL stations is sold to MePDCL, as per the signed Power Purchase Agreements and transmitted to MePDCL at MePTCL interface points. At present, MePGCL is having 9 Hydro Generating stations. The details of existing stations are mentioned below:

Table 1: Details of Existing Stations

Sl. No.	Station	Type	No of Units/ Capacity	COD	Capacity (MW)
1	Umiam Stage-I	Storage/ Pondage	4*9 MW	1965	36
2	Umiam Stage-II		2*10 MW	1970 (RMU done in 2011-12)	20
3	Umiam Stage-III		2*30 MW	Unit 1: 1979	60

Sl. No.	Station	Type	No of Units/ Capacity	COD	Capacity (MW)
				Unit 2: 1979	
4	Umiam Stage-IV		2*30 MW	1992	60
5	Umtru Power Station	ROR with pondage	4*2.8 MW	Unit 1-3: 1957 Unit 4: 1968	11.2
6	Sonapani MHP	ROR	1.5 MW	FY 2009	1.5
7	Myntdu-Leshka HEP	ROR	3*42 MW	Unit 1& 2: 2012 Unit 3: 2013	126
8	New Umtru	ROR with pondage	2*20 MW	Units 1& 2 : 2017	40
9	Lakroh MHP	ROR	1*1.5 MW	1 st March, 2019	1.5
	Total				356.20

2.2.2 Historical Energy Generation: All the Generating stations being hydro, the annual generation depends on the rainfall for the year. It is submitted that the target energy for the old plants needs to be determined based on the actual historical generation achieved in the last 6 years. The yearly generation for past 6 years for the generating stations is shown in the table below:

Table 2: Historical Energy Generation (MU)

Sl. No	Station	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	Umiam Stage-I	78.12	90.4	114.06	96.627	128.61	85.12
2	Umiam Stage -II	41.03	46.00	58.26	50.229	63.92	43.31
3	Umiam Stage -III	132.55	113.11	117.50	65.296	132.147	133.83
4	Umiam Stage-IV	173.64	162.72	185.01	166.116	217.476	166.61
5	Umtru Power Station	20.83	15.27	1.41	0.00	0	0
6	Sonapani MHP	5.37	5.75	6.29	7.633	7.47	7.12
7	Leshka HEP	410.22	409.38	445.93	443.852	502.57	363.06
8.	New Umtru					173.61	179.82
	Total	861.76	842.62	928.46	829.75	1225.80	978.886

3. True Up of Generation Business for FY 2016-17

3.1 Performance

3.1.1 Existing Generation Capacity:

The initial installed capacity when the erstwhile Meghalaya State Electricity Board (MeSEB) was bifurcated from the Assam State Electricity Board (ASEB) in 1975 was 65.2 MW. With the commissioning of Stage-III HEP (1979), Stage IV HEP (1992) & Sonapani Mini Hydel(2009), uprating of Umiam Stage-II (from 18MW to 20MW in 2012) and commissioning of MLHEP (3x42 MW) in 2013, New Umtru (2x20 MW) in 2017 and Lakroh MHP in 2019, the installed capacity increased to 356.20 MW.

All the Generating Stations except Sonapani Mini Hydel Project, Lakroh MHP and Myntdu-Leshka, as indicated in the table below are hydel power stations with the main reservoir at Umiam for all the stages. Therefore, all these stages depend mainly on water availability at the Umiam reservoir. The total installed capacity of MePGCL projects at the start as on 31st March, 2016 was as under:

Table 3: Existing Generation Capacity FY 2016-17

Sl. No.	Name of Station	No. of Units	Capacity (MW)	Total Capacity (MW)	Year of Commissioning
1	Umiam Stage I	I	9	36	21.02.1965
		II	9		16.03.1965
		III	9		06.09.1965
		IV	9		09.11.1965
2	Umiam Stage II	I	10	20*	22.07.1970
		II	10		24.07.1970
3	Umiam Stage III	I	30	60	6.01.1979
		II	30		30.03.1979
4	Umiam Stage IV	I	30	60	16.09.1992
		II	30		11.08.1992
5	Umtru Power Station	I	2.8	11.2	01.04.1957
		II	2.8		01.04.1957
		III	2.8		01.04.1957
		IV	2.8		12.07.1968
6	Sonapani Mini Hydel	I	1.5	1.5	27.10.2009
7	MLHEP (Leshka)**	I	42	126	01.04.2012
		II	42		01.04.2012
		III	42		01.04.2013
	Total			314.7	

By FY 2016-17, MePGCL had commissioned 314.7 MW with seven HEP's with all the units generating in FY 2016-17 except for one unit in Umiam Stage- III and all units of Umtru. There was burning of stator, 11 KV UAT, damage of PRV and overhauling works, which prevented one unit of Umiam Stage III from generating. Similarly, all units of Umtru could not generate due to siltation of hydraulic works, draining of penstock,etc. on account of construction on New Umtru HEP.

3.1.2 Upcoming Generation Capacity:

In addition to the existing capacity, MePGCL is also currently executing works of Ganol SHP and Riangdo Mini Hydel project, which are proposed for commissioning in FY 2019-20 and FY 2021-22 respectively.

Table 4: Details of Upcoming Stations

Sl No.	New Station	Design Energy (MU)	Capex Outlay (Rs. Crs.)	Debt (Rs.Crs)	Equity (Rs.Crs)	Grant (Rs.Crs)	Year of Commissioning (MM/YY)
1	Ganol SHP	67.09	356.43	126.45*	57.58	172.40	Mar. 2020
2	Riangdo SHP	17.92	33.99	11.40	2.59	20.00	FY 2021-22

3.1.3 Operational Norms:

3.1.4 The following sections outline details of operational norms for computation of energy generation for FY 2016-17 based on Tariff Regulations, 2014 or past trend as the case may be.

1) Normative Annual Plant Availability Factor**Table 5: Normative Annual Plant Availability Factor**

No.	Station Particular	Norm
(a)	Storage and pondage type plants: where plant availability is not affected by silt and	
(i)	with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of upto 8 %	90 %
(ii)	with head variation between FRL and MDDL of more than 8%	(Head at MDDL/Rated Head) x 0.5 + 0.2
(b)	Pondage type plant where plant availability is significantly affected by silt -	85%
(c)	Run –of- River type plants	NAPAF to be determined plant-wise, based on 10-day design energy data, moderated by past experience where available / relevant.

Note:

- 1) A further allowance may be made by the Hon'ble Commission under special circumstances, eg. abnormal silt problem or other operating conditions, and known plant limitations.
- 2) A further allowance of 5 % may be allowed for difficulties in the North East Region.
- 3) In case of new hydroelectric project, the developer shall have the option of approaching the Hon'ble Commission in advance for further above norms.

In the Tariff order for FY 2016-17, the Hon'ble Commission has not provided specific values of Normative Annual Plant Availability Factor (NAPAF) of all generating stations. For the purpose of capacity charges, the Hon'ble Commission has approved recovery of fixed charges in 12 equal monthly instalments.

The NAPAF for all generating stations as per the MSERC Tariff Regulations, 2014 are summarized below:

Table 6: Normative Plant Availability Factor FY 2016-17

Station	NAPAF
Umiam Stage-I	59.83
Umiam Stage-II	85.00
Umiam Stage-III	63.67
Umiam Stage-IV	61.79
Umtru	80.00
Sonapani	45.00
MLHEP	39.00

2) Auxiliary Consumption and Transformation Loss:

Table 7: Auxiliary Consumption and Transformation Loss

Sl. No.	Station Particular	Norm
1	Surface hydroelectric power generating stations with rotating exciters mounted on the generator shaft	0.7% of energy generated
2	Surface hydroelectric power generating stations with static excitation system	1.0% of energy generated
3	Underground hydroelectric power generating stations with rotating exciters mounted on the generator shaft	0.9% of energy generated
4	Underground hydroelectric power generating stations with static excitation system	1.2% of energy generated

The Hon'ble Commission in the Tariff Order for FY 2016-17 had approved auxiliary consumption and transformation losses as per the following table:

Table 8: Auxiliary Consumption and Transformation Loss approved by the Hon'ble Commission

Name of the Plant	Auxiliary consumption (%)	Transformation losses (%)	Total Loss (%)
Umiam Stage I	0.7	0.5	1.2
Umiam Stage II	0.7	0.5	1.2
Umiam Stage III	0.7	0.5	1.2
Umiam Stage IV	1.0	0.5	1.5
Umtru	0.7	0.5	1.2
Sonapani	0.7	0.5	1.2
Myntdu-Leshka	1.0	0.5	1.5

The Auxiliary consumption and Transformation losses, as actual for MePGCL for FY 2016-17 are furnished below:

Table 9: Auxiliary Consumption and Transformation Loss (Actual) FY 2016-17

Name of the Plant	Auxiliary consumption + Transformation losses (%)
Umiam Stage I	1.11%
Umiam Stage II	0.67%
Umiam Stage III	0.82%
Umiam Stage IV	0.71%
Umtru	0%
Sonapani	0.72%
Myntdu-Leshka	0.71%

Thus, MePGCL has operated its plants efficiently and under the norms specified by the Hon'ble Commission and has been able to limit the auxiliary consumption for plants below the limit set by the Hon'ble Commission in the tariff order for FY 2016-17.

3) Design Energy – Existing Generating Stations

The design energy as approved by the Hon'ble Commission for MePGCL's power stations in FY 2016-17 is provided in the table below:

Table 10: Design Energy as approved by MSERC in Tariff Order FY 2016-17

Name of Power Station	Design Energy (MU)
Umiam Stage I	116
Umiam Stage II	46
Umiam Stage III	139
Umiam Stage IV	207
Umtru	39
Mini Hydel (Sonapani)	5
Total	552

3.1.5 Computation of Net Energy Generation - Existing Stations:

The computation of net energy generation requires details of the hydro power plants in terms of type of plant, type of excitation etc, which are provided in the table below, for reference:

Table 11: MePGCL's Plant Technical Details

Sl. No.	Particulars	Umtru	Umiam I	Umiam II	Umiam III	Umiam IV	Mini Hydel Sonapani	Myntdu-Leshka HEP	New Umtru
1	Type of Station								
1.a	Surface/ Under Ground	Surface	Surface	Surface	Surface	Surface	Surface	Surface	Surface
1.b	Purely RoR/ Pondage/ Storage	Pondage	Storage	Power Channel (Pondage)	Pondage	Pondage	RoR	RoR	Pondage
1.c	Peaking/ Non Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non- Peaking
1.d	No of Hours Peaking	NA	NA	NA	NA	NA	NA	NA	NA
1.e	Overload Capacity (MW)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	10%
2	Type of Excitation								
2.a	Rotating exciters on Generator	Rotating exciters on Generator	Rotating exciters on Generator	Rotating exciters on Generator	Rotating exciters on Generator	NA	Rotating exciters on Generator	NA	NA
2.b	Static Excitation	NA	NA	NA	NA	Static Excitation	NA	Static Excitation	Static Excitation

The station-wise Net Generation Approved for FY 2016-17 and actual of MePGCL for FY 2016-17 are provided in the table below:

Table 12: Approved and Actual Generation Source-wise

Sl. No.	Name of the Power Station	Approved by the Hon'ble Commission in Tariff Order for FY 2016-17						Actual MePGCL FY 2016-17		
		Gross Generation (MU)	Aux Cons (%)	Transformation Loss (%)	Total Loss (Aux + Transformation) (%)	Aux Cons & Transformation Loss (MU)	Net Generation (MU)	Gross Generation (MU)	Aux Cons & Transformation Loss (MU)	Net Generation (MU)
1	Umiam I	116	0.70 %	0.50%	1.20%	1.39	114.61	96.627	1.07	95.55
2	Umiam II	46	0.70 %	0.50%	1.20%	0.55	45.45	50.229	0.34	49.89
3	Umiam III	139	0.70 %	0.50%	1.20%	1.67	137.33	65.296	0.53	64.76
4	Umiam IV	207	1.00 %	0.50%	1.50%	3.11	203.90	166.116	1.17	164.94
5	Umtru Power Station	39	0.70 %	0.50%	1.20%	0.47	38.53	0	0.00	0.00
6	Mini Hydel (Sonapani)	5	0.70 %	0.50%	1.20%	0.06	4.94	7.63	0.06	7.58
7	Leshka	486.23	1.00 %	0.50%	1.50%	7.29	478.94	443.852	3.15	440.70
	Total	1038.23				14.54	1023.69	829.75	6.32	823.43

3.2 Calculation Methodology

3.2.1 MePGCL and MeECL has completed the audit of their Statement of Accounts for FY 2016-17 which are attached as **Annexure-A (1) & (2)**. The CAG Report has also been obtained for MePGCL and is attached at **Annexure-C**. Based on the figures of the Audited Statements of Accounts, MePGCL has computed its Annual Fixed Charges and arrived at Net Gap/ Surplus of the AFC components. Further, MePGCL has considered equal proportion of AFC components of the holding company, MeECL, among the three successor companies, i.e., 1/3rd each in MePGCL, MePTCL and MePDCL.

3.2.2 In accordance with the MSERC Tariff Regulations, 2014, the Tariff for supply of electricity from Power Generating Stations shall comprise of two parts, namely, Capacity Charge and Energy Charge. Fixed charges shall be comprised of the following Components:

- 1) Operation and Maintenance Expenses
- 2) Interest on Loan Capital
- 3) Interest on Working Capital
- 4) Depreciation
- 5) Return on Equity
- 6) Taxes on Income.

3.2.3 Separate Petition for State Generation Plants:

As per the recent tariff orders as well as applicable regulations, the company needs to file separate petitions for the different generating plants. In accordance with the directives of the Hon'ble Commission and MSERC Tariff Regulations 2014, MePGCL is filing a separate petition for

- 1) Old plants including Sonapani
- 2) Myntdu-Leshka.

Due to unavailability of segregated accounts for Old plants and Sonapani, MePGCL is filing a combined petition for all the Old plants & Sonapani

4. True Up of Generation Business for Myntdu-Leshka HEP for FY 2016-17

4.1 Capital Cost and Asset Base of MLHEP

4.1.1 Capital Cost :

The Hon'ble Commission in its order for MLHEP dated 30th March, 2017, had approved a capital cost of Rs. 1141.83 Cr. as certified by statutory auditors, as on 31.03.2013. However, the capital expenditure within the original scope of work continued even after 31-03-2013. As per Regulation 29 of the MSERC MYT Regulations 2014, additional capitalization is admissible upto FY 2015-16, which was the cut-off date for capital expenditure for the project.

The provision of the above stated regulation is given below:

“29 Additional Capitalization

29.1 The following capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to the prudence check:

- a) Due to Un-discharged liabilities within the original scope of work;*
- b) On works within the original scope of work, deferred for execution;*
- c) To meet award of arbitration and compliance of final and unappealable order or decree of a court arising out of original scope of works;*
- d) On account of change in law;*
- e) On procurement of initial spares included in the original project costs subject to the ceiling norm specified;*
- f) Any additional works/services, which have become necessary for efficient and successful operation of a generating station or a transmission system or a distribution system but not included in the original capital cost”*

The impact of additional capitalization on tariff shall be considered during true up as per Regulation 29.2 of MSERC MYT Regulations 2014.

Along with justifying the added capitalization of MLHEP after its date of commercial operation, the audited capital cost of MLHEP (as on MARCH 31, 2016) is attached as **Annexure -E**. Hence, the revised capital cost as duly certified by the statutory auditors for MLHEP is given below:

Table 13: Audited Capital Cost for MLHEP (Excluding Infirm Energy of Rs 7.55 Cr)

Sl. No	Particulars	GFA (as on 31.03.3015)	Assets Values (as on 31.03.2016)
		(Rs. Cr.)	(Rs. Cr.)
1	Land	28.62	23.73
2	Buildings	145.60	145.82
3	Hydraulic Works	619.44	619.94
4	Other Civil works	116.88	122.01
5	Plant & Machinery	363.01	362.43
6	Lines & cables	4.54	4.54
7	Vehicles	0.24	0.46
8	Furniture	0.08	0.08
9	Office Equipment	0.18	0.18
	Total	1,278.58	1,279.19

Out of the net capital cost of Rs. 1286.74 Cr. the revenue from the sale of infirm energy during the trial run is included as Rs. 7.55 Cr. Hence, the capital cost of MLHEP as Rs. 1279.19 Cr. was used for computation of different components of tariff.

4.1.2 Asset Base of MLHEP

The opening and closing GFA for FY 2016-17, as per the Audited Statement of Accounts of MePGCL has been shown in the table below.

Table 14: Gross Fixed Assets (GFA) of MLHEP

Particulars	FY 2016-17 (Audited)
Opening GFA	1,286.74
Additions during the year	-
Retirements during the year	0.10
Closing GFA	1,286.64

MePGCL submits before the Hon'ble Commission to kindly approve Gross Fixed Assets for MLHEP as submitted in the above table.

4.2 Operation and Maintenance Expense

Regulation 56 of MSERC Tariff Regulations, 2014 provides for Operation and Maintenance Expenses reproduced as under:

56 (7) "In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."

The Hon'ble Commission had approved O&M Expenses of Rs. 26.81 Cr for FY 2016-17 based on the capital cost of Rs. 1134.28 and its subsequent escalations. MLHEP has achieved CoD after 1.04.2009, its O & M expenses have been fixed as per Regulation 56 (7) at 2% of fixed cost and further escalated at 5.72% to arrive at O & M expenses for FY 2016-17 as per the final capital cost.

Table 15: O&M Expenses for Leshka

Particulars	Amount (Rs. Crore)
Audited Capital Cost of MLHEP	1279.19
O&M Expenses for FY 2013-14 (2% of Project Cost)	25.58
O&M Expenses for FY 2014-15 (5.72% escalation over previous Year)	27.05
O&M Expenses for FY 2015-16 (5.72% escalation over previous Year)	28.59
O&M Expenses for FY 2016-17 (5.72% escalation over previous Year)	30.23

MePGCL submits before the Hon'ble Commission to kindly approve the O&M expenses of Rs. 30.23 Cr for MLHEP for FY 2016-17.

4.3 Interest & Finance Charges

The Hon'ble Commission had considered Rs. 74.85 Cr. as Interest & Finance Charges for ARR of FY 2016-17 for MLHEP. However based on the actual loan schedule, MePGCL humbly requests the Hon'ble Commission to allow **Rs 75.02 Cr.** towards Interest & Finance Charges for FY 2016-17.

Details of loan schedule for MLHEP are enclosed in **Annexure-F**.

4.4 Depreciation

The Hon'ble Commission had approved depreciation of Rs. 42.51 Cr. for FY 2016-17 in its tariff order.

The petitioner presents the depreciation of MLHEP for the year FY 2016-17 true up as given below:

Table 16: Depreciation for MLHEP

Particulars	FY 2016-17
Land & Land rights	
Buildings	4.90
Plant and Equipment	19.25
Furniture and Fixtures	0.00
Vehicles	0.04
Office equipment	0.01
Bearer Plants	0.00
Hydraulic Works	32.92
Other Civil Works	4.10
Lines and Cable Network	0.24
Assets under lease	0.00
Assets not in use	0.00
Total (INR Crore)	61.47

Depreciation schedule for MLHEP assets for FY 2016-17 is given in **Annexure-I (a)**. MePGCL, therefore, submits before the Hon'ble Commission to kindly approve Depreciation of INR 61.47 crore for MHEP for FY 2016-17.

4.5 Return on Equity

Based on the MSERC Tariff Regulations, 2014 and the asset base of MLHEP, the Return on Equity for MLHEP for FY 2016-17 is computed as below:

Table 17: Return on Equity for Leshka

Particulars	FY 2016-17
Opening Asset of MLHEP (a)	1,286.74
Closing Asset of MLHEP (b)	1,286.64
Average Asset of MLHEP $[c=((a+b)/2)-7.55]$ (Rs. Cr)	1279.14
Equity Considered for RoE (Rs. Cr) (d=c*30%)	383.74
RoE (e) (%) (e)	14%
RoE (Rs. Cr.) (f=d*e)	53.72

MePGCL submits before the Hon'ble Commission to kindly approve the amount computed above as RoE for FY 2016-17 for Myndtu Leshka HEP.

4.6 Interest on Working Capital

In accordance with the above regulations, the Interest on Working Capital for MLHEP is computed below:

Table 18: Interest on Working Capital

Particulars	Approved	MLHEP Actual
O&M expenses for one month (Rs. Cr.) (1)	2.23	2.52
Maintenance spares @ 15% of O&M expenses (2)	4.02	4.53
Receivables equivalent to two months of Fixed cost (Rs. Cr.) (3)	31.91	37.79
Total Working Capital Requirements (Rs. Cr.) (4=1+2+3)	38.16	44.84
SBI PLR as on 1st April of the respective Financial Year (%) (5)	14.75%	14.05%
Interest on Working Capital (Rs. Cr.) (6=4*5)	5.63	6.30

MePGCL submits before the Hon'ble Commission to kindly approve the Interest on Working Capital of **INR 6.30 Cr** as computed above for FY 2016-17 MLHEP.

4.7 Revenue from Operations

MePGCL has received revenue of **Rs. 130.13 Cr.** for MLHEP from MePDCL towards sale of power for FY 2016-17 against the approved value of Rs. 197.10 Cr. by the Hon'ble Commission.

4.8 Summary of Annual Fixed Cost – Myndtu Leshka HEP

The summary of Annual Fixed Charges approved by the Hon'ble Commission for MLHEP vis-à-vis actuals as per the Audited Statement of Accounts for FY 2016-17 is given below:

Table 19: Summary of Annual Fixed Charges Of MLHEP (Approved vis-à-vis Actual) FY 2016-17

Particulars	Approved FY 2016-17	Actual FY 2016-17	Loss/(Gain)
O&M Expenses	26.81	30.23	3.42
Depreciation	42.51	61.47	18.96
Interest and Finance Charges	74.85	75.02	0.17
Interest on working capital	5.63	6.30	0.67
Return on Equity	46.9	53.72	6.82
SLDC Charges	0.4		(0.40)
Net Prior Period Items: Income(-)/ Expense		0.00	-
Total Annual Fixed Cost (AFC)	197.1	226.74	29.64
Less: Non Tariff Income		0.02	(0.02)
Net AFC	197.1	226.72	29.62
Revenue from operations	197.1	130.13	66.97
Gap/(Surplus)	0	96.60	96.60

MePGCL humbly requests the Hon'ble Commission to pass through the additional gap of **Rs. 96.60 Crore** for MLHEP under the truing up of FY 2016-17 in the ARR of FY 2019-20.

5. True Up of Generation Business for Old plants & Sonapani for FY 2016-17

5.1 Gross Fixed Assets

Based on the audited Statement of Accounts for FY 2016-17 of MePGCL and MeECL, the Hon'ble Commission is humbly requested to consider the asset base for Old plants & Sonapani, including addition of 1/3rd of GFA of MeECL as per the table below (Rs. 437.01 Cr.) for further calculations.

MePGCL As A Whole (Including MLHEP) (A)	
	(Rs. in crore)
Particulars	FY 2016-17 (Audited)
Opening GFA	1696.15
Additions during the year	16.08
Retirements during the year	0.11
Closing GFA	1712.13
MLHEP (B)	
	(Rs. in crore)
Particulars	FY 2016-17 (Audited)
Opening GFA	1,286.74
Additions during the year	-
Retirements during the year	0.10
Closing GFA	1,286.64
MeECL (C)	
	(Rs. in crore)
Particulars	FY 2016-17 (Audited)
Opening GFA	34.62
Additions during the year	0.12
Retirements during the year	0.18
Closing GFA	34.56
MePGCL's Old plants (Excluding MLHEP) +1/3rd of MeECL (D=A-B+C/3)	
	(Rs. in crore)
Particulars	FY 2016-17 (Audited)
Opening GFA	420.95
Additions during the year	16.12
Retirements during the year	0.07
Closing GFA	437.01

5.2 Operation and Maintenance Expenses

The Hon'ble Commission had approved Rs. 58.01 Cr. towards O&M Expenses for ARR of FY 2016-17 for MePGCL's Old plants and Sonapani including one-third expense of MeECL. As per the Audited Statement of Accounts of MePGCL & MeECL, MePGCL requests the Hon'ble Commission to allow **Rs 65.12 Cr.** towards O&M expenses for FY 2016-17.

Table 20: O&M Expenses

Particulars	For MePGCL (Rs. Cr.)	For Leshka (Rs. Cr.)	MeECL (C) (Rs. Cr.)	Total for Old Plants + Sonapani (a + c/3 - b) (Rs. Cr.)
Employee Cost	77.11	30.23	12.63	65.12
R&M Expenses	8.64		0.44	
A&G Expenses	4.57		2.04	
Total	90.32		15.11	

The Hon'ble Commission had provisionally estimated the O&M cost for the segregated companies since the final audited figures for the segregated companies were not available during the time of finalization of MYT of first control period. It may be observed that there is a deviation in the actual and approved O&M expenses with the actual employee cost being higher than the approved cost. The deviation in employee expenses can be attributed to **arrears due to Revision of Pay 2015 (ROP 2015)**. The arrears adjusted in FY 2016-17 due to ROP 2015 amounted to Rs 13.53 Cr. as per the audited statement of accounts (Adjustment has been done in Salaries and Wages head of Employee Expenses and Accounting Code 75).

MePGCL would also like to submit that it had not taken into account the terminal liabilities during the projection of employee costs which is INR 21.96 Cr for FY 2016-17, accounted in Contribution to Provident and other funds head of Employee Expenses [Accounting Code 75.8 APP (Apportionment of Terminal Benefits)] in the audited accounts.

5.3 Interest & Finance Charges

Based on the Audited Statement of Accounts of MePGCL (Note 22) and Audited Statement of Accounts of MeECL (Note 19), MePGCL humbly requests the Hon'ble Commission to allow Rs 23.95 Cr. towards Interest & Finance Charges for FY 2016-17. This also includes the Other Bank Charges & Guarantee Charges of Rs. 3.10 Cr.

Table 21: Interest and Finance Charges Expense

Particulars	For MePGCL (a) (Rs. Cr.)	For Leshka (b) (Rs. Cr.)	MeECL (C) (Rs. Cr.)	Total for Old Plants + Sonapani (a+c/3-b) (Rs. Cr.)
Interest Expense on borrowings	143.66	75.02	10.398	23.95
Cost of raising finance	0.00		0.002	
Other banking and guarantee charges	3.10			
Less: Finance costs capitalized	51.27			
Total Finance Charges (MePGCL)	95.50		10.40	

The Schedule of loans for MePGCL and detailed break up of State Government loans are now being provided as **Annexure-G** and **Annexure-H** respectively.

5.4 Interest on Working Capital

The Hon'ble Commission had allowed Rs. 4.08 Cr. for MePGCL's Old plants & Sonapani towards Working Capital for ARR of FY 2016-17. However, based on actual expense as per Audited Statement of Accounts for MePGCL & MeECL and the relevant norms for working capital provided in MSERC MYT regulations 2014, MePGCL humbly requests the Hon'ble Commission to allow **Rs. 5.81 Cr.** as Interest on Working Capital for true up of FY 2016-17 for Old plants & Sonapani.

Table 22: Interest on Working Capital (Rs. in crore)

Sl. No.	Particulars	Approved by MSERC	MePGCL (a)	Leshka (b)	Old Plants + Sonapani (a)-(b)
A	O&M Expense for 1 month	4.84	7.95	2.52	5.43
B	Maintenance Spare at 15% O&M	8.70	14.30	4.53	9.77
C	Receivables for 2 months	14.12	66.01	37.79	28.22
D	Total Working Capital (A+B+C)	27.66	88.26	44.84	43.42
E	SBI short term PLR as on 01 April 2015	14.75%	14.05%	14.05%	14.05%
F	Interest on Working Capital	4.08	12.40	6.30	6.10

5.5 Depreciation

The Hon'ble Commission had considered Rs. 10.64 Cr. towards Depreciation for ARR of FY 2016-17. Now based on the actual figures of actual capital expenditure and assets capitalized, MePGCL humbly requests the Hon'ble Commission to allow the actual depreciation of Rs 19.01 Cr. for true up of FY 2016-17 for old plants & Sonapani.

Table 23: Depreciation of Assets for FY 2016-17

Particulars	Approved by MSERC	MePGCL (in Rs. Cr) (a)	Leshka (in Rs. Cr) (b)	Old Plants + Sonapani (in Rs. Cr) (a)-(b)	
Depreciation on Land and land rights	10.64				
Depreciation on Buildings		5.17	4.90	0.27	
Depreciation on Hydraulic Works		38.86	32.92	5.94	
Depreciation on Others Civil Works		4.90	4.10	0.81	
Depreciation on Plant and Machinery		30.66	19.25	11.40	
Depreciation on Lines and Cable Network		0.30	0.24	0.06	
Depreciation on Vehicles		0.13	0.04	0.09	
Depreciation on Furniture and Fixtures		0.13	0.00	0.12	
Depreciation on Office Equipment		0.11	0.01	0.10	
Apportioned Depreciation from MeECL		0.22		0.22	
Less:- Depreciation Of Related Costs Charged To Capital Works		0.00		0.003	
Total			80.48	61.47	19.01

Depreciation schedule for the MePGCL assets as a whole and Leshka is attached as **Annexure-I (b)**.

5.6 Return on Equity

The Hon'ble Commission had approved Rs. 9.43 Cr. as Return on Equity for ARR of FY 2016-17 for Old Plants & Sonapani on provisional basis.

As per Audited Statement of Accounts for MePGCL for FY 2016-17, the average equity base has been considered as Rs. 789.79 Cr. (average of opening and closing balance of equity for FY 2016-17), including average equity capital pending allotment of Rs. 172.46 Cr. Based on this, Equity base for Sonapani and old plants is Rs. 406.04 Cr.

Table 24: Return on Equity for MePGCL (in Rs. Cr)

Particulars	MePGCL
Equity Share Capital as on 31st March, 2017 (a)	690.60
Equity Share Capital as on 31st March, 2016 (b)	610.34
Equity Share Capital Pending Allotment as on 31st March, 2017 (c)	106.18
Equity Share Capital Pending Allotment as on 31st March, 2016 (d)	172.46
Equity considered for true up [e= ((a+b)+(c+d))/2]	789.79
RoE (%) (f)	14%
Return on Equity (in Rs. Cr.) (g=e*f)	110.57

Table 25: Return on Equity for Old Plants & Sonapani

Particulars	MePGCL (in Rs. Cr) (a)	Leshka (in Rs. Cr) (b)	Old Plants + Sonapani (in Rs. Cr) (a)-(b)
Equity considered for true up (1)	789.79	383.74	406.04
RoE (%) (2)	14%	14%	14%
Return on Equity (in Rs. Cr.) (3=1*2)	110.57	53.72	56.85

The prevalent regulations do not restrict allowing of return on equity capital pending allotment. MePGCL would also like to submit that the issue of Return on Equity (methodology of MeECL & its subsidiaries vs. methodology of MSERC: APTEL Case no. 46 of 2015) is still sub judice. The company is reiterating the fact that the ROE approved by the Hon'ble Commission for Old stations and Sonapani is not in line with the Regulations. For the sake of brevity, MePGCL is not reiterating the grounds and the justification for the claim here since the matter is sub - judice. Hence, MePGCL would like to retain its methodology as per the past petitions & stand on equity base determination, which is in line with MSERC Regulations and Transfer Scheme notified by the State Government.

5.7 SLDC and Connectivity Charges

The Hon'ble Commission had considered Rs. 1 Cr. towards SLDC Charges for ARR of FY 2016-17, which is also reflected as per the Audited Statement of Accounts (Note 20) of MePGCL for FY 2016-17. Hence, MePGCL requests the Hon'ble Commission to consider the same for True up of FY 2016-17.

5.8 Misc. Expense & Bad Debts

The company had receivables of Rs. 23.99 Cr. from MePDCL during FY 2016-17 and this liability has occurred on account of non-payment of dues by Discom and not due to any inefficiency of MePGCL. This is uncontrollable in nature and it is humbly requested that the same may be accounted for in the tariff of that year as prior period income, as and when the amount is recovered.

Hence, MePGCL prays before the Hon'ble Commission to allow the Misc. Expense & Bad Debts amount of Rs 23.99 Cr. as per the audited statement of accounts (Note 24).

5.9 Prior Period Items

The Hon'ble Commission had not approved any amount for Prior Period Expense for MePGCL in the ARR for FY 2016-17. However, according to Audited Statement of Accounts, MePGCL and MeECL, both had incurred some Prior Period Items, the details of which are summarized below:

It is submitted that the Accounting Standard 5 (AS 5) issued by the Institute of Chartered Accountants of India deals with the Net Profit/Loss for the Period, Prior Period Items and Changes in Accounting Policies. Prior period items are material charges or credits, which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. The following table provides the details of the Prior Period Expenses for FY 2016-17.

Table 26: Prior Period Expenses and Income

Particulars	MePGCL (in Rs. Cr) (a)	MLHEP (in Rs. Cr) (b)	Old Plants + Sonapani (in Rs. Cr) (a)-(b)
Expenses			
Employee Benefit Expenses	0.000		
Finance Costs	0.000		
Administration, Operating and General Expenses	0.000		
Total Expenses Prior Period (1)	0.000		
Income			
Interest Income from Banks	12.788		
Depreciation	0.016		
Finance Costs	0.000		
Other Income	0.000	0.00	-3.553
Amortization of grants	1.962		
Total Amount due to adjustments in compliance with Comments of the C&AG (Already adjusted in FY 2015-16 True Up Order of Non-Tariff Income)	-11.21		
Total Income Prior Period (2)	3.556		
Net Prior Period Expenses of MeECL Apportioned (actuals) (3)	0.003		
Net Prior Period Items (4=1+3-2)	-3.553		

The Hon'ble Commission in its true up order dated 25th September, 2018, has adjusted non-tariff income by an amount Rs 11.21 Cr. [C&AG report of MePGCL on Interest on Fixed Deposits (note A9 of C&AG Report)- Rs. 8.71 Cr.; and C&AG report of MePGCL on interest accrued and due on fixed deposits (note B1)- Rs. 2.50 Cr.], based on the CA&G Comments for FY 2015-16. The company has adjusted the same in the FY 2016-17 audited accounts in the prior period income head (Note 19). Since the Hon'ble Commission has already adjusted the same in true up order for FY 2015-16, the Utility is reducing the prior period income of FY 2016-17 by the same amount to avoid double adjustment and understatement of ARR for MePGCL.

Based on the above submission relating to adjustments arising out of the C&AG's Comments and the prior period table given above, MePGCL prays before the Hon'ble Commission to allow a prior period expense of Rs -3.553 Cr [(-) ve as Prior Period Income > Prior Period Expenses] in the true up for FY 2016-17

5.10 Non-Tariff Income

The Hon'ble Commission had approved Rs. 0.31 Cr. as Non-Tariff Income in the ARR of FY 2016-17. However, based on the Audited Statements of Accounts for MePGCL & MeECL, MePGCL humbly requests the Hon'ble Commission to approve Rs 10.86 Cr. as other income for true up of FY 2016-17 for Old Plants & Sonapani.

Table 27: Non-Tariff Income

Particulars	MePGCL (in Rs. Cr) (a)	Leshka (in Rs. Cr) (b)	Old Plants + Sonapani (in Rs. Cr) (a)-(b)
Interest Income	6.27	0.02	10.86
Rental and Hiring Income	0.33		
Rebates	0.01		
Fees and Penalties	0.11		
Sale of scrap, tender forms and others	0.07		
Miscellaneous receipts	0.11		
Total Other Income	6.90		
Other Income of MeECL Apportioned	3.98		
Net Actual Other Income for True Up	10.88		

5.11 Amortization

The Hon'ble Commission in the true up order of FY 2014-15 and FY 2015-16 dated 6th September, 2016 and 25th Sept 2018 respectively for the distribution utility has allowed the amount of amortization as a separate head rather than approving the same under depreciation head. In line with the same approach as followed by the Hon'ble Commission, MePGCL humbly prays before the Hon'ble Commission to allow the amortization amount of Rs 12.28 Cr. as per the audited Statement of Accounts (Note 17).

5.12 Revenue from Operations

As per the Audited Statement of Accounts (Note 16), MePGCL has received Revenue of Rs. 106.84 Cr. for Old plants & Sonapani from MePDCL towards sale of power for FY 2016-17.

Table 28: Revenue from Operations

Particulars	MePGCL (in Rs. Cr) (a)	Leshka (in Rs. Cr) (b)	Old Plants + Sonapani (in Rs. Cr) (a)-(b)
Actual Revenue for True Up	236.97	130.13	106.84

5.13 Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2016-17

The summary of Annual Fixed Charges approved by the Hon'ble Commission for existing generating stations vis-à-vis actuals as per the Audited Statement of Accounts for FY 2016-17 for MePGCL and proportionate expense of MeECL is given in the following table:

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Table 29: Summary of Annual Fixed Charges (Approved vis-à-vis Actual) FY 2016-17

Particulars	Approved by MSERC	As per Audited SoA for FY 2016-17			Loss/(Gain)
	ARR 2016-17 (Old Plants + Sonapani)	True Up of MePGCL for FY 2016-17 (Old+New Plants)	True Up FY 2016-17 Leshka	True Up FY 2016-17 Old Plants + Sonapani	
O&M Expenses	58.01	95.35	30.23	65.12	7.11
i) Employee Expenses		81.318			
ii) R&M Expenses		8.78			
iii)A&G Expenses		5.25			
Depreciation	10.64	80.48	61.47	19.01	8.37
Interest and Finance Charges	1.13	98.96	75.02	23.95	22.82
Interest on working capital	4.08	12.40	6.30	6.10	2.02
Return on Equity	9.43	110.57	53.72	56.85	47.42
SLDC Charges	1	1.00		1.00	0.00
Income tax Expense	-	-			
Misc. Expense & Bad Debts	-	24.00		24.00	24.00
Net Prior Period Items: Income(-)/Expense		-3.55	0.00	-3.55	(3.55)
Total Annual Fixed Cost (AFC)	84.29	419.21	226.74	192.47	108.18
Less: Non Tariff Income	0.31	10.88	0.02	10.86	10.55
Less: Amortization of Grant	-	12.28	-	12.28	12.28
Net AFC	83.98	396.06	226.72	169.33	85.35
Adjustment due to Gap of True up of FY 2013-14 and Surplus of true up of FY 2014-15	0.9				(-) 0.90
Approved AFC for FY 2016-17	84.88				
Revenue from operations	84.88	236.97	130.13	106.84	21.96
Gap/(Surplus)	0	159.09	96.60	62.49	62.49

MePGCL prays before the Hon'ble Commission to pass through the additional gap of **Rs. 62.49 Crore** under the truing up of FY 2016-17 in the ARR of FY 2019-20 for Old Plants including Sonapani.