

**BEFORE**  
**MEGHALAYA STATE ELECTRICITY REGULATORY**  
**COMMISSION SHILLONG**

**PETITION**  
**FOR**  
**TRUE UP OF FY 2021-22**

**FILED BY**



**MEGHALAYA POWER TRANSMISSION CORPORATION**  
**LIMITED**

LumJingshai, Short Round Road, Shillong-793001

**BEFORE THE HONORABLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION**

At its office at Lower Lachumiere, Shillong– 793001

File/Petition

No.:

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**IN THE MATTER OF**

TRUING-UP OF TRANSMISSION BUSINESS FOR THE FY 2021-22 AND REVISION OF TARIFF FOR THE MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED (MePTCL) 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, SHORT ROUND ROAD, 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

4<sup>th</sup> Amendment to the Notified Transfer Scheme dated 31<sup>st</sup> March 2010 on 29<sup>th</sup> 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 began segregated commercial operations as an independent entity from 1<sup>st</sup> April 2013.
5. The Licensee filed the petition for approval of Business Plan for the third control period FY 2021-22 to FY 2023-24 vide letter No. MePTCL/DT/T-21(Pt-VI)/2020-21/135 dated 09.09.2020. The Hon'ble Commission approved the Business Plan on 28.09.2020.
6. 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 FY2021-22 to FY 2023-24. In respect to the said petition MYT order was issued by Hon'ble Commission on 25<sup>th</sup> March 2021.
7. The Licensee filed the review petition for revision of tariff for FY 2021-22 and the ARR for the MYT control period for FY 2021-22 to FY 2023-24 and the Commission has given its order on 18.08.2021.
8. The audited financial statements of MePTCL are inclusive of SLDC and as such the petitioner had submitted the actual consolidated expenses of MePTCL inclusive of transmission business and SLDC business for truing up of FY 2021-22, based on the audited Statement of Accounts. Copy of the Audited Statement of Accounts and Statutory Audit Report of MePTCL and MeECL for FY 2021-22 are appended as **Annexure-A** and **Annexure B** respectively.
9. 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.
10. The **Meghalaya State Electricity Regulatory Commission** (herein after 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.
11. In exercise of its powers, MSERC had determined the segregated Aggregate Revenue Requirement (ARR) and tariffs of MePTCL for FY 2021-22, in accordance with the MSERC Tariff Regulations, 2014.

12. Now, based on the provisions of Regulation 11 of the Tariff Regulations, 2014, MePTCL files this petition for approving the final true-up of FY 2021-22.
13. The Board of Directors of MePTCL 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-C**.
14. While filing the present True-up petition for Transmission business, MePTCL has, to the best of its ability, endeavored to discharge its obligations and comply with the various applicable legal and regulatory directions and stipulations as per the Meghalaya State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2014.
15. The petitioner (MePTCL), therefore, humbly prays before the Hon'ble Commission to:
  - a. Approve the True-up of expenses and revenue of MePTCL for FY 2021-22 and pass the true up Gap in the upcoming Tariff for FY 2024-25 as proposed in this petition.
  - 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.

**Smti. P. Sun**

Superintending Engineer (Elect-II) O/o

DIRECTOR TRANSMISSION)

MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED

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### Abbreviations

A&G	Administration & General
ARR	Aggregate Revenue Requirement
APTEL	Appellate Tribunal For Electricity
CAGR	Compound Annual Growth Rate
CD	Contract Demand
CoD	Commercial Operation Date
CERC	Central Electricity Regulatory Commission
CWIP	Capital Work In Progress
FY	Financial Year
GOM	Government of Meghalaya
GFA	Gross Fixed Assets
HT	High Tension
KV	Kilo Volt
KVA	Kilo Volt Amps
KVAh	Kilo Volt Ampere hour
KW	Kilo Watt
kWh	kilo Watt hour
MVA	Million Volt Amps
MU	Million Unit
MW	Mega Watt
MYT	Multi Year Tariff
MeECL	Meghalaya Energy Corporation Limited
MePGCL	Meghalaya Power Generation Corporation Limited
MePDCL	Meghalaya Power Distribution Corporation Limited
MePTCL	Meghalaya Power Transmission Corporation Limited
MSERC	Meghalaya State Electricity Regulatory Commission
ROE	Return on Equity
SLDC	State Load Dispatch Centre

## 1. Introduction

### 1.1. Provisions of Law for True-up

1.1.1 The Hon'ble Commission has notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 on 15 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 They shall be applicable for the determination of tariff effective from April 1, 2015 in all cases covered under these Regulations. Provided that for the purpose of review or of trueing up of revenues and expenses pertaining to FYs prior to 2015-16, the provisions under MSERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 shall apply.”***

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

1.1.3 It is submitted that the Licensee has filed the petition for revision of tariff for FY 2021-22 based on the approved ARR of MYT of FY 2021-22 to FY 2023-24 in order dated 25<sup>th</sup> March 2021.

1.1.4 The Hon'ble Commission has notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 on 15<sup>th</sup> September 2014 which is applicable for determination of tariff effective from 1 April 2015. Regulation 11 of the said Regulations lays down the general guiding principles for trueing up and the provisions of the said Regulations are reproduced below for reference:

***“11. Trueing-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 trueing 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 Trueing 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 forms 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.***

It is further stated that the amendment to Regulation 11.3 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 dated 15<sup>th</sup> June 2021 is as follows:

*“Provided that the Generating Company or Transmission 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 a Statutory Auditor appointed by C&AG, 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.”**

**Provided further that a Mid-term Review of the Business Plan may be sought by the Generating Company, Transmission Licensee and Distribution Licensee through an application...”**

## 1.2 Submissions before the Hon’ble Commission

- 1.2.1 **J.N. Gupta & Comp. has been appointed as Statutory Auditor of MePTCL, and M/s Parik & Co. Chartered Accountants has been appointed as Statutory Auditor of MeECL.** The firms are Chartered Accountancy firms, appointed as Statutory Auditors for the FY 2021-22 by the Comptroller & Auditor General of India(C&AG).
- 1.2.2 MePTCL hereby submits the petition under section 61 and 62 of the Electricity Act, 2003 and MSERC (Multi Year Tariff) Regulations, 2014 for approval of True Up of FY 2021-22 and to pass the Gaps of FY 2021-22 through appropriate determination of transmission tariff in FY 2024-25.

## 2 True up of Transmission Business for FY 2021-22

### 2.1 Performance Highlights

- 2.1.1 MePTCL has inherited an ageing network from MeSEB which itself had inherited the network from Assam State Electricity Board (ASEB) in 1975. However, both erstwhile MeSEB and MePTCL have added significant network assets in previous few years in order to sustain the load growth and to provide reliable power transmission corridor to the state of Meghalaya.
- 2.1.2 The key physical achievements of MePTCL are highlighted below:

**Table 1: Voltage wise Transmission Line details**

Details	Ckm (2021-22)
400 KV Line	4.648 Km
220 KV Line	226.84 Km
132 KV Line	1247.196 Km

**Table2: Sub Station Details as on 31.03.2021**

Sl. No.	Voltage	Capacity (MVA)	Nos.	Total Capacity (MVA)
1	400/220/33 kV	315	2	630
2	220/132 kV	160	2	320
3	220/132 kV	100	2	200
4	132/33 kV	50	1	50
5	132/33 kV	25	5	125

6	1132/33 kV	20	20	400
7	132/33 kV	12.5	2	25
8	132/33 kV	10	1	10
9	132/33 kV	5	2	10
10	132/11 kV	10	2	20
	<b>Total:</b>			<b>1790</b>

**Table 3: No. of Bays under MePTCL as on 31.03.2022**

Details	Nos (2021-22)
400 KV Bays	6
220 KV Bays	18
132 KV Bays	116
33 KV Bays	91

2.1.3 Apart from capacity building, MePTCL has also put in a lot of efforts in order to improve its system availability thereby ensuring reliable power. The improvement in the intra transmission system availability in the last four years (for which this petition is being filed) is depicted below:

**Table 4: System Availability of MePTCL from FY 2017-18 to FY 2021-22**

Details	2018-19	2019-20	2020-21	2021-22
Intra State	99.64	99.12	97.35	98.82
Inter State	99.75	99.98	99.95	99.89
System Availability	99.70	99.55	98.65	99.35

The licensee would constantly strive to put in efforts to enhance its system for the benefit of all stakeholders.

## 2.2 Background

2.2.1 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 30<sup>th</sup> 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 Govt. of Meghalaya, the independent unbundled entities, namely (i) Meghalaya Energy Corporation Limited (MeECL), the Holding Company; (ii) Meghalaya Power Distribution Corporation Limited (MePDCL), the Distribution Utility; (iii) Meghalaya Power Generation Corporation Limited (MePGCL), the Generation Utility; & (iv) Meghalaya Power Transmission Corporation Limited (MePTCL), the Transmission Utility were formed. The individual entities started their

independent commercial operations from 1<sup>st</sup> April 2013.

2.2.2 While approving the ARR for FY 2021-22 in the MYT control period FY 2021-22 to FY 2023-24, and further review order on the same, the Hon'ble Commission had considered the audited Statement of Accounts of FY 2017-18. Now, since the audited Statement of Accounts for FY 2021- 22 for MePTCL and MeECL are available, MePTCL is claiming the truing up of ARR of FY 2021- 22 based on the actual figures as per the audited account statements with necessary justifications as required. Copy of the Audited Statement of Accounts and Statutory Audit Report of MePTCL and MeECL for FY 2021-22 are appended as **Annexure-A** and **Annexure – B** respectively.

MePTCL has computed the Annual Fixed Charges of MePTCL and arrived at net Gap/ Surplus of the AFC components. Further, MePTCL has considered equal proportion of AFC components of the holding company MeECL among the three successor companies i.e. 1/3<sup>rd</sup> each in MePGCL, MePTCL and MePDCL.

In accordance with the MSERC Tariff Regulations, 2014, the Tariff for transmission of electricity shall comprise of the following components:

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

### 2.3 Gross fixed Assets

**Table 5 : GFA, Grants and Equity as per the audited accounts for FY 2021-22  
(In Rs. Cr.)**

Sl	Particulars	GFA	Grant	Equity
1	Opening as per actual	462.9480	84.6072	425.5916
2	Closing as per actual	508.4683	89.2630	425.5916
3	Avg. considered for true up	485.7082	86.9351	425.5916

### 2.4 Return on Equity

2.4.1 The Honorable Commission had allowed an amount of Rs. 15.49 crores to MePTCL as Return on Equity for FY 2021-22 based on the opening equity for the year as per 'The Meghalaya Power Sector Reforms Transfer Scheme 2010'. This was taken as provisional value subject to correction when audited accounts are available. Now, since the audited accounts are available, the Petitioner submits before the Honorable Commission, the actual audited figures for truing up.

2.4.2 The actual closing equity component as per the audited accounts of MePTCL for FY 2021-22 is Rs. 425.5916 Crores and the opening equity capital as per audited accounts for FY 2021-22 is Rs 425.5916 Crores. As such, the average equity capital for FY 2021-22, for calculation of RoE, works out to be Rs.425.5916 crores.

- 2.4.3 It may be noted that, for the first year of operation, the equity component appearing in the balancesheet as per the transfer scheme is to be considered for computation of Return on Equity but now, the equity should be considered based on the actual equity reflected in audited statement of accounts. Moreover, the Commission had approved only provisional values subject to correction at the time of audited accounts reflecting the size of equity. In line with Regulation 27, any grant obtained for execution of a project shall not be considered as a part of the capital structure for the purpose of debt-equity ratio. The detailed note showing that grant was not considered as part of the equity is placed at **Annexure – X**.
- 2.4.4 The Licensee would like to submit that the issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC : APTEL Case no. 46 of 2016 is still under subjudice. In case a favourable order to the licensee with respect to the methodology adopted for RoE, the licensee will reclaim/adjust the additional claim of RoE in the subsequent tariff petitions. However, to avoid ambiguities, the petitioner has herein claimed return based on the methodology adopted by the Commission in its past orders.
- 2.4.5 Based on these submissions and Regulation 27.1, the true up of Return on Equity as per actuals comes up to be as shown below:

**Table 6: Return on Equity for FY 2021-22 as per actuals of MePTCL  
(in Rs. Cr.)**

<b>Particulars</b>	<b>FY 2021-22</b>
Opening Equity	425.5916
Addition during the year	0.000
Closing Equity	425.5916
Average Equity	425.5916
30% Equity	127.68
RoE %	0.14
<b>Return on Equity</b>	<b>17.8748</b>
Approved in TO	15.49
Gap	2.38

However as stated in SI 2.4.4 above, the petitioner has herein claimed return on equity based on the methodology adopted by the Commission in its past orders to avoid ambiguities.

**Table 7: Return on Equity for FY 2021-22 as per methodology of the Commission  
(in Rs. Cr.)**

<b>SI No</b>	<b>Particulars</b>	<b>FY 2021-22</b>
1	Opening GFA	462.9480
2	Addition during this year as per Capitalization	45.5301
3	Retirements during the year	0.0097
4	Closing GFA	508.4683
5	Average GFA	<b>485.7082</b>

6	Grant	86.9351
7	GFA Excluding Grant	398.7731
8	Loan/ Debt (70% of 7)	279.1411
9	Equity (30% of 7)	119.6319
10	Return on Equity	<b>16.7485</b>
11	Approved in TO	15.49
12	Gap	<b>1.2585</b>

The petitioner prays to the Honorable Commission to kindly allow the gap/(surplus) as per the Table 7 above. It is respectfully submitted that therefore, in exercise of powers under the Regulations referred to herein above, the above difference is required to be subjected to truing up of expenses and revenue during the Control Period.

## 2.5 Operation and Maintenance

2.5.1 As per the directives of the Regulation, the Honorable Commission has approved the Operation and Maintenance expenditures under the following heads:

- **Employee Expenses**
- **Repair and Maintenance Expenses**
- **Administrative and General Expenses**

2.5.2 In the absence of audited accounts, the Honorable Commission while passing the Tariff Orders considered only provisional/pre-audited figures of O&M cost heads. Now, since the audited accounts are available, the Petitioner submits before the Honorable Commission, the actual audited figures for truing up.

### Employee Expenses

2.5.3 The actual employee expenses incurred by MePTCL in FY 2021-22 along with 1/3<sup>rd</sup> of the expenses of MeECL as per the audited accounts are Rs.107.48 crores as shown below:

**Table 8: Employee expense for FY 2021-22 (in Rs. Cr.)**

<b>Employee expense for FY 2021-22 ( Note 22 MeECL + Note 27 MePTCL)</b>	
<b>Particulars</b>	<b>Amount</b>
Salaries and wages	33.00
Contributions to provident and other funds	0.94
Staff Welfare Expenses	0.01
Apportionment of Employee Benefit Expenses (from Holding Company)	66.16
<b>Total Employee Expense of MePTCL</b>	<b>100.11</b>
1/3 <sup>rd</sup> Employee Expenses of MeECL(actual)	7.39
<b>Net Actual Employee Expense for True up</b>	<b>107.48</b>

2.5.4 The petitioner prays to the Honorable Commission to kindly allow and pass this gap appropriately.

2.5.5 The detailed breakup of the Apportioned amount of Employee Benefit Expenses (from Holding Company) is as follows:

**Table 9: Apportionment of Holding Employees Cost for the FY 2021-22 (in Rs Crs)**

Particulars	MePTCL
<b>Pay &amp; Allowances expenses</b>	12.8548
<b>Staff Welfare expenses</b>	0.0176
<b>Corporation Contribution to CPS Fund</b>	0.0788
<b>Ex-Gratia payment</b>	0.0455
<b>Total of existing employees expenses</b>	<b>12.9967</b>
<b>Pension &amp; pension related expenses</b>	53.2410
<b>TOTAL</b>	<b>66.1589</b>

The Hon'ble Commission has viewed that the claims of MePTCL towards pension and other pension related expenses are to be met from the Trust funds. The Income and Expenditure statement of the MeECL Pension Trust which includes the expenditure of MePTCL for the FY 2021-22 is attached at **Annexure – F**.

The Actuarial Valuation of MeECL till 31<sup>st</sup> March, 2022 has been completed and the Board of Directors' Resolution dated 13.01.2023 accepting and approving the report is placed at **Annexure – G**.

It is respectfully submitted that the expenses incurred in connection with the Employee cost are tabulated as per the actual expense incurred in this regard and therefore, are liable to be included as part of the true-up exercise. It is submitted that non-inclusion of these costs shall result in depriving the Corporation of much needed revenue by trueing up of tariff. Therefore on the one hand the expense towards employee costs would continue to be incurred as per actuals, without the expense being reflected in the tariff.

### **Repair and Maintenance Expenses**

2.1.1 The actual R&M expenses incurred by MePTCL in FY 2021-22 as per the audited accounts are Rs.8.85 crores as shown below.

**Table 10: R&M expense for FY 2021-22 (in Rs. Cr.)**

<b>Details of R&amp;M Expense for FY 2021-22 ( Note 25 MeECL + Note 30 MePTCL)</b>	
<b>Particulars</b>	<b>Amount</b>
Buildings	0.1158
Plant & Equipment	0.5922
Civil Works	0.1112
Lines & Cables	7.3575
Vehicles	0.0162

Furniture & Fixtures	0.0029
Office Equipment	0.5987
<b>Total</b>	<b>8.7945</b>
1/3 rd of MeECL	0.0550
<b>Total MePTCL</b>	<b>8.8495</b>

The petitioner prays to the Honorable Commission to kindly allow adjustment of this deviation appropriately.

### Administrative and General Expenses

- 2.1.2 The actual A&G expenses excluding bad debts incurred by MePTCL in FY 2021-22 as per the audited accounts is Rs.2.33 crores as shown below:

**Table 11 : Details of A&G Expenses of MePTCL for FY 2021-22 (in Rs. Cr.)**

<b>Details of A&amp;G Expenses for FY 2021-22 ( Note 25 MeECL + Note 30 MePTCL)</b>	
<b>Particulars</b>	<b>Amount</b>
Insurance Charges	0.6296
Rent, Rates & Taxes	0.0011
Telegram, Postage, Telegraph & Telex Charges	0.0496
Training, Conveyances & Vehicle Running Expenses	0.968
Printing & Stationery Expenses	0.032
Auditors' Remuneration	0.0385
Books & Periodicals	0.0009
Advertisement Charges	0.0504
Technical Fees	0.003
Legal & Professional Charges	0.0407
MSERC Fees	0.021
Bank Charges	0.0026
Miscellaneous Expenses	0.0101
GST expenses	0.0076
PoC rebate	0.0182
Excess Interest on FD	0.0285
<b>Total of MePTCL as per actuals</b>	<b>1.9018</b>
1/3 rd of MeECL as per actuals	0.4233
<b>Total A&amp;G expenses of MePTCL</b>	<b>2.3251</b>

The petitioner prays to the Commission to adjust the deviation accordingly.

### Overall Claim of O&M Expenses

- 2.1.3 Based on above submission of different heads of O&M expenses, the total claim in true

up for FY 2021-22 is Rs.118.66 crores based on audited account. The Commission has approved Rs.52.82 crores in tariff order of MePTCL for FY 2021-22.

**Table 12: Details of O&M Expenses of MePTCL for FY 2021-22 (in Rs. Cr.)**

<b>O&amp;M Expenses considered for True up FY 2021-22</b>	
Total Claim in True up FY 2021-22	118.66
Approved in Tariff Order FY 2021-22	52.82
Gap	<b>65.84</b>

The petitioner prays to the Commission to adjust the deviation accordingly. Therefore, the difference between the actual and the approved expenses in the Tariff order are liable to be subjected to the exercise of truing up in terms of the extant regulations.

## 2.2 Interest & Finance Charges

- 2.2.1 The Honorable Commission had approved an amount Rs.5.56 Crore as interest on loans of MePTCL for FY 2021-22 vide its Tariff Order.
- 2.2.2 However, the actual Finance cost on term loans incurred by MePTCL in FY 2021-22 as per the audited accounts is Rs.6.43 crores and 1/3<sup>rd</sup> of MeECL is Rs.16.94 crores as detailed in **ANNEXURE – E**.
- 2.2.3 Thus, the actual interest expenses incurred by the petitioner is Rs.23.37 crores against figures approved by the Commission. These are legitimate and audited expenses incurred on the loans taken from the Government of Meghalaya and other financial Institutions for capital expenditure.
- 2.2.4 MeECL has availed a special term loan of Rs.250 Crores from REC Ltd on 31.03.2017 which was utilized for closure of loans, repayment of principal and payment of interest on loans availed by the subsidiary companies, with the objective that this loan would be treated as an advance made by the Holding Company towards its subsidiary companies. This Loan availed by MeECL for MePTCL is Rs.57.61 Crores. A copy of the Relevant Extract of the Minutes of the 66<sup>th</sup> Meeting of the Board of Directors of MeECL held on 24.11.2017 Resolution No. 20(V) is attached as **ANNEXURE – D**.

Therefore, the petitioner prays to the Commission to pass on the gap as per the table below.

**Table 13: Interest & Finance Cost details (in Rs. Cr.)**

<b>Details of Interest &amp; Finance Cost claimed for FY 2021-22</b>	
<b>Particulars</b>	<b>Amount</b>
Finance cost	
To related party (Meghalaya Energy Corporation Limited, i.e., Holding Company)	1.16



To Others	5.27
<b>Total Finance Cost (MePTCL)</b>	<b>6.43</b>
1/3 <sup>rd</sup> Apportioned Finance Cost from MeECL	16.94
<b>Net Interest and Finance Cost</b>	<b>23.37</b>
Approved in T.O.	5.56
<b>Additional Claimed in True Up (Surplus)/Gap</b>	<b>16.65</b>

### 2.3 Interest on Working Capital

2.3.1 MePTCL is claiming interest and finance charges as per the working capital norms prescribed in Tariff regulations. As per MSERC Tariff Regulations, 2014, working capital of transmission licensee would comprise the following:

- O&M Expense for one month
- Maintenance spares at the rate of 1% of the historical cost escalated at the rate of 6% per annum from the date of commercial operation and;
- Receivables equivalent to two months transmission charges calculated on target availability level.

2.3.2 Furthermore, the Regulations specify that the rate of interest on working capital would be the short term prime lending rate of State Bank of India on 1st April of the year for which the petition is being filed (i.e. FY 2021-22).

2.3.3 Based on these provisions, the approvals of the Commission in its Transmission Tariff order for FY 2021-22 vis-à-vis the petitioner's submissions (including apportioned amounts of MeECL) for true up can be summarized as follows:

**Table 14: Interest on Working Capital (in Rs. Cr.)**

<b>Computation of Interest on Working Capital for True up of FY 2020-21</b>		
<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount</b>
1	O&M expenses for 1 month	9.89
2	1% Maintenance spares on opening GFA escalated at 6%	5.15
3	Receivables for 2 months	28.47
4	Total working capital (1+2+3)	43.51
5	SBI short term PLR as on 1 <sup>st</sup> April 2021	12.15%
<b>6</b>	<b>Interest on working capital at 12.15%</b>	<b>5.29</b>
7	Approved in T.O.	2.67
8	Gap/(Surplus)	<b>2.62</b>

2.3.4 The interest on working capital computed based on the audited figures of the petitioner is higher than the provisionally approved figures by Rs. 2.62 crores.

The petitioner therefore prays to the Commission to kindly allow this gap appropriately.

## 2.4 Depreciation

- 2.4.1 The Honorable Commission in its Transmission Tariff Order had allowed Rs.21.15 crores to be recovered as depreciation.
- 2.4.2 However, based on the audited statement of accounts for FY 2021-22, the net depreciation of MePTCL along with one-third of the audited depreciation of MeECL (the holding company) is arrived at Rs. 26.02 Crores. Therefore, the petitioner prays to the Commission to pass on the gap as per the table below:

**Table 15: Depreciation for MePTCL in FY 2021-22 (in Rs.Crores)**

<b>Depreciation claimed for MePTCL in FY 2021-22 ( Note 2 MePTCL &amp; MeECL)</b>	
<b>Particulars</b>	<b>Amount</b>
Land	0.0000
Buildings	0.5861
Plant and Equipment	7.8528
Furniture and Fixtures	0.0566
Vehicles	0.0175
Office equipment	0.9937
Hydraulic Works	0.0047
Other Civil Works	0.4275
Lines and Cable Network	14.3069
Total Depreciation MePTCL	<b>24.2458</b>
Amortization of grants	<b>1.6898</b>
Net Depreciation	<b>25.9356</b>
1/3 <sup>rd</sup> Depreciation of MeECL for FY 2021-22	0.0879
<b>Net Depreciation of MePTCL</b>	<b>26.0235</b>
Approved in T.O	21.1500
<b>Gap/(Surplus)</b>	<b>4.8735</b>

## 2.5 SLDC Charges

- 2.5.1 The Honorable Commission, in its Transmission Tariff Order had allowed an amount of Rs.1.40crores as SLDC charges to be recovered by the transmission licensee in FY 2021-22. Based on the tariff order for SLDC charges dated 25.03.2020 for FY 2021-22 and actual, MePTCL adheres to the approved charges on this petition.

## 2.6 Income from Operations

- 2.6.1 The Honorable Commission in its Transmission Tariff Order had approved an amount of Rs.50.24 Crores to be recovered by the licensee through tariff in FY 2021-22.
- 2.6.2 The actual revenue recovered by the licensee from transmission operations in the FY 2021-22 is Rs. 50.24 Crores as per the Note 25 of audited statement of accounts of MePTCL.

## 2.7 Other Income

- 2.7.1 The Honorable Commission, in its Transmission Tariff Order had provisionally approved an amount of Rs.18.11 crores to be earned by the licensee from sources other than tariff.
- 2.7.2 However, as per the audited statement of accounts, the actual non-tariff income earned by the licensee comes up to be Rs.9.44 Crores and Rs.3.14 Crore being 1/3<sup>rd</sup> of the other income of MeECL, the details of which is as shown below:

**Table 17: Other Income details (in Rs. Crores)**

<b>Other income for MePTCL in FY 2021-22 (Note 25 &amp; 26 MePTCL &amp; 21 of MeECL)</b>	
<b>Particulars</b>	<b>Amount</b>
<b>A: Non-Tariff Income</b>	
Interest Income ( From Banks)	0.37
Scrap Sale	0.00
AMC Charges	0.68
Rental and Hiring Income	0.15
Discount Received	0.00
Fees and Penalties	0.09
Sale of tender forms	0.04
Miscellaneous receipts	0.13
Amortization of Grant	1.69
<b>B: Other Operating Revenue</b>	
STU and Open Access Charges	4.14
SLDC Charges from MePGCL	1.85
SLDC Charges	0.32
<b>Total Other Income (MePTCL) (A+B)</b>	
	<b>9.44</b>
1/3 <sup>rd</sup> MeECL	3.14
<b>Grand Total</b>	<b>12.58</b>
Approved in T.O.	18.11
<b>Claimed in True Up (Surplus)/Gap</b>	<b>(5.53)</b>

- 2.7.3 Based on the above submission, MePTCL prays to the Commission to adjust the above deviation accordingly.

## 2.8 Prior Period Expenses

- 2.8.1 It is submitted that the Accounting Standard 5 (AS 5) issued by Institute of Chartered Accounts 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 Income as a net of MePTCL and apportioned amount from MeECL for FY 2021-22

**Table 18: Prior Period Income for FY 2021-22 (in Rs. Cr.)**

<b>Prior Period Expense for FY 2021-22</b>	
<b>Particulars</b>	<b>Expense</b>
Administration Expenses	0
Employees Costs	0
Depreciation	0
Prior Period Expense	0
Total Prior Period Expense	0
Total Prior Period Income	0
Net Prior Period Expense	0

2.8.2 Therefore, the petitioner has not claimed any prior expenses as per actual audited statement of FY 2021- 22.

## 2.9 Aggregate Revenue Requirement and Revenue Gap/Surplus for True up of FY 2021-22

2.9.1 The above section details the actual expense and revenue components along with the difference from the same with the approved figures of MSERC. The explanation for the difference in each of the component has also been provided as required.

2.9.2 MePTCL has also submitted the justification of each component being controllable or uncontrollable on the part of MePTCL. Based on the above clause, the table below summarizes the Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2021-22 over and above the figures approved by the Honorable Commission in the Review Tariff order dated 18.08.2021.

**Table 19: Aggregate Revenue Requirement and Revenue (in Rs. Cr.)**

<b>ARR claimed in True Up for FY 2021-22</b>				
<b>Sl.</b>	<b>Particulars</b>	<b>MSERC Approved</b>	<b>MePTCL (Actuals)</b>	<b>Gap / (Surplus)</b>
1	Return on Equity (RoE)	15.49	16.75	1.26
2	Operation and Maintenance Expenses	52.82	118.66	65.84
3	Interest and Finance charges	5.25	23.37	18.12
4	Interest on Working Capital	2.67	5.29	2.62
5	Depreciation	21.15	26.02	4.87
6	SLDC charges	1.40	1.40	0.000
7	Income Tax			0.000
8	Prior Period expense			0.00
9	<b>Total Annual Expenditure</b>	<b>98.78</b>	<b>191.49</b>	<b>92.71</b>

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10	Less:SLDC ARR	2.80	2.80	0.000
11	Less: Other Income	18.11	12.58	-5.53
12	<b>Gross Annual Expenditure</b>	<b>77.87</b>	<b>176.11</b>	98.24
13	<b>Less: Surplus of Revenue in the True up of FY 2017-18</b>	<b>27.63</b>	<b>27.63</b>	-
14	<b>Net ARR</b>	<b>50.24</b>	<b>148.48</b>	<b>98.24</b>

**Table 20: Revenue Gap/(Surplus) for True up of FY 2021-22 (in Rs. Cr.)**

SI	Particulars	Amount
1	Aggregate Revenue Requirement Approved for FY 2021-22	50.24
2	Claimed by MePTCL in Truing up for FY 2021-22	148.48
3	<b>True Up Gap / (Surplus)</b>	<b>98.24</b>

2.9.3 MePTCL humbly requests the Hon'ble Commission to pass through **Gap of INR 98.24 Crore** under the truing up exercise for FY 2021-22 and pass through in the transmission ARR of FY 2024-25.