

BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG

PETITION
FOR
REVISION OF TARIFF FOR FY 2020-21

FILED BY



MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED
Lum Jingshai, Short Round Road, Shillong - 793 001

BEFORE THE HONORABLE 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 TRANSMISSION 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 Generation Corporation Limited (MePGCL)**: the Generation Utility;
 - c. **Meghalaya Power Transmission Corporation Limited (MePTCL)**: the Transmission Utility;
 - d. **Meghalaya Power Distribution Corporation Limited (MePDCL)**: the Distribution 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), MePGCL (Generation utility), MePTCL (Transmission Utility) and MePDCL (Distribution 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 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. MePTCL has begun segregated commercial operations as an independent entity from 1st April 2013.
5. 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.
6. In exercise of its powers, MSERC had determined the Aggregate Revenue Requirement (ARR) for MePTCL 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.

7. Under Meghalaya State Electricity Regulatory Commission i.e. MSERC (Multi Year Tariff) Regulations, 2014, MePTCL 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.
8. The Licensee filed the petition for Mid Term Review of Business Plan for FY 2018-19 to FY 2020-21 vide letter No. MePTCL/DT/T-21(Pt-VI)/2019-20/30 dated 02.09.2019. However, the Hon'ble Commission in its letter No MSERC/MePTCL/Case No. 6 of 2019/2019/92 dated 12 Nov 2019 didn't consider the petition for midterm review of Business Plan petition. The same petition would have served as base for the midterm review of ARR for remaining control period.
9. 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 MePTCL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2020-21.
10. The Board of Directors of MePDCL have accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. The copy of the Board's resolution is hereby enclosed as **Annexure-A**.
11. 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. B. Nath)
Superintending Engineer (Elect) - II
O/O the Director (Transmission)
Meghalaya Power Transmission Corporation Limited

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1. Introduction

The Licensee filed the petition for Mid Term Review of Business Plan for FY 2018-19 to FY 2020-21 vide letter No MePTCL/DT/T-21(Pt-VI)/2019-20/30 dated 02.09.2019. 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 midterm review of ARR for remaining control period.

However, the Hon'ble Commission in its letter No MSERC/MePTCL/Case No. 6 of 2019/2019/93 dated 12 Nov 2019 didn't 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 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 amended 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 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 6b) 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"*

1.2 Submissions before the Hon'ble Commission

MePTCL hereby submits the petition under section 61, 62 of the Electricity Act, 2003, MSERC Terms and MSERC (Multi Year Tariff) Regulations, 2014 for approval of Revision of tariff for FY 2020-21.

2 Revision of Tariff for FY 2020-21

2.1 Background

- 2.1.1 The power transmission in the state of Meghalaya is carried out by Meghalaya Power Transmission Corporation Limited (MePTCL), a wholly owned subsidiary of Meghalaya Energy Corporation Limited (MeECL). As stated earlier, MeECL was a bundled entity till 30th March 2010 carrying out the functions of generation, transmission and distribution. Thereafter, through 'The Meghalaya Power Sector Reforms Transfer Scheme 2010' and its subsequent amendments notified by the Government of Meghalaya, the independent unbundled entities, namely (i) Meghalaya Energy Corporation Limited (MeECL), the Holding Company; (ii) Meghalaya Power Generation Corporation Limited (MePGCL), the Generation Utility; (iii) Meghalaya Power Transmission Corporation Limited (MePTCL), the Transmission Utility; & (iv) Meghalaya Power Distribution Corporation Limited (MePDCL), the Distribution Utility, were formed. The individual entities commenced their independent commercial operations from 1st April 2013
- 2.1.2 The Hon'ble Commission has approved ARR of **Rs 143.13 Cr** for FY 2020-21 in its MYT order dated 31 March 2018. Now Net ARR for FY 2020-21 for determination of transmission tariff will be based on the approved ARR of FY 2020-21 and gaps of the previous years.

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 2015-16 for which the orders are due from the Hon'ble Commission. The Hon'ble Commission on 18 Nov 2019 issued the transmission true up for FY 2016-17 order which will be adjusted in the Net ARR of FY 2020-21.
- 2.2.2 Based on the above submissions, the gap due to true Up and review petition on true up orders which needs to be passed on in the tariff of FY 2020-21 is given below:

Table1: Gaps to be passed on in Tariff of FY 2020-21

S.No.	Particulars	Amount (in Rs Cr.)
1	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
2	Gap/(Surplus) from True up of FY 2016-17 of MePTCL	(0.74)

- 2.2.3 From the above table, Sl No 1-2 petitions were filed MePTCL whose order was due from the Hon'ble Commission in the last financial year. The delay in order has 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, MePTCL is proposing a carrying cost on the above gaps based on the lending rate as on 01.04.2019. The carrying cost computation has been given below:

Table 2: Carrying Cost Calculation

S.No.	Particulars	Amount (in Rs Cr.)
1	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
2	Gap/(Surplus) from True up of FY 2016-17 of MePTCL	(0.74)
3	Interest rate as on 01.04.2019 considered for carrying cost calculation (3)	13.80%
	Carrying Cost due to delay in orders (sum of 1 & 2 *3)	9.16

2.3 Net ARR for FY 2020-21

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

Table 3: Net ARR for FY 2020-21

Sl No	Particulars	Amount (in Rs. Cr)
1	Approved ARR of FY 2020-21	143.13
2	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
3	Gap/(Surplus) from True up of FY 2016-17 of MePTCL	(0.74)
4	Carrying Cost due to delay in orders	9.16
	Net Revenue Requirement for FY 2020-21	218.64

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

2.4 Transmission Tariff for 2020-21

2.4.1 Based on the request for change in ARR, the petitioner requests the Hon'ble Commission to revise the transmission tariff for FY 2020-21 as given below:

Table 1: Transmission Tariff for FY 2020-21

Sl. No.	Particulars	FY 2020-21
1	Annual Transmission Charges (Rs. Lakhs)	21,863.63
2	**Total MW Allocation (MW)	368
3	Transmission Tariff (Rs / MW / Day)	16,277.27
4	*Energy Transfer (MU)	1207.2
5	Transmission Tariff (Paise / Unit)	181.11

*Energy Transfer (MU): As per the approved Energy Balance in the Discom Business Plan for FY 2018-19 to FY 2020-21 Order dated 01.11.2017. The net power requirement at the state bus for sale of power within the state is 1207.2 MUs (also shown in the table below: abstract from the Table 3.21 of the order).

Table 5: Energy Transfer (MU) for FY 2020-21

Sl No.	Particulars	Calculation	FY 2020-21 (in MUs)
1.	Power to be sold to consumers within the state	J	1062.34
2.	Transmission and Distribution Losses (%)	K	12.00%
3.	Net power requirement at state bus for sale of power within the state	$L=J/(1-K)$	1207.2

** Total MW allocation = Total load allocation for MePDCL (320MW) + Total load allocation for Open Access (48 MW).

2.5 Prayer before the Honorable Commission

The Meghalaya Power Transmission Corporation Limited (MePTCL) humbly prays before the Honorable Commission to kindly approve the proposed tariff for implementation from 01.04.2020, based on the facts and circumstances as submitted above.