

BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION,
SHILLONG

PETITION

FOR

REVISION OF TARIFF FOR FY 2020-21

FILED BY



MEGHALAYA POWER DISTRIBUTION CORPORATION LTD.

LumJingshai, Short Round Road, Shillong - 793 001

BEFORE THE HON'BLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

At its office at Lower Lachumiere, Shillong – 793001

FILE / PETITION NO.....

IN THE MATTER OF

REVISION OF TARIFF FOR FY 2020-21 UNDER THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF) REGULATIONS, 2014 AND UNDER SECTIONS 62 & 64 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

AND IN THE MATTER OF

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

PETITIONER

The Petitioner respectfully submits as under:

1. In exercising its powers conferred under the section 131 and 133 of the Electricity Act 2003, the State Government of Meghalaya notified “The Meghalaya Power Sector Reforms Transfer Scheme 2010” on 31st March 2010 leading to restructuring and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities namely:
 - a. **Meghalaya Energy Corporation Limited (MeECL):** the Holding Company;
 - b. **Meghalaya Power Distribution Corporation Limited (MePDCL):** the Distribution Utility;
 - c. **Meghalaya Power Generation Corporation Limited (MePGCL):** the Generation Utility;
 - d. **Meghalaya Power Transmission Corporation Limited (MePTCL):** the Transmission Utility.
2. However, the holding company - MeECL carried out the functions of distribution, generation and transmission utilities from 1st April 2010 onwards, even after restructuring. Therefore, through notification dated 31st March 2012, State Government notified an amendment to The Power Sector Reforms Transfer Scheme leading to effective unbundling of MeECL into MeECL (Holding Company), MePDCL (Distribution Utility), MePGCL (Generation utility) and MePTCL (Transmission Utility) from 1st April 2012.
3. On 23rd December 2013, the Government of Meghalaya has issued the latest transfer scheme notification thereby notifying the Assets and Liabilities as on 1st April 2010 to be vested in MeECL. Subsequently, the Government of Meghalaya has notified the 4th Amendment to the Notified Transfer Scheme dated 31st March 2010 on 29th April 2015, wherein the opening balances of all the four entities namely, MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 have been notified.
4. MePDCL has begun segregated commercial operations as an independent entity from 1st April 2013.
5. The 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.
6. 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.

7. In exercise of its powers, MSERC had determined the Aggregate Revenue Requirement (ARR) for MePDCL and tariff for FY 2017-18 in its tariff order dated 31st March 2017, in accordance with the MSERC Tariff Regulations, 2014. The accounts for FY 2017-18 have been audited and the statutory audit report is available with the Licensee. However, the C&AG audit is in process. Keeping in mind the regulations which state the requirement of audited accounts and audit report by CA&G, the Licensee will file the true up for FY 2017-18 at the earliest once the C&AG Audit is completed. The licensee prays for leave of submission of true up petition of FY 2017-18 for the time being.
8. Under Meghalaya State Electricity Regulatory Commission i.e. MSERC (Multi Year Tariff) Regulations, 2014, MePDCL filed MYT petition for Annual Revenue Requirement for the period of FY 2018-19 to FY 2020-21. In respect to the said petition MYT order was issued by Hon'ble Commission on 31st March 2018.
9. The Licensee also filed the petition for Mid Term Review of Business Plan for FY 2018-19 to FY 2020-21 via letter No MePDCL/SE (RA)/54(D)/Pt-IV/2019-20/26 dated 2 September 2019. However, the Hon'ble Commission in its letter No MSERC/MePDCL/Case No. 5 of 2019/2019/92 dated 12 Nov 2019 did not consider the petition for midterm review of Business Plan petition. The same petition would have served as base for the mid term review of ARR for remaining control period.
10. The Licensee files this petition for revision of tariff for FY 2020-21 based on approved ARR of FY 2020-21 in order dated 31 March 2018 and pending adjustment of true up of previous years and subsequent review petitions filed by the utilities. Before the issue of next tariff order, any further orders from Hon'ble Commission on the gaps of past years for subsidiaries of MeECL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2020-21.
11. The Board of Directors of MePDCL have accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. The copy of the Board's resolution is hereby enclosed as **Annexure-A**.
12. The applicant, therefore, humbly prays before the Hon'ble Commission to pass appropriate order on the following:
 - a) Revision of Tariff for FY 2020-21 based on approved ARR for FY 2020-21 and gaps of previous years
 - b) To pass such orders, as Hon'ble Commission may deem fit and proper and necessary in view of the facts and circumstances of the case.
 - c) To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

(S.S.Kharmih)
Superintending Engineer (R.A)

For and on behalf of
Meghalaya Power Distribution Corporation Ltd

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Abbreviations

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

1 Introduction

The Licensee filed the petition for Mid Term Review of Business Plan for FY 2018-19 to FY 2020-21 via letter No MePDCL/SE (RA)/54(D)/Pt-IV/2019-20/26 dated 2 September 2019. Based on the midterm review of Business Plan and audited accounts of FY 2017-18, provisional accounts of FY 2018-19, the Licensee was supposed to file the petition for mid term of ARR for remaining control period.

However, the Hon'ble Commission in its letter No MSERC/MePDCL/Case No. 5 of 2019/2019/92 dated 12 Nov 2019 did not consider the petition for midterm review of Business Plan petition. As result, the Licensee is filing the petition for revision of tariff for FY 2020-21 based on ARR of FY 2020-21 in approved by the Hon'ble Commission in its order dated 31 March 2018 and pending adjustment of true up of previous years and subsequent review petitions filed by the utilities.

1.1 Provisions of Law for Revision of Tariff

- 1.1.1 The Hon'ble Commission has notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 on 15th September 2014. It is submitted that the Regulation 1.4 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) regulations, 2014 since amended, states as under:

"1.4 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"

- 1.1.2 Regulation 6) (b) of the said Regulations lays down the general guiding principles for revision of tariff and the provisions of the said Regulations are reproduced below for reference:

"6 Accounting statement and filing under MYT

b) From the first year of the Control Period and onwards, the Petition shall comprise of:

i. Truing Up for previous years under Meghalaya State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 in accordance with these Regulations;

ii. Revenue from the sale of power at existing tariffs and charges for the ensuing year;

iii. Revenue gap for the ensuing year calculated based on ARR approved in the Tariff Order or MYT Order and truing up for the previous year;

iv. Application for revision of tariff for the ensuing year"

- 1.1.3 Section 61 & Section 62(c) & (d) of Electricity Act 2003 empower the Hon'ble Commission to determine tariff for wheeling and retail sale of electricity for the Distribution Licensee.

1.2 Submissions before the Hon'ble Commission

- 1.2.1 MePDCL hereby submits the petition under section 61, 62(c) & 62(d) of the Electricity Act, 2003, MSERC Terms (Multi Year Tariff) Regulations, 2014 for approval of revision of tariff for FY 2020-21

2 Determination of Net ARR for FY 2020-21

2.1 Approved ARR for FY 2020-21

2.1.1 The Hon'ble Commission in its order dated 31 March 2018 had approved the ARR of Rs 832.91 Cr which is given below:

Table 1: Approved ARR for FY 2020-21

Particulars	In Rs Cr
Power Purchase cost	981.25
Transmission Charges (PGCIL)	205.91
Transmission Charges (MePTCL)	143.13
Employee Expenses	137.24
Repair & Maintenance Expenses	4.75
Administration & General Expenses	10.55
Depreciation	6.91
Interest and Finance charges	6.58
Interest on working capital	19.38
Return on Equity	32.69
Gross Annual Revenue Requirement (ARR)	1548.39
Less: Non-Tariff Income	132.2
Less: R.E. Subsidy	21
Less: Subsidy against Power Purchase	-
Less: R.E. Subsidy Against Loss on	-
Account of Flood, Fire Cyclone Etc	
Less: Revenue Grant for Other Expenditure	-
Less: Sale of Surplus Power	562.28
Net ARR	832.91

2.2 Total Gap to be recovered through Tariff in FY 2020-21 & Carrying Cost

- 2.2.1 It may be noted that the approved ARR as well as the gaps of previous year due to true up and review petition on true up order is to be cumulatively recovered through the tariff of FY 2020-21. The Licensee had filed the review petition on true up order for FY 2014-15 and FY 2015-16 order for which the orders are due from the Hon'ble Commission.
- 2.2.2 The order of review petition on true up order for FY 2015-16 for both MePGCL and MePTCL is also due from the Hon'ble Commission. Given below is the total gap which is to be recovered in tariff of FY 2020-21
- 2.2.3 The Hon'ble Commission on 18 Nov 2019 issued the true up FY 2016-17 order for subsidiaries of MeECL which will be adjusted in the Net ARR of FY 2020-21.
- 2.2.4 The Hon'ble Commission had approved AFC of Rs 24.86 Cr for NUHEP in the MYT Order dated 31.03.2018. The final capital cost of NUHEP is ready and audited and as such, MePGCL has filed revised petition for determination of NUHEP AFC for FY 2018-19 to FY 2020-21. The AFC of NUHEP projected for FY 2020-21 is Rs 122.27 Cr. The adjustment in AFC (Rs 122.27 - Rs 24.86 Cr) will also be required to be passed on the tariff of FY 2020-21
- 2.2.5 The order from the Hon'ble Commission on revision of tariff for FY 2019-20 based on the approved ARR of FY 2019-20 (**Rs 810.21 Cr**) is also due. As a result, the Licensee had to continue with the tariff approved in FY 2018-19 for the year FY 2019-20. The approved tariff of FY 2018-19 was based on the net ARR of FY 2018-19 (Rs 777.61) and expected revenue recovery in FY 2018-19 was Rs 686.96 Cr with the approved tariff. However, the difference (Rs 810.21 Cr – Rs 686.96 Cr) could not be recovered with the FY 2018-19 tariff. Thus, the difference needs to be adjusted in true up of FY 2019-20.

- 2.2.6 Based on the above submissions, the final gap due to true up, review petition on true up orders and adjustment of AFC of NUHEP which needs to be passed on in the tariff of FY 2020-21 is given below:

Table2: Gaps to be passed on in Tariff of FY 2020-21

SI No	Particulars	Amount (in Rs Cr)
1	Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22
2	Gap from True up of FY 2016-17 of MePGCL (MLHEP and Old Plants Combined)	(60.50)
3	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
4	Gap from True up of FY 2016-17 of MePTCL	(0.74)
5	Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09
6	Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91
7	Gap from True up of FY 2016-17 of MePDCL	173.44
8	Adjustment due to Revision of AFC FY 2020-21 for NUHEP due to final audited capital cost	97.41
9	Total Gap (1+2+3+4+5+6+7+8)	996.92

- 2.2.7 From the above table, SI No 1-7 petitions were filed by subsidiaries of MeECL whose the order was due from the Hon'ble Commission in the last financial year. The delay in order affected the liquidity scenario in the Corporation for which it had to resort to short term lending to meet its financial obligations. Thus, keeping this mind, MePDCL is proposing a carrying cost on the above gaps (SI 1 to 7 of Table 2) based on the lending rate as on 01.04.2019. The carrying cost computation has been given below:

Table3: Carrying Cost Calculation

SI No	Particulars	In Rs Cr
1	Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22
2	Gap from True up of FY 2016-17 of MePGCL (MLHEP and Old Plants Combined)	(60.50)
3	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
4	Gap from True up of FY 2016-17 of MePTCL	(0.74)
5	Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09
6	Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91
7	Gap from True up of FY 2016-17 of MePDCL	173.44
8	Interest rate as on 01.04.2019 considered for carrying cost calculation	13.80%
	Carrying Cost due to delay in orders (Sum of 1 to 7 *8)	124.13

2.3 Net ARR for FY 2020-21

- 2.3.1 Based on the above submissions in Section 4.3.1 and 4.3.2 for approved ARR and gaps of past years, the net Revenue Requirement for FY 2020-21 would be as shown below:

Table 4: Total Revenue for FY 2020-21

Sl No	Particulars	Amount (In Rs Cr)
1	Approved ARR of FY 2020-21	832.91
2	Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22
3	Gap from True up of FY 2016-17 of MePGCL (MLHEP and Old Plants Combined)	(60.50)
4	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
5	Gap from True up of FY 2016-17 of MePTCL	(0.74)
6	Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09
7	Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91
8	Gap from True up of FY 2016-17 of MePDCL	173.44
9	Adjustment due to Revision of AFC FY 2020-21 for NUHEP due to final capital cost	97.41
10	Carrying Cost due to delay in orders	124.13
	Total Revenue Requirement for FY 2020-21	1,953.96

*** Before the issue of next tariff order, any further orders from Hon'ble Commission on the above gaps of past years for subsidiaries of MeECL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2020-21.**

2.3.2 Thus, the retail supply tariff for FY 2020-21 would be determined based on the net Revenue Requirement as computed above.

2.4 Approved Sales and Connected Load

2.4.1 The energy sales and connected load for FY 2020-21 have been taken from Business Plan for FY 2018-19 to FY 2020-21 approved by the Hon'ble Commission in its order dated 01.11.2017. The same has been used to compute revenue estimates for FY 2020-21 in the subsequent sections.

Table 5: Energy Sale and Connected Load approved for FY2020-21

Sl.No	Consumer category	Connected load (MVA)	Energy Consumption (MU)
A	LT CATEGORY		
1	Domestic (DLT)	457.62	436.62
2	Commercial (CLT)	85.7	67.4
3	Industrial (ILT)	12.38	5.06
4	Agriculture (Ape)	0.28	0.1
5	Public Lighting (PL)	0.39	1.02
6	Water Supply (WSLT)	7.88	14.04
7	General Purpose (GP)	15.38	29.71
8	Kutir Jyoti (KJT)	57.84	34.03
9	Crematorium (CRM)	0.14	0.22
	Sub Total	637.61	588.2
B	HT CATEGORY		
1	Domestic HT	21.15	20.68
2	Water Supply (WSHT)	7.8	24.07
3	Bulk Supply (BS)	44.88	82.5
4	Commercial (CHT)	33.62	31.6
5	Industrial (IHT)	96.13	141.65
	Sub Total	203.58	300.5
C	EHT CATEGORY		

Sl.No	Consumer category	Connected load (MVA)	Energy Consumption (MU)
1	Industrial	68.7	173.64
D	Grand Total	909.89	1062.34

3 Tariff Proposal & Revenue Recovery from Tariff

The Licensee had filed the petition for revision of tariff for FY 2019-20 via letter No MePDCL/SE(RA)/54(D)/Pt-IV/2018-19/3 dated 29 November 2018. However, the order from the Hon'ble Commission is due on the same and as a result the Licensee has continued with the approved tariff of FY 2018-19 for FY 2019-20. The Hon'ble Commission in its order dated 31.03.2018 notified the approved tariff for FY 2018-19 but was silent on the issue of ARR recovery at the approved tariff for FY 2018-19

In the absence of the same, the Licensee has projected the revenue at the existing tariff for FY 2020-21 based on the category wise sales mix and the connected load of the applicable category approved by the Commission in the Business Plan and the prevailing tariff rates. For calculating revenue in various consumption slabs of Domestic and Commercial, MePDCL has used the approved per unit revenue for the slab and the estimated sales in the particular slabs. The proportion/estimation of consumption in different slabs for Domestic and Commercial LT has been arrived at as shown in section 3.1. The methodology used here is in line with the methodology used in petition for revision of tariff for FY 2019-20 and review petition of MePDCL tariff order dated 31 March 2018 for estimating the revenue recovery at approved and proposed tariff. The methodology is explained in the subsequent sections.

3.1 Slab Wise Consumption for Consumer Categories: MSERC

Based on the table 5.57 of the discom order for ARR FY 2018-19, detailed slab wise calculation of revenue is provided below:

1) Use of Revenue for FY 2018-19 at tariff of FY 2017-18 (Table 5.57) to arrive at revenue from energy charges considered by MSERC (this is required to get the consumption in different slabs assumed by the Hon'ble Commission for Domestic and Commercial LT)

Table 6: Revenue from Energy Charges at Existing Tariff based on Commission's Order

Category of Consumers	Revenue FY 2018-19 at existing Tariff (In Rs Cr)	Actual Load FY 2018-19 (MVA)	Tariff Fixed Charges Rs/KW/Month	Revenue from Fixed Charges (In Rs Cr)	Revenue from Energy Charges (In Rs Cr)	Units Consumption (MUs)	Average Energy Tariff (Rs/Unit)
	1	2	3	4=3*2	5=1-4	6	7=5/6
	(As per Present Order)	(As per approved Business Plan)	(As per FY 2017-18 Order)	(Revenue FY 2018-19 at existing Tariff)	(Revenue FY 2018-19 at existing Tariff)	(As per approved Business Plan)	
Domestic LT	214.47	420.74	50	22.72	191.75	407.12	4.71
Commercial LT	52.94	77.04	110	9.15	43.79	64.58	6.78

2) Based on the revenue from energy charges(Column 7 of the above table), the Licensee is estimating the slab wise proportion considered by Commission for FY 2018-19:

a) For Domestic LT:

Table7: Commission's Estimation of Slab Wise Consumption for Domestic LT

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2017-18 (Rs/Unit)	Revenue from Energy Charge FY 2018-19 at Tariff of FY 2017-18 (In Rs Cr)
First 100 Units	20.00%	81.42	3.30	26.87
Next 100 Units	13.3%	54.15	3.90	21.12
Above 200 Units	66.7%	271.55	5.30	143.92
Total		407.12		191.91

Based on the Hon'ble Commission's calculations, the average tariff from energy charge is Rs 4.71 per unit (as shown in table 6) which clearly shows the assumption considered by the Hon'ble Commission has greater share of proportion above 200 units in spite of the fact that average energy consumption in this category is close to only 110 units in last 5 years.

b) For Commercial LT

Table 8: Slab Wise Consumption as per Commission

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2017-18 (Rs/Unit)	Revenue from Energy Charge FY 2018-19 at Tariff of FY 2017-18 (In Rs Cr)
First 100 Units	14.6%	9.429	5.50	5.1858
Above 100 Units	85.4%	55.151	7.00	38.606
Total		64.58		43.79

Similarly, the slab wise consumption considered by Commercial LT has around 85% of its consumption above 100 unit as shown in the above table.

The purpose of a) and b) above is estimate the slab wise proportions for Domestic and Commercial LT based on the revenue from energy charge in FY 2018-19 at tariff of FY 2017-18.

3.2 Revenue for FY 2020-21 at Existing Tariff

Based on the Commission's slab wise estimates as found out above (for domestic and Commercial LT), Licensee is estimating the revenue for FY 2020-21 at existing tariff as per Commission's approach. In addition to the approved tariff of FY 2018-19, the following points have been considered for tariff calculation:

- a) Connected load in MVA for FY 2020-21 as per the approved Business Plan
- b) Energy Consumption in MUs for FY 2020-21 as per the approved Business Plan
- c) Fixed Charge & Energy Charge for Tariff as per the tariff schedule in the order dated 31.03.2018 (no revision of tariff order from MSERC after that)
- d) for Kutir Jyoti, Public Lightning LT & Crematorium, average tariff of FY 2017-18 escalated by average tariff hike in FY 2018-19 (3.37%) has been used to determine the revenue from these categories

For **Domestic LT**, revenue from energy charges at existing tariff:

Table 9: Revenue FY 2020-21 from Energy Charges for Domestic LT at existing tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2018-19 (Rs/Unit)	Revenue from Energy Charge FY 2020-21 at existing Tariff (In Rs Cr)
First 100 Units	20.00%	87.32	3.70	32.31
Next 100 Units	13.3%	58.07	4.20	24.39
Above 200 Units	66.7%	291.23	5.70	166.00
Total		436.62		222.70

For **Commercial LT**, revenue from energy charges at existing tariff:

Table 10: Revenue FY 2020-21 from Energy Charges for Commercial LT at existing tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2018-19 (Rs/Unit)	Revenue from Energy Charge FY 2020-21 at existing Tariff (In Rs Cr)
First 100 Units	14.6%	9.84	6.10	6.00
Above 100 Units	85.4%	57.56	7.30	42.02
Total		67.40		48.02

Table 11: Revenue for FY 2020-21 at Existing Tariff

Sl.	Category	Load(MVA)	Tariff Fixed Charges (Rs/KW/Month)	Fixed Charges Revenue (In Rs Cr)	Energy Tariff (Rs/KWh)	MUs Approved	Avg Tariff	Revenue from Energy Charge (In Rs Cr)	Total Revenue
		1	2	3=1*2	4	5	6	7=4*5	*8=(7+3) or 6*5
	LT Category								
1	Kutir jyoti	57.84				34.03	3.35		11.41
2	Domestic	457.62	50	24.71		436.62		222.70	247.41
3	Commercial	85.70	110	10.18		67.40		48.02	58.20
4	Industrial LT	12.38	110	1.47	6	5.06		3.04	4.51
5	Public Lighting	0.08	110	0.01	6.5	0.20		0.13	0.14
6	LED Fittings	0.31	50	0.00	4.25	0.82		0.35	0.35
7	Water supply	7.88	110	0.94	6.7	14.04		9.41	10.34
8	General Purpose	15.38	110	1.83	6.9	29.71		20.50	22.33
9	Agriculture	0.28	100	0.03	3	0.10		0.03	0.06
	Crematorium	0.14			4.1	0.22	4.43		0.10
			Rs./kVA/month						

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Sl.	Category	Load(MVA)	Tariff Fixed Charges (Rs/KW/Month)	Fixed Charges Revenue (In Rs Cr)	Energy Tariff (Rs/KWh)	MUs Approved	Avg Tariff	Revenue from Energy Charge (In Rs Cr)	Total Revenue
	HT Category								
1	Domestic (HT)	21.15	200	5.08	6.2	20.68		12.82	17.90
					Rs./kVAh				
2	Commercial (HT)	33.62	200	8.07	6.6	31.60		18.77	26.84
3	Industrial (HT)	86.20	200	20.69	6.6	89.30		53.05	73.73
4	Ferro Alloy ***	9.93	200	2.38	4.46	52.35		21.01	23.40
5	Public water supply	7.80	200	1.87	6.5	24.07		14.08	15.95
6	General Purpose / BS	44.88	200	10.77	6.2	82.50		46.04	56.81
	EHT Category								
1	Ferro Alloy ***	36.45	200	8.75	4.36	123.92		48.63	57.37
2	Industrial EHT	32.25	200	7.74	6.2	49.72		27.75	35.49
	Total	909.89				1062.34		546.31	662.33

* For Crematorium, Kutir Jyoti & Public Lightning LT: Total revenue = average tariff 18-19 * Approved MUs
For other categories: Total Revenue: Revenue from fixed + Revenue from Energy Charges

** For DLT, CLT: Revenue from Energy Charges is determined in Table 9&10 as per Hon'ble Commission's estimated slab wise proportions

*** The Hon'ble Commission has approved consolidated energy consumption and connected load for Industrial HT and EHT (No break up for Ferro Alloys). Hence the Licensee has used the load and consumption trend in FY 2018-19 to arrive at connected load and energy consumption for Industries and Ferro Alloy (for both HT and EHT) in FY 2020-21

Please Note:

a) The same slab wise proportions and methodology has been used by the licensee to estimate revenue at approved tariff for FY 2018-19 and subsequent revenue gap in FY 2018-19 as per the approved tariff of FY 2018-19 in the Review Petition for Order dated 31 March 2018 (MYT FY 2018-19 to FY 2020-21 and tariff for FY 2018-19)

b) The same slab wise proportions and methodology has been used by the licensee to estimate revenue at existing and proposed tariff for FY 2019-20 in Petition for Revision of tariff FY 2019-20

3.3 Revenue Gap for FY 2020-21

Based on the above submissions, the revenue gap for FY 2020-21 at existing tariff has been arrived at as follows:

Table12: Revenue Gap at existing tariff of FY 2020-21

Particulars	Amount in Rs Cr
Total Revenue Requirement in FY 2020-21	1,953.96
Less: Projected Revenue at Existing Tariff Rates (As per Section 3.2)	662.33
Revenue Gap for FY 2020-21 at Existing Tariff	1,291.63

3.4 Determination of Retail Supply Tariff Rates for FY 2020-21

- 3.4.1.1 From the previous section, it is evident that in order to meet the projected revenue gap of Rs.1291.63Crore, the existing tariff rates need to be enhanced by around 195%
- 3.4.1.2 Since this would be a huge tariff shock to the consumers, MePDCL proposes that there may be a tariff hike of only 45% and the remaining amount may be treated as regulatory asset to be liquidated over the future years.
- 3.4.1.3 The tariff rates for different category of consumers with the 45% tariff hike is given below:

Table13: Proposed Tariff for FY 2020-21

Sl.No	Category	Existing Tariff		Proposed Tariff	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
		Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
	Low Tension	Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
1	Kutir Jyoti				
	Unmetered (Per Connection)	170.00	-	245	
	Metered	-	3.65		5.30
2	Domestic	-	-		
	First 100Units	50	3.7	75	5.35
	Next 100Units	50.00	4.2	75	6.10
	Above 200Units	50.00	5.7	75	8.25
3	Commercial				
	First 100Units	110	6.1	160	8.85
	Above 100Units	110	7.3	160	10.60
				Rs./kVA/month	Rs./kVAh
4	LT Industrial	110	6	130	7.85
				Rs./KW/Month	Rs./kWh
5	Public Lighting(Metered)	110.00	6.5	110	6.50
6	LED fittings and Lamps	50.00	4.25	75	6.15
7	Public Water Supply	110.00	6.7	160	9.70
8	General Purpose	110.00	6.90	160	10.00
9	Agriculture	100.00	3	145	4.35
10	Crematorium	6500.00	4.1	9425	5.95
11	Electric Vehicle Charging Station			130	8.75
	High Tension	Rs./kVA/month	Rs/KWh	Rs./kVA/month	Rs./kVAh
12	Domestic	200.00	6.2	290	8.10
			Rs./kVAh		

Sl.No	Category	Existing Tariff		Proposed Tariff	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
13	General Purpose/Bulk Supply	200.00	6.2	290	9.00
14	Commercial	200	6.6	290	9.55
15	Industrial	200	6.6	290	9.55
16	Ferro Alloy	200	4.46	290	6.45
17	Public Water Supply	200	6.5	290	9.40
18	Electric Vehicle Charging Station			245	8.05
	Extra High Tension	Rs./kVA/month	Rs./kVAh	Rs./kVA/month	Rs./kVAh
19	Industrial	200	6.2	290	9.00
20	Ferro Alloy	200	4.36	290	6.30

Table14 : Proposed Time of Day Tariff for FY 2020-21

Time Slot	Existing Energy Charges (Rs./kVAh)		Existing Energy Charges (Rs./kVAh)	
	HT Industrial	EHT Industrial	HT Industrial	EHT Industrial
0600 hrs to 1700 hrs (normal)	6.60	6.20	9.55	9.00
1700-2300 hrs (peak)	7.50	7.50	10.90	10.90
2300-0600 hrs (night off-peak)	5.00	5.00	7.25	7.25

a) At present, kVAh tariff is applicable for HT/EHT Industrial consumers, HT Commercial, HT Bulk Supply and HT Public Water Supply consumers. In order to improve the power factor, MePDCL is proposing to extend the kVAh tariff for LT Industrial Consumers as well as HT Domestic category. This would enable MePDCL to regulate the overall system power factor to desired levels.

b) Temporary Supply: MeECL has proposed to continue their existing arrangement where the fixed and energy charges shall continue to be double of the normal applicable rates for all categories

c) Unmetered Public Lighting: The licensee is requesting for an extension till 31/03/2021 for replacement of existing fittings with LEDs. The licensee also requests the Hon'ble Commission to allow it to bill the existing fixtures at the prevailing rates of the old lamps until the works of replacement of the same with LEDs is completed

d) Tariff for Ferro Alloy Consumers:

The Hon'ble Commission in its order dated 10 Sept 2018 had approved a separate tariff category for Ferro Alloy (HT and EHT Consumers) with the amended tariff as follows:

Table15: Ferro Alloy Approved Tariff

	Fixed Charges (Rs./Conn/kVA)	Energy Charges (Rs./kVAh)
Ferro Alloy HT	200	4.46
Ferro Alloy EHT	200	4.36

The Licensee raised concerns in subsequent correspondences with the Hon'ble Commission on the impact of such revision of tariff leading to reduction of revenue and the increasing gap in revenue and cost. However, the Hon'ble Commission had stated the following in the same order:

“The HTSS (Ferro alloy) consumers will make all efforts to ensure a load factor of at least 85%. Failure to do so may make it necessary for the Commission to specify a higher tariff for such defaulters when the next or subsequent Tariff order is passed”

Based on the commercial data, the Licensee has found out that many of the consumers have a load factor of less than 80% in the last 12 months (Oct 18 – Sept 19). The average load factor in the last 4 months is also less than 70% for the last 4 months (June 19 – Sept 19). The lower than expected load factor maintained by these industries is causing huge revenue shortfall to the already ailing Licensee leading to widening of ARR gap to higher levels.

To overcome the revenue shortfall and on the basis that the load factor of many of these industries is less than the optimal 85% level, the Licensee is proposing the concept of deemed consumption for Ferro Alloy Industries in HT and EHT categories. If the annual load factor is less than 85% for ferro alloy consumers in FY 2020-21, the deemed consumption charges amounting to the shortfall would be paid to the DISCOM by the Ferro Alloy Consumers in 3 installments in the 1st Quarter of FY 2021-22. This is line with the approach followed by APERC in order on ferro alloy tariff dated 30 Oct 2002. This suggestion by the licensee will mitigate the risk of revenue shortfall which in turn creates burden on general public and the discom in case of lower consumption by the Ferro Alloy Industries. **Also, this suggestion will not applicable for ferro alloy industries which have an annual load factor of 85% or more.**

e) S No 11 and 18 of Proposed Tariff (Table 13):

To promote creation of dedicated infrastructure for charging of Electric Vehicles, the Licensee is proposing a separate tariff category for Electric Vehicle Charging Stations. Please refer to Section 3.5 of the petition for details

3.5 Creation of Tariff Category for Electrical Vehicle Charging Stations & Retail Supply tariff for FY 2020-21

3.5.1 Need for Creation of Separate Tariff Category for Electric Vehicle Charging Stations

3.5.1.1 Government of India has undertaken multiple initiatives to promote manufacturing and adoption of electric vehicles in India. Availability of adequate charging infrastructure is one of the key requirements for accelerated adoption of electric vehicles in India. In this regard Ministry of Power in its notification dated 14 Dec 2018 has laid down the framework to kick start the Electric Vehicle Technology and boost environment friendly electric and hybrid vehicles. Given below is the excerpt from the notification.

“7 Tariff for supply of electricity to EV Public Charging Stations:

The tariff for supply of electricity to EV Public Charging Station shall be determined by the appropriate commission, provided however that the tariff shall not be more than the average cost of supply plus 15 (fifteen) percent”

3.5.1.2 The Ministry of Power in the proposed amendments to Tariff Policy dated 10 Sept 2018 has suggested creation of a separate tariff category for electric vehicle charging stations. The excerpts from the proposed amendments order is given below:

“Para 8.3.A Simplification of tariff categories and rationalization of retail tariff

(7) In addition, the State Commission may create a separate category for EV charging stations”

3.5.1.3 In the light of the above, to promote creation of dedicated infrastructure for charging of Electric Vehicles, the Licensee is proposing a separate tariff category for Electric Vehicle Charging Stations.

3.5.2 Tariff Proposal for Electric Vehicle Charging Stations for FY 2020-21

3.5.2.1 Calculation Methodology

The Ministry of Power in its notification dated 14 Dec 2018 has capped the tariff for Electric Vehicle Charging Stations at not more than 15% of the Average Cost of Supply for the discom. Copy of the notification is attached as **Annexure B**.

Since the implementation of EV charging infrastructure is at a very nascent stage in the state, it is not possible to estimate the load and revenue for the tariff category of electric vehicle charging stations for the ensuing year. Given the commercial nature of the services of charging stations for Electric Vehicles, the Licensee has used the tariff category of Commercial (LT and HT) as base and accordingly adjusted the tariff to 1.15 times the average cost of supply to arrive at the tariff for Electric Vehicle Charging Stations.

3.5.2.2 Tariff Proposal for Electric Vehicle Charging Stations

The Licensee has proposed the following tariff for Commercial LT and HT consumers for FY 2020-21 (Refer to table 13 above)

Table 16: Proposed Tariff for Commercial Category for FY 2020-21 in Revision of Tariff Petition

	Fixed Charges	Energy Charges
	Rs. /KW/Month	Rs. /kWh
Commercial LT Category		
First 100Units	160	8.85
Above 100Units	160	10.60
	Rs./kVA/month	Rs./kVAh

	Fixed Charges	Energy Charges
Commercial HT Category	290	9.55

The Average Cost of Supply for the discom and average tariff of different category of consumers based on the expected revenue in FY 2020-21 and load and unit consumption projection (from table 22 in section 3.6) is given below:

Table17: Average Tariff and Average Cost of Supply FY 2020-21 based on Expected Revenue from Tariff and Projected load and Consumption

	Projected Revenue in FY 2020-21	Units Consumption Approved for FY 2020-21	Average Tariff
	Rs Cr	MUs	Rs/Unit
Average (for all consumer Categories)	956.99	1062.34	9.01
Commercial LT	84.53	67.40	12.54
Commercial HT	38.86	31.60	12.30

Based on the average cost of supply and average tariff for Commercial LT and HT categories, the tariff of Commercial LT & HT categories has to be reduced by 18% and 16% respectively to arrive at tariff which is capped at 1.15 times the average cost of supply. The details of the same is shown in table below:

Table 18: % Reduction in Average Tariff for Commercial Category to arrive at 1.15 times Average Cost of Supply

Category	Average tariff (1)	Average Cost of Supply (2)	1.15 times Average Cost of Supply (3)	% Reduction in (1) to arrive at (3)
Commercial LT	12.54	9.01	10.36	17.4%
Commercial HT	12.30	9.01	10.36	15.7%

Based on above calculations for % reduction in tariff to arrive at the required tariff which is 1.15 times the average cost of supply, the proposed tariff for Electric Vehicle Charging stations for FY 2020-21 is calculated in the table below:

Table 19: Proposed Tariff for LT and HT Category for Electric Vehicle Charging Stations

	Tariff for Commercial Category		% Reduction required	Tariff for Electric Vehicle Charging Stations	
	Fixed Charges	Energy Charges		Fixed Charges	Energy Charges
	Rs./KW/Month	(Rs/KWh)		Rs./KW/Month	(Rs/KWh)
LT	160	10.60	17.4%	130	8.75
	Rs./kVA/month	(Rs/KWh)		Rs./kVA/month	(Rs/KWh)
HT	290	9.55	15.7%	245	8.05

*For simplicity the Licensee has initially proposed one category for energy charges in the LT category

Consumers are allowed to charge their own Electric Vehicle at their premises with the Tariff applicable to such premises falling under the respective consumer category

3.6 Revenue Estimates for FY 2020-21 at Proposed Tariff

Based on the Tariff proposed in the above section, the revenue to be recovered in the ensuing is year is given below:

Licensee is calculating the revenue for FY 2020-21 at proposed tariff using tariff proposed for FY 2020-21 (As per section 3.4) and the slab wise estimation considered by the Hon'ble Commission based on table 5.58 of FY 2018-19 order and calculations done in section 3.1). In addition to the proposed tariff of FY 2020-21, following points have been considered to arrive at revenue from proposed tariff for FY 2020-21:

- a) Connected load in MVA for FY 2020-21 as per the approved Business Plan
- b) Energy Consumption in MUs for FY 2020-21 as per the approved Business Plan
- c) Fixed Charge & Energy Charge for Tariff as per the tariff schedule in the order dated 31.03.2019 (no revision of tariff order from MSERC after that)
- d) for Kutir Jyoti, Crematorium, average tariff of FY 2018-19 escalated by proposed tariff hike of FY 2020-21 (45%) has been used to determine the revenue from these categories.

For **Domestic LT**, revenue at proposed tariff:

Table20: Revenue from Revised tariff for Domestic LT based on Commission's Slab Wise Estimates

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2020-21 (Rs/Unit)	Revenue from Energy Charge FY 2020-21 at proposed Tariff (In Rs Cr)
First 100 Units	20.00%	87.32	5.35	46.72
Next 100 Units	13.3%	58.07	6.10	35.42
Above 200 Units	66.7%	291.23	8.25	240.26
Total		436.62		322.4

For **Commercial LT**, revenue at proposed tariff:

Table21: Revenue from Revised tariff for Commercial LT based on Commission's Slab Wise Estimates

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2020-21 (Rs/Unit)	Revenue from Energy Charge FY 2020-21 at proposed Tariff (In Rs Cr)
First 100 Units	14.6%	9.84	8.85	8.71
Above 100 Units	85.4%	57.56	10.60	61.01

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	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2020-21 (Rs/Unit)	Revenue from Energy Charge FY 2020-21 at proposed Tariff (In Rs Cr)
Total		67.40		69.72

Table 22: Revenue at Proposed tariff

Sl.	Category	Load(MVA)	Tariff Fixed Charges (Rs/KW/Month)	Fixed Charges Revenue (In Rs Cr)	Energy Tariff (Rs/KWh)	MUs Approved	Avg Tariff	Revenue from Energy Charge (In Rs Cr)	Total Revenue
		1	2	3=1*2	4	5	6	7=4*5	*8=(7+3) or 6*5
	LT Category								
1	Kutir jyoti	57.84				34.03	4.86		16.54
2	Domestic	457.62	75	37.07		436.62		322.40	359.47
3	Commercial	85.70	160	14.81		67.40		69.72	84.53
			Rs./kVA/month		Rs./kVAh				
4	Industrial LT	12.38	130	1.93	7.85	5.06		4.41	6.34
			Rs./KW/Month		Rs./kWh				
5	Public Lighting	0.08	110	0.01	6.50	0.20		0.13	0.14
6	LED Fittings	0.31	75	0.03	6.15	0.82		0.50	0.53
7	Water supply	7.88	160	1.36	9.70	14.04		13.62	14.98
8	General Purpose	15.38	160	2.66	10.00	29.71		29.71	32.37
9	Agriculture	0.28	145	0.04	4.35	0.10		0.04	0.09
10	Crematorium	0.14				0.22	6.42		0.14
			Rs./kVA/month		Rs./kVAh				
	HT Category								
1	Domestic (HT)	21.15	290	7.36	8.10	20.68		15.08	22.44
2	Commercial (HT)	33.62	290	11.70	9.55	31.60		27.16	38.86
3	Industrial (HT)	86.20	290	30.00	9.55	89.30		76.76	106.75
4	Ferro Alloy	9.93	290	3.46	6.45	52.35		30.39	33.84
5	Public water supply	7.80	290	2.71	9.40	24.07		20.36	23.08
6	General Purpose / BS	44.88	290	15.62	9.00	82.50		66.83	82.44
	EHT Category								
1	Ferro Alloy	36.45	290	12.68	6.30	123.92		70.26	82.94
2	Industrial EHT	32.25	290	11.22	9.00	49.72		40.28	51.50
	Total	909.89				1062.34		787.65	956.99

* For Crematorium, Kutir Jyoti: Total revenue = average tariff 19-20 (Average tariff FY 2018-19 * Tariff hike of 45%) * Approved MUs
For other categories: Total Revenue: Revenue from fixed + Revenue from Energy Charges

** For DLT, CLT: Revenue from Energy Charges is determined in Table 20&21 as per Hon'ble Commission's estimated slab wise proportions.

*** The Hon'ble Commission has approved consolidated energy consumption and connected load for Industrial HT and EHT (No break up for Ferro Alloys). Hence the Licensee has used the load and consumption trend in FY 2018-19 to arrive at connected load and energy consumption for Industries and Ferro Alloy (for both HT and EHT) in FY 2020-21

3.7 Revenue Gap with Proposed Tariff

The projected revenue gap with a 45% tariff hike is estimated as shown below:

Table 23: Revenue Gap at 45% hike in tariff

Particulars	Amount
Total Revenue Requirement in FY 2020-21	1,953.96
Less: Projected Revenue with 45% Tariff Hike (As per Section 3.6)	956.99
Projected Revenue Gap for FY 2020-21	996.97

The remaining amount of Rs 996.97Cr may be treated as regulatory asset to be liquidated over the future years.

3.8 Wheeling Charges, Cross Subsidy surcharge for FY 2020-21

3.8.1 Wheeling Charges:

The Wheeling Charges applicable for Distribution Open Access consumers at 33 kV voltage level for FY 2020-21 has been determined as per the Clause 23 MSERC (Terms and Conditions of Open Access) Regulations, 2012 which is stated below:

“Wheeling charges payable to distribution licensee, by an open access customer for usage of its system and associated facilities shall be as determined as under:

Wheeling Charges = (ARR – PPC – TC) / (ALSD X365) (in Rs. /MW-Day)

Where,

ARR= Annual Revenue Requirement of the distribution licensee in the concerned year

PPC= Total Power Purchase Cost of distribution licensee in the concerned year

TC = Total transmission charges paid by distribution licensee for State and associated facilities and Inter-State transmission system for the concerned year

ALSD= Total average load projected to be served by the concerned distribution system in the concerned year

Provided that Wheeling charges shall be payable on the basis of contracted Capacity/Scheduled Load or actual power flow whichever is higher.”

Wheeling Charges has been determined from the ARR FY 2020-21 of the Distribution Wires Business, as determined in the below table:

Table24: Wheeling Charges for FY 2020-21

Particulars		Amount
Net ARR of Distribution Business (In INR Cr) Excluding Non Tariff Income (Net ARR – Regulatory Asset + Revenue from Sale of Surplus Power + RE Subsidy)	A	1,540.27
Power Purchase Cost(In INR Cr)	B	981.25
Inter and Intra State Transmission Charges(In INR Cr)	C	349.04
Net ARR of Wire Business (In INR Cr)	D=A-B-C	209.98
Estimated Load for FY 2020-21 (MW)	E	212.00

Particulars		Amount
Wheeling Charges (Rs/MW-Day)	$F=D/(E*365)$	27,136.53
Total Sale within State for FY 2020-21 (MUs)	G	1,062.34
Wheeling Charges (Rs/Unit)	$H=D*10/G$	1.98

The Licensee humbly requests the Commission to review the wheeling charges as per the calculations shown above.

3.8.2 Cross Subsidy Surcharge

MePDCL is also requesting a 45% increase in the Cross Subsidy Surcharge. Because of the truing up adjustments and increase in the subsequent net ARR for FY 2020-21of MePDCL, it will result in increase of average cost of supply wrt previous year.

Hence,cross subsidy charges are proposed to increase by 45% in FY 2020-21as shown below. The levy of cross subsidy surcharge shall be as per MSERC Open Access Regulations 2012 and its subsequent amendments.

Table25: Proposed Cross Subsidy Surcharge for FY 2020-21

Sr. No.	Particulars	Existing (INR/kWh)	Proposed (INR/kWh)
1	Cross Subsidy Surcharge for HT consumers	1.3	1.89
2	Cross Subsidy Surcharge for EHT consumers	1.2	1.74

3.9 Prayer before the Honorable Commission

3.9.1 The licensee has not been able to increase its revenue considerably in this fiscal year due to no tariff order for FY 2019-20 yet from the Hon'ble Commission. At the same time, the mounting costs due to higher power purchase costs and inflation is increasing the revenue and cost gap for the Corporation. In spite of the roadblocks, the Utility is striving hard to improve the distribution infrastructure to deliver 24*7 reliable power supply to all its consumers

3.9.2 MePDCL humbly prays before the Honorable Commission to kindly approve the proposed tariff rates for implementation from 01.04.2020 based on the facts and circumstances submitted above and also allow a Regulatory Asset for the unrecovered amount of **Rs 996.97Cr**