

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG**

CASE NO. 1 /2023

In the matter of

Petition for approval of True-up of Distribution Business for FY 2021-22

AND

Meghalaya Power Distribution Corporation Limited (the Petitioner)

Coram

Shri. P.W. Ingty, IAS (Retd), Chairman

Shri. R.K. Soni, District Judge (Retd.),Member

ORDER

(Dated:13.11.2023)

The Government of Meghalaya has notified the Power Sector Reforms Transfer Scheme 2010 leading to restructuring and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities. Accordingly, Meghalaya Power Distribution Corporation Limited has started functioning as a segregated commercial operation utility independently for power Distribution in the state of Meghalaya with effect from 1st April 2013.

Commission in exercise of functions vested vide Regulation 17 of MSERC Multi Year Tariff Regulations 2014 had approved Aggregate Revenue Requirement (ARR) for FY 2021-22 in its order dated 25.03.2021.

The Regulation- 11 of MYT Regulation 2014 stipulates that the Commission shall under take true-up of the previous year's expenses and revenue approved with reference to Audited Statement of Accounts made available subject to prudence check including pass through of impact of uncontrollable factors if any.

MePDCL has filed petition for True-Up of Business for the FY 2021-22 along with audited statement of accounts on 31.03.2023.

Petitioner was asked to submit the additional information and data gaps in the commission's letter dated 12.04.2023, 28.04.2023, 03.05.2023, 21.06.2023 & 10.07.2023.

Petitioner has submitted the additional information along with data gaps on 13.06.2023, 19.06.2023 & 26.06.2023 & 25.07.2023.

Commission admitted the petition on 4th April 2023 and registered as case no. 1/2023.

Commission taking into consideration of all the facts, additional information/data and after prudence check of the claims as per the MYT Regulations, after hearing the petitioner and the stakeholders, approves the true up orders determining the Tariff for FY 2021-22 in the detailed analysis attached to this order.

Commission notifies that the impact of true up gap/ surplus shall be appropriated in the next Tariff Order.

Sd/-
Shri. R.K. Soni, District Judge (Retd.)
Member

Sd/-
Shri. P.W. Ingty, IAS (Retd)
(Chairman)

1. Truing Up for FY 2021-22

1.1 Background

MePDCL has submitted that, while approving the ARR for FY 2021-22 in the MYT control period FY 2021-22 to FY 2023-24 vide order dated 25.03.2021 in Case No. 04/2021, Commission had considered the pre-audited Statement of Accounts of FY 2019-20 and Audited Statement of Accounts of FY 2018-19. Now, since the audited Statement of Accounts for FY 2021-22 for MePDCL and MeECL are available, and as such, MePDCL 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 MePDCL and MeECL for FY 2021-22 are appended as Annexure-A and Annexure B respectively.

1.2 Category Wise No. of Consumers, Connected Load and Energy sales for FY 2021-22

The Category wise number of consumers, connected load and Energy sales approved for FY 2021-22 in the Tariff Order dated 25.03.2021 are as shown below.

Table 1 : No. of Consumers, Connected Load and Energy Sales as approved for FY 2021-22

Sl. No	Category	Number of Consumers approved for FY 2021-22	Connected Load approved for FY 2021-22	Energy Sales approved for FY 2021-22
	LT Category	648065	678.58	597.39
1	Domestic	343944	475.00	400.61
2	Commercial	31692	79.00	75.39
3	Industrial	695	11.00	6.08
4	Agriculture	228	0.28	0.58
5	Public Lighting	60	0.39	0.12
6	Water Supply	476	7.00	11.77
7	General purpose	2492	18.00	17.52
8	Kutir Jyoti	268477	88.43	85.11
9	Crematorium	1	0.15	0.21
	HT Category	659	301.20	435.99
1	Domestic	95	19.00	24.81
2	Water Supply	27	9.00	32.84
3	Bulk Supply	236	46.00	96.96
4	Commercial	167	32.00	27.72
5	Industrial	124	141.40	144.39
6	Ferro Alloys	2	11.00	35.03
	Special tariff	8	42.80	74.24
	EHT Category	9	91.70	437.41
1	Industrial	2	10.70	52.98
2	Ferro Alloys	4	56.00	341.07
3	Special tariff	3	25.00	43.36
	Total	648733	1072.15	1470.79

1.3 Availability of Power

Petitioner's Submission

The power availability in the state of Meghalaya is primarily from three key sources- (a) from the generating stations of MePGCL, (b) from the allocated share of central power sector generating companies like NEEPCO, NHPC and NTPC etc. and (c) from short term power purchase from IEX/bilateral trade and banking etc. The comparison of actual source wise energy availability and the approved energy availability in FY 2021-22, is provided in the table below.

Table 2 : Energy Available to MePDCL from various sources in FY 2021-22

Sl. No.	Source	Approved availability (MUs)	Actual availability (MUs)
A	MePGCL	1227.29	877.78
B	Outside purchase		
1	NTPC	589.5	1.95
2	NHPC Loktak HEP	40.28	
3	NEEPCO	723.7	631.58
4	OTPC Pallatana GPP	436.79	434.36
C	Short Term (Bilateral/ Banking/ UI etc.)		
	I. At NER periphery		
	Solar Sources	39.42	
1	Kreate Energy (I) Pvt Ltd - Swapping		188.89
2	APPCL – Swapping		129.14
3	APPCL – Bilateral		43.55
4	APPCL – IEX		22.95
5	GMRETL(Swap)		26.64
6	Manikaran(Swap)		56.28
7	Subheksha (Swap)		22.94
8	Deviation Inter		19.5
	II. Within the State periphery		
1	Deviation Intra		5.28
D	Total Availability	3056.98	2460.84

It may be observed from the above table that the actual power availability from MePGCL and NEEPCO was less than the approved figures. No Power received from NHPC and practically no power received from NTPC. MePDCL had to resort to short term power purchase on bilateral basis/banking/day ahead market etc. to meet the demand in lean seasons. Therefore, a difference has arisen between the power availability as approved in the tariff order, and the actual power availability as ascertained as per actuals.

It is submitted that in exercise of powers under the Regulations referred to hereinabove, the above difference is required to be subjected to truing up of expenses and revenue during the Control Period.

Commission's Analysis

Commission had approved Power Availability from NTPC projects of Bongaigoan TPS for 589.50 MU in the MYT Order dated 25.03.2021 for FY 2021-22.

Whereas power availability from Bongaigoan has not been reported for True up of FY 2021-22.

The availability of power declined from NEEPCO and within the state generation from MePGCL as stated below.

Particulars	Approved in the T.O dated 25.03.2021 (MU)	Actuals (MU)
North Eastern Region (NTPC, NEEPCO & OTPC)	1790.27	1067.89
MePGCL	1266.71	877.78
Bilateral Purchase		515.17
Total Availability	3056.98	2460.84

Whereas the power availability reported in the Audited accounts vide note no.26.5 is 2461.84 MU found to be erroneous.

The availability projected in the petition amounted to 2460.84 MU is approved for True up of FY 2021-22.

1.4 Energy Sales

1.4.1 Energy sold to the consumers of MePDCL

Petitioner's Submission

The comparison of actual category wise energy sold to consumers and the approved sales by the Commission is shown in the table below:

Table 3 : Comparison of Energy Sales to inside consumers in FY 2021-22 (in MU)

Sl. No.	Consumer Category	Approved in TO dt 25.03.2021	MePDCL Actual
	LT Category		
1	Domestic (DLT) (Including MeECL Establishments).	400.61	395.99
2	Commercial (CLT)	75.39	62.20
3	Industrial (ILT)	6.08	5.61
4	Agriculture (AP)	0.58	0.15
5	Public Lighting (PL)	0.12	0.56
6	Water Supply (WSLT)	11.77	11.20
7	General Purpose	17.52	15.20
8	BPL	85.11	104.39
9	Crematorium	0.21	0.12
	HT Category		
10	Domestic (DHT)	24.81	15.68
11	Commercial (CHT)	27.72	20.88
12	Water Supply (WS HT)	32.84	29.41
13	Bulk Supply (HT) including ASEB	96.96	70.40
14	Industrial (HT)	144.39	69.11

Sl. No.	Consumer Category	Approved in TO dt 25.03.2021	MePDCL Actual
15	Ferro alloy	35.03	106.48
16	Special Tariff	74.24	93.31
	EHT Category		
17	Industrial (EHT)	52.98	45.94
18	Ferro alloy	341.07	426.32
19	Special Tariff	43.36	130.65
	Total	1470.79	1603.60

The overall actual sales in FY 2021-22 is more than the approved sales by about 132.81 MUs. Therefore, the difference between the actual sales and the approved sales in the Tariff order are liable to be subjected to exercise of truing up in terms of the extant regulations.

Commission's Analysis

It is observed that there has been overall increase in Energy Sales at 9.03 %, while LT: HT ratio of sales recorded at 37:63 which is found to be encouraging.

The Category wise sales reported through Audited Accounts vide note no.24.1 are not matching with the category wise Energy sales reported in the True up petition. However total Energy sales claimed for True up at 1603.60 MU are found to be matching.

Commission approves Energy Sales at 1603.60 MU as reported for True up of FY 2021-22.

1.4.2 Energy sold to Others

Petitioner's Submission

The Energy sales to others both inside and outside the State in FY 2021-22 are as shown in the table below:

Table 4 : Energy Sales to Others in FY 2021-22

Sl. No.	Particulars	(in MU) MePDCL Actual
	Sale at NER/ NER_ER periphery	
1	Kreate Energy (I) Pvt Ltd –Swapping	15.88
2	APPCPL – IEX	126.57
3	APPCPL – Swapping	44.08
4	APPCPL – Bilateral	15.48
5	APPCPL - RE power (Non solar)	28.59
6	GMR Energy Ltd – IEX	19.08
7	GMR Energy Ltd – Swapping	13.86
8	DSM Inter	
	Sub Total	263.54
	Sale at State periphery	
9	DSM Intra	30.37

	Sub Total	30.37
	Total	293.91

Commission's Analysis

The Source wise sale of surplus power reported vide note no. 24.3 of Audited accounts found to be 293.92 MU.

The Sale of Surplus power as claimed in the petition for 293.91 MU is considered for True up of FY 2021-22.

1.5 Distribution Loss and Energy Balance

1.5.1 Distribution loss

Petitioner's Submission

The actual Distribution losses in FY 2021-22 is shown in the table below:

Table 5 : Computation of Distribution Losses for FY 2021-22

Sl. No.	Particulars	Calculation	Quantity
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana NorthEastern Region (NER)	D	1067.89
5	Total Power at NER	$E=C+D$	1067.89
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sources onlong term	$G=E*(1-F\%)$	1035.85
8	Power purchase from MePGCL	H	877.78
9	Power purchase from other sources (both from outside &within the State) (incl.swap/UI/bilateral)	I	515.17
10	Power sold to others (both outside & inside the State) (incl.swap/UI/bilateral)	J	293.91
11	Net power available at State Bus for sale of power within the state	$K=G+H+I-J$	2134.89
12	State Transmission Loss %	L	4.00%
13	State Transmission Loss MU	$M=K*L$	85.4
14	Net power available of Discom for sale of power within the state	$N=K-M$	2049.49
15	Power sold to consumers within the state	O	1603.6
16	Distribution Losses	$P=N-O$	445.89
17	Distribution Losses (%)	$Q=P/N$	21.76%

Petitioner has requested the Commission to approve 21.76% as Distribution loss for FY 2021-22. It is also submitted that every effort has been made to bring down the Distribution losses.

Commission's Analysis

Commission considers Distribution loss at 21.76 % as claimed for True up of FY 2021-22.

1.5.2 Computation of Energy Balance

Petitioner's Submission

Based on the above computation of Distribution loss of 21.76%, the computation of Energy Balance is as shown below:-

Table 6 : Computation of Energy Balance for FY 2021-22

Sl. No	Particulars	Calculation	Quantity
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana NorthEastern Region (NER)	D	1067.89
5	Total Power at NER	$E=C+D$	1067.89
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sourcesson long term	$G=E*(1-F\%)$	1035.85
8	Power purchase from State generating stations withinthe state	H	877.78
9	Power purchase from other sources (both from outside& within the State)	I	515.17
10	Net power available at state bus for sale of power within thestate	$J=G+H+I$	2428.8
11	Total power sold	K	1603.6
12	Distribution Losses (%)	L	21.76%
13	T&D Losses in terms of MU	$M = N - K$	445.89
14	Energy Requirement for sale by Discom within state	$N = K/(1-L)$	2049.49
15	Energy Requirement for sale within state at state bus	$O = N/(1-4\%)$	2134.89
16	Surplus Energy at state bus	$P = J-O$	293.91
17	Power sold to others at state bus (both outside & inside theState) (incl.swap/UI/bilateral)	Q	293.91
18	Unaccounted Energy	$R = P - Q$	0.00

Commission's Analysis

Commission considers Energy balance as depicted in the table below

Table 7 : Computation of Energy Balance

Sl. No.	Particulars	Calculation	Quantity
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana NorthEastern Region (NER)	D	1067.89
5	Total Power at NER	$E=C+D$	1067.89
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sourceson long term	$G=E*(1-F\%)$	1035.85
8	Power purchase from State generating stations withinthe state	H	877.78
9	Power purchase from other sources (both from outside& within the State)	I	515.17
10	Net power available at state bus for sale of power within thestate	$J=G+H+I$	2428.80
11	Total power sold	K	1603.60
12	Distribution Losses (%)	L	21.76%
13	T&D Losses in terms of MU	$M = N - K$	445.89
14	Energy Requirement for sale by Discom within state	$N = K/(1-L)$	2049.49
15	Energy Requirement for sale within state at state bus	$O = N/(1-4\%)$	2134.89
16	Surplus Energy at state bus	$P = J-O$	293.91
17	Power sold to others at state bus (both outside & inside theState) (incl. swap/UI/bilateral)	Q	293.91
18	Unaccounted Energy	$R = P - Q$	0.00

Commission Considers Energy Balance as submitted by the Licensee for True up of FY 2021-22.

1.5.3 Total Energy Sales

Petitioner's Submission

The Total Energy sales in FY 2021-22 is shown below:

Table 8 : Total Energy Sales in FY 2021-22 (in MU)

Sl. No.	Particulars	MePDCL Actual
1	Energy sale to inside Consumers	1603.6
2	Energy sale to others both outside and inside the State at State periphery	293.91
3	Total Energy sales	1921.39

Commission's Analysis

As analyzed in the previous paragraphs for Energy sales and Energy balance, the following data for True up of Energy accounting is summarized.

Table 9 : Total Energy Sales in FY 2021-22

Particulars	In MU's
Total Energy Drawn	2460.84
Less: System losses (incl. Intra Transmission losses)	117.44
Net Availability at Meghalaya Periphery	2343.40
Energy Sales	1603.60
Distribution loss (21.76%)	445.89
Surplus Power Sales (Note no.24.3 of SoA)	293.91

Commission Considers Energy accounting as claimed by the Licensee for True up of FY 2021-22

2. Determination of Components of Annual Revenue Requirement (ARR) FY 2021-22

2.1 Power Purchase Cost & Transmission charges

Petitioner's Submission

MePDCL had procured power from Central generating stations, from generating stations of MePGCL as well as from other sources like exchange/swapping etc. All the State Generating stations being hydro are seasonal in nature and the annual generation depends on the rainfall for the year. MePDCL had to resort to short term power purchase on bilateral basis/banking/day ahead market etc. to meet the demand in lean seasons. In addition to this, there are power Regulation on discom by NTPC.

A comparison of source wise power purchase cost as per the actuals and approved Power Purchase Cost as per the Tariff Order for FY 2021-22 is shown in the following table.

Table 10 : Source wise Power Purchase Cost including Transmission charges for FY 2021-22

Station	MSERC Approved			MePDCL Actual		
	Energy	Total Cost	Unit	Energy	Total Cost	Unit
	(MU)	(Rs Cr)	cost/kWh	(MU)	(Rs Cr)	Cost/kWh
MePGCL						
Umiam Stage-I HEP	114.61	16.28	1.42	64.36	3.35	0.52
Umiam State-II HEP	45.45	9.04	1.99	33.69	2.07	0.61
Umiam State-III HEP	137.33	27.14	1.98	109.55	6.42	0.59
Umiam State-IV HEP	203.9	27.14	1.33	124.4	5.75	0.46
Sonapani	4.94	0.68	1.38	5.49	0.19	0.35
Umtru HEP(Old)				-0.04		0
Myntduleshka HEP	478.71	57.76	1.21	376.67	87.6	2.33
New Umtru	231.48	18.34	0.79	159.67	37.72	2.36
Lakroh	10.87	0.8	0.74	3.99	0.9	2.26
Total for MePGCL	1227.29	157.18	1.28	877.78	144	1.64
NTPC						
Farakka	0			0	0.07	
Kahalgaon I	0			0	0.06	
Khalgaon II	0			0	0.02	
Talcher	0			0	0.01	
Bongaigoan	589.5	369.57		1.95	108.14	
NTPC Surcharge					73.25	
Total for NTPC	589.5	369.57	6.27	1.95	181.55	931.03
NHPC						
Loktak HEP	40.28	7.45	1.85	0	1.75	
NEEPCO						
Kopili Stage-I	82.23	10.65	1.3		0.34	
Kopili Stage-II	8.48	1.33	1.57	0.86	0.58	6.74
Khandong HEP	17.53	3.82	2.18	29.13	5.12	1.76
Ranganadi HEP	131.25	34.63	2.64	131.75	54.36	4.13
Doyang HEP	23.65	14.12	5.97	10.88	11.23	10.32
AGBPP	119	42.32	3.56	207.74	66.6	3.21
AGTCCPP	187.65	51.99	2.77	114.68	44.05	3.84
Pare HEP	42.92	23.7	5.52	56.37	28.25	5.01
Kameng HEP	45.99	19.04	4.14	63.48	25.45	4.01
NEEPCO Surcharge					-102.17	
Free Power	65			16.69		
Total for NEEPCO	723.7	201.6	2.79	631.58	133.81	2.12
OTPC						
OTPC Pallatana	436.79	146.31		434.36	141.49	
OTPC Surcharge					10.29	
Total for OTPC	436.79	146.31	3.35	434.36	151.78	3.49
Solar Sources	39.42	13.8	3.5	0	0	
Short Term						
KEIPL						
Swapping				188.89	0.65	0.03
Bilateral					-15.18	
IEX					-0.2	
Sub total				188.89	-14.73	-0.78
APPCL						
Swapping				129.14	1.1	0.09
Bilateral				43.55	15	3.44
IEX				22.95	9.94	4.33
Sub Total				195.64	26.04	1.33
GMRETL(Swap)				26.64	0.1	0.04
Manikaran(Swap)				56.28	0.17	0.03
Subheksha (Swap)				22.94	0.07	0.03
DSM						
Deviation Inter				19.5	7.7	3.95
Deviation Intra				5.28	-1.91	-3.62

Station	MSERC Approved			MePDCL Actual		
	Energy	Total Cost	Unit	Energy	Total Cost	Unit
	(MU)	(Rs Cr)	cost/kWh	(MU)	(Rs Cr)	Cost/kWh
Sub Total				24.78	5.79	2.34
POSO					1.25	
VAR Charges					-0.33	
Total	3056.98	895.91	2.93	2460.84	631.25	2.57

Details of Power Purchase invoices for FY 2021-22 have been attached as Annexure D. A comparison of the actual and approved transmission charges of FY 2021-22 is given in the table below:

Sr. No.	Particulars	Approved in TO Dated 25.03.2021	Actuals
1	Inter-state transmission charges (PGCIL)	62.81	107.13
2	Intra state transmission charges (MePTCL)	52.44	50.24
	TOTAL	115.25	157.37

On the above power purchase cost, MePDCL has availed rebate amounting to Rs 3.12 Cr and it is shown in Table 22 as Non Tariff and Other Income. MePDCL therefore, requests the Commission not to deduct any further rebate amount from the power purchase cost.

The petitioner MePDCL has submitted an addendum to the True up petition for distribution business for FY 2021-22 on 03.10.2023.

The petitioner has submitted that there has been a negative adjustment of Rs.118.10 Crore in the bills of NEEPCO projects which was due to adjustment of surcharge on account of change in the rates of delayed payment surcharges for the period 2012 to 2018.

The petitioner has sought for consideration of modification in the power purchase claim of NEEPCO at Rs.251.91 Crore instead of Rs.133.82 Crore projected in the original True up petition as shown in table below

Table 11 : Revised Source wise Power Purchase Cost including transmission charges for FY 2021-22

Station	MSERC Approved			MePDCL Actuals		
	Energy	Total Cost	Unit	Energy	Total Cost	Unit
	(MU)	(Rs Cr)	cost/kWh	(MU)	(Rs Cr)	cost/kWh
MePGCL						
Umiam Stage-I HEP	114.61	16.28	1.42	64.36	3.35	0.52
Umiam State-II HEP	45.45	9.04	1.99	33.69	2.07	0.61
Umiam State-III HEP	137.33	27.14	1.98	109.55	6.42	0.59
Umiam State-IV HEP	203.9	27.14	1.33	124.4	5.75	0.46
Sonapani	4.94	0.68	1.38	5.49	0.19	0.35
Umtru HEP(Old)				-0.04		0
MyntduLeshka HEP	478.71	57.76	1.21	376.67	87.6	2.33
New Umtru	231.48	18.34	0.79	159.67	37.72	2.36
Lakroh	10.87	0.8	0.74	3.99	0.9	2.26

Station	MSERC Approved			MePDCL Actuals		
	Energy	Total Cost	Unit	Energy	Total Cost	Unit
	(MU)	(Rs Cr)	cost/kWh	(MU)	(Rs Cr)	cost/kWh
Total for MePGCL	1227.3	157.18	1.28	877.78	144	1.64
NTPC						
Farakka	0			0	0.07	
Kahalgaon I	0			0	0.06	
Khalgaon II	0			0	0.02	
Talcher	0			0	0.01	
Bongaigaon	589.5	369.57	6.27	1.95	108.14	554.56
NTPC Surcharge					73.25	
Total for NTPC	589.5	369.57	6.27	1.95	181.39	931.03
NHPC						
Loktak HEP	40.28	7.45	1.85	0	1.75	
NEEPCO						
Kopili Stage-I	82.23	10.65	1.30		0.34	
Kopili Stage-II	8.48	1.33	1.57	0.86	0.58	6.74
Khandong HEP	17.53	3.82	2.18	29.13	5.12	1.76
Ranganadi HEP	131.25	34.63	2.64	131.75	54.36	4.13
Doyang HEP	23.65	14.12	5.97	10.88	11.23	10.32
AGBPP	119	42.32	3.56	207.74	66.6	3.21
AGTCCPP	187.65	51.99	2.77	114.68	44.05	3.84
Pare HEP	42.92	23.7	5.52	56.37	28.25	5.01
Kameng HEP	45.99	19.04	4.14	63.48	25.45	4.01
NEEPCO Surcharge					15.93	
Free Power	65			16.69		
Total for NEEPCO	723.7	201.6	2.79	631.58	251.91	3.99
OTPC						
OTPC Pallatana	436.79	146.31	3.35	434.36	141.49	3.26
OTPC Surcharge					10.29	
Total for OTPC	436.79	146.31	3.35	434.36	151.78	3.49
Solar Sources	39.42	13.8	3.5	0	0	
Short Term						
KEIPL						
Swapping				188.89	0.65	0.03
Bilateral					-15.18	
IEX					-0.2	
Sub total				188.89	-14.73	-0.78
APPCL						
Swapping				129.14	1.1	0.09
Bilateral				43.55	15	3.44
IEX				22.95	9.94	4.33
Sub Total				195.64	26.04	1.33
GMRETL(Swap)				26.64	0.1	0.04
Manikaran(Swap)				56.28	0.17	0.03
Subheksha (Swap)				22.94	0.07	0.03
DSM						
Deviation Inter				19.5	7.7	3.95
Deviation Intra				5.28	-1.91	-3.62
Sub Total				24.78	5.79	2.34
POSO					1.25	
VAR Charges					-0.33	
Total	3057	895.91	2.93	2460.8	747.44	2.57

In view of the explanations given above MePDCL would like to pray to this Hon'ble Commission to consider the claim towards power purchase expenses as Rs. 747.44 Cr. Instead of Rs. 631.25 Cr as claimed in Table 7 of the original Petition.

Commission's Analysis

The source wise power purchase cost claim has been scrutinized with reference to the invoices and analyzed admissible cost as detailed in the following paragraphs.

NEEPCO

The petitioner has submitted an addendum to the True up petition in their letter dated 03.10.2023 claiming that deduction of credit surcharge from the power purchase bills to a tune of Rs.118.11 Crore was erroneous, and sought for appropriation of the actual power purchase cost for True up of FY 2021-22.

The licensee has claimed gross power purchase cost at Rs.235.98 Crore and net power purchase cost at Rs.133.82 Crore after reducing the credit surcharge amount of Rs.102.16 Crore.

On a query from the Commission, the licensee has submitted vide letter no. MEPDCL/SE (RA)/FY 2021-22/TP/2023/43 dated 25th July 2023 the details of Surcharge claim of NEEPCO for Rs. 377.59 Crore pertains to the period from FY 2012-13 to FY 2020-21 (upto December 2020), which has already been taken into the books of accounts in the relevant financial years. However the NEEPCO has revised the surcharge amount for the said period to Rs.259.48 Crore. As such the excess amount of Rs.118.11 Crore towards surcharge taken into the books of account during the earlier periods is withdrawn from the books of accounts in FY 2021-22.

Necessary adjustments are being made in the accounts in FY 2021-22. The details of Surcharge and revised surcharge are as shown below:

Table A: Year wise Statement of Credit due to Surcharge Revision

FY	Old Surcharge Accounted	Revised Surcharge	Credit Adjustment to be made
2012-13	241413076	193130458	48282618
2013-14	345148770	276119017	69029753
2014-15	435650465	290433643	145216822
2015-16	480216169	319269399	160946770
2016-17	452300966	301533981	150766985
2017-18	228499628	152333081	76166547
2018-19	470234566	313489711	156744855
2019-20	634984333	423322889	211661444
2020-21 upto December	487432926	325174464	162258462
TOTAL(A)	3775880899	2594806643	1181074256

Further, NEEPCO has levied surcharge amount of Rs.15.94 Crore in FY 2021-22. The same is not considered in the True up for FY 2021-22. The details of surcharge amount claimed by NEEPCO for FY 2021-22 are furnished in the table below.

Table B: Surcharge Accounted during the FY 2021-22 (wef Jan- 2021 to Oct-2021)

Month	Surcharge Amount
Jan-21	29313076.00
Feb-21	14425514.00
Mar-21	15971105.00
Apr-21	14823116.00
May-21	15394651.00
Jun-21	14545966.00
Jul-21	14939265.00
Aug-21	14939265.00
Sep-21	14457354.00
Oct-21	10602059.00
TOTAL(B)	159411371.00

NET SURCHARGE CREDIT AMOUNT (A-B)	1021662885.00
-----------------------------------	---------------

Table C : Details of Interest Bill against Truing up AFC, 2014-19 as per Regulation 8(13) of CERC

Tariff Regulation,2014

Bill Month	Bill Date	Order vide Petition No. & Date	Amount	Remark
Interest on Truing up of AFC of RHEP for FY 2014-19		273/GT/2019 Dt 07-06-2021	65539127	Interest against Truing up of AFC of RHEP for FY 2014-19. Amount Rs. 120010510
Truing up RHEP (Revised)	18-01-22	273/GT/2019 Dt 07-06-2021	5947424	Revised Truing up Simple Int Bills against Truing up of AFC of RHEP for FY 2014-19. Amount Rs. 120010510.
AGBPP(Truing Up Int), 2014-2019	20-01-22	298/GT/2019 Dt. 21/12/2021	7458839	Interest against Truing up AFC of AGBPP for FY 2014-19. Amount Rs 11935494
Interest Bill on Truing up of AFC of Kopili-2, 2014-19	30-03-2022	372/GT/2019 Dt. 25-03-2022	1166622	Interest against Truing up AFC of Kopili-2 for FY 2014-19. Amount Rs 2348802
Interest Bill on Truing up of AFC of DHEP	31-03-2022	293/GT/2019 Dt. 31-03-2022	6902841	Interest against Truing up AFC of DHEP for FY 2014-19. Amount Rs. 10185223
TOTAL			87014853	

Surcharge and Interest claims due to delay in payment of power purchase bills shall not be admissible for determination of Tariff and Commission has been not considering the surcharge or interest amounts for True up.

It is to state that since the surcharge on power purchase bills is not admitted by the Commission in the Tariff Orders of the relevant years, the adjustment amount of Rs.118.11 Crore due to down ward revision of surcharge shall also not to be reckoned for pass through in the ARR and True up orders. Commission has not considered credit surcharge of Rs.118.11 Crore in True up process of FY 2021-22.

The Commission has not considered the surcharge relating to earlier period of Rs. (-) 118.11 Crore and surcharge amount of Rs.15.94 Crore relating to FY 2021-22. Thus the total amount of RS. (-) 102.17 Crore is not considered in True up for FY 2021-22.

The interest claim of Rs.8.70 Crore represents truing up of Annual Fixed cost for FY 2014-2019 as per CERC Regulations 8 (13). The licensee shall pursue with the NEEPCO for limiting the claim of interest cost from the due date of invoice raised and delayed period in discharge of the liability.

The power purchase cost includes Rs.20.70 Crore supplementary bills and Rs.9.58 Crore Credit bills which are admitted.

Licensee was asked to furnish the details of the balancing figure in the Power Purchase cost for Rs.0.06 Crore in the commission's letter dated 10.07.2023. Licensee has submitted in their letter dated 25.07.2023 that balancing figure of Rs.0.06 Crore is nothing but outcome of the breakup of total bills served by the NEEPCO into the station wise and subsequent rounding off figures. Therefore, the same is also not considered.

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2021-22 as shown below.

Particulars	Gross Claim (Rs.Cr)	1% Rebate	Net Admissible (Rs.Cr)
Power Purchase cost for FY 2021-22	216.10	2.16	213.94
Supplementary bills	20.70		20.70
Interest	8.70	-	-
Balancing figure	0.06	-	-
Credit Bills	- 9.58		-9.58
Gross Total	235.98		225.06
Surcharge adjusted	-102.17		-
Total	133.82		225.06

Commission considers power purchase cost at Rs.225.06 Crore for True up of FY 2021-22.

NTPC

The petitioner has claimed Power purchase cost at Rs.181.55 Crore for True up of FY 2021-22 which includes Rs.73.25 Crore LPSC and adjustment of RRAS at Rs.8.65 Crore and also credit bills for Rs.46.57 Crore, Surcharge for late payment and interest shall not be admissible for determination of Tariff. The power purchase cost is considered excluding the LPSC, RRAS and credit bills after deducting 1% rebate as per Regulations.

Particulars	Gross (Rs.Cr)	1% Rebate (Rs.Cr)	Net Admissible (Rs.Cr)
Power Purchase cost	163.48	1.63	161.85
LPSC	73.25	-	-
TCS (Tax collection at source)	0.04	-	0.04
RRAS Adjustment	- 8.65	-	-8.65
Credit Bills	-46.57	-	-46.57
Gross Total	181.54	-	106.67

Commission considers Power purchase cost for NTPC at Rs. 106.67 Crore for True up of FY 2021-22.

POSOCO

Licensee has claimed point of connection charges of POSOCO at Rs.1.25 Crore for True up of FY 2021-22

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2021-22.

Particulars	Amount in Cr
Point of Connection charges	1.25
Less: 1% rebate	0.01
Net Admissible	1.24

Commission considers the claim for Rs.1.24 Crore after adjusting 1% rebate for True up of FY 2021-22.

VAR Charges

Licensee has submitted VAR charges as negative at Rs.(-) 0.33 Crore for True up of FY 2021-22.

However the submission of the Licensee for adjustment of negative value for Rs. (-) 0.33 Crore is considered for True up of FY 2021-22.

APPCL

Licensee has claimed power purchase cost for bilateral and IEX procurement including swapping at Rs.26.04 Crore for True up of FY 2021-22. Whereas Gross Claim amounted to Rs.26.34 Crore which included Rs.0.30 Crore credit bills.

The claim is admitted as per Regulations for True up of FY 2021-22.

Particulars	Amount in Cr
Power Purchase cost for FY 2021-22	26.34
Credit bills	-0.30
Net Admissible	26.04

Commission considers the claim and admitted for Rs.26.04 Crore for True up of FY 2021-22.

KEIPL (MPPL)

Licensee has claimed power purchase cost towards Trading margin and open access charges at Rs.0.65 Crore.

The claim discloses 2 no.s surcharge invoices for Rs.1.26 Crore which shall not be admissible for determination of Tariff.

On scrutiny of invoices, it is observed there are credit notes of Rs.16.64 Crore.

The claim is admitted as power purchase cost for True up of FY 2021-22.

Particulars	Claimed	Admitted
Power Purchase cost towards Trading margin and Open access charges (Rs.Cr)	0.65	0.65
Surcharge (not admissible) (Rs.Cr)	1.26	-
Credit notes (Rs.Cr)	- 16.64	- 16.64
Net Admissible (Rs.Cr)	- 14.73	(-) 15.99

Commission considers the claim at Rs. (-) 15.99 Crore for True up of FY 2021-22.

GMR ET Ltd (Swapping)

The Licensee has claimed Power Purchase cost at Rs.0.10 Crore for True up of FY 2021-22.

The claim is admitted as power purchase cost at Rs.0.10 Crore for True up of FY 2021-22.

Manikaran Power Ltd (Swapping)

The Licensee has claimed Power Purchase cost at Rs.0.17 Crore for True up of FY 2021-22. The claim disclosed a surcharge of Rs.0.006 Crore, which shall not be admissible for determination of Tariff.

The claim is admitted as power purchase cost at Rs.0.17 Crore for True up of FY 2021-22.

Shubheksha Advisors Pvt Ltd (Swapping)

The Licensee has claimed Power Purchase cost at Rs.0.07 Crore for True up of FY 2021-22.

The claim is admitted as power purchase cost at Rs.0.07 Crore for True up of FY 2021-22.

Deviation (Inter State)

Licensee has claimed power purchase cost under Deviation (Interstate) at Rs.7.70 Crore for True up of FY 2021-22.

On scrutiny of the summary, it is observed that actual deviation payables amounted at Rs.4.69 Crore including ZCV surcharge and a sum of Rs.3.01 Crore shown as balancing figure to match the claim of Rs.7.70 Crore.

The licensee was asked to furnish the details of **balancing figure** payables for Rs.3.01 Crore shown under Deviation (Interstate) claimed for True up.

Licensee has submitted in their letter dated 13.06.2023 as follows;

“The reason for the variation in the claim of Rs.3.01 Crores between the claim shown in station wise purchase and the amount as per the actual bills is due to the methodology adopted by NERPC where the net amount payable or receivable for the week is calculated based on total amount of Normal payable or receivable for the week. Accordingly, the bill is raised as Normal payable/receivable amount and the same is followed in the summary of invoices. This is in contrast to the Engineering concept where the payable or receivables is based on the actual energy receivable or saleable. The availability of power is based on this concept.

The information provided in the station wise data is based on the engineering concept and on a daily basis which is different to the summary of invoices which is net of 7 days. Therefore, with this methodology, the amount payable increases and correspondingly, the amount for receivable also increases. Thus whichever procedure is adopted, the Deviation payables and Deviation receivables are to be considered in totality.

Further in DSM, Energy can be purchased but amount can be payable or receivable. Similarly, Energy can be sale but amount can be receivable or payable. Secondly, Purchase and Sale can be taken day wise. Therefore, from Energy point of view, the sale/purchase can be considered exactly from 1st April of the financial year to 31st March of the financial year, in this case 1-4-2021 to 31-3-2022, whereas, the invoices considered for period from 29.03.2021 to 3.04.2022.”

It is observed that, weekly balancing of the payables/receivables projected in the summary includes weekly payables of FY 2020-21 (29.03.2021 to 04.04.2021) substituting the year end week for 28.03.2022 to 03.04.2022 found to be admissible. But the claim of balancing figure of Rs.3.01 Crore added to the actual payables for Rs.4.69 Crore has no relevance to the weekly balancing deviation (inter) statement.

Commission considers the claim of **balancing figure** of Rs.3.01 Crore shall not be admissible.

Commission considers Deviation (Interstate) power purchase cost at Rs. 4.69 Crore for True up of FY 2021-22.

Deviation (Intra State)

Licensee has projected deviation Intra charges at Rs.(-) 1.91 Crore for True up of FY 2021-22.

Commission considers deviation intra charges at Rs. (-) 1.91 Crore for True up of FY 21-22

OTPC

The licensee has claimed power purchase cost at Rs.151.78 Crore which includes surcharge of Rs. 0.96 Crore in the invoices for the month of April 2021 and August 2021.

The claim disclosed surcharge for Rs.10.29 Crore which includes Rs.0.82 Crore as **'balancing figure'** for which no documents made available and the surcharge shall not be admissible for determination of Tariff.

The claim also includes supplementary bills for Rs.5.89 Crore for which the licensee was asked to furnish the breakup of supplementary bills. Instead, Licensee has stated in their letter dated 14.10.2021 that the amount represent surcharge for Rs.15.47 Crore which shall not be admissible for determination of Tariff.

Thus the supplementary bills as per summary amounted to Rs.0.11 Crore excluding the invoice no. OTPC/EB/2122/054 dated 14.10.2021 projected for Rs.5.78 Crore.

The claim includes credit invoices amounting to Rs.6.74 Crore.

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2021-22.

Particulars	Gross	Actual Value excl. Surcharge	1%rebate	Net Admissible
Power Purchase cost for FY 2021-22	142.33	141.37	1.41	139.95
Supplementary	0.11	-	-	0.11
Surcharge claim	10.29			-
Credit bills	- 6.74			- 6.74
Net Admissible	145.99			133.32

Commission considers power purchase cost at Rs. 133.32 Crore for True up of FY 2021-22.

MePGCL

The Licensee has claimed power purchase cost of MePGCL at Rs.144 Crore for True up of FY 2021-22.

The Licensee was asked to furnish the 2 no's missing invoices of Umiam Stage IV for the month of September 2021 and Umiam Stage II for the month of November 2021. It was also directed to furnish variations in the project wise breakup figures noted in the commission's letter dated 29.04.2023.

Licensee has submitted 2 no's missing invoices in their letter dated 15.06.2023 but not furnished the reasons for project wise variations.

Instead, licensee submitted Revised Energy bills for the month of April and May 2021 for Rs.9.88 Crore and Rs.10.51 Crore as against Rs.10.14 Crore and Rs.10.76 Crore respectively filed along with the True up petition.

The Revised claim shall not be admissible unless they are audited and incorporated in the accounts certified by the statutory auditors for FY 2021-22. Any variations post true up orders shall be reconciled and transacted under inter corporate account head.

The original claim is admitted for Rs.143.06 Crore after adjustment of 1% rebate for Rs.1.44 Crore for True up as per the project wise month wise breakup attached to this order.

Table 12 : Power Purchase Bills Claimed by MePGCL for FY 2021-22

(in..Rs)

Months	Umiam -I	Umiam -II	Umiam -III	Umiam IV	Umtru Power station	Sonapani Mini Power Station	MLHEP	NUHEP	Lakroh Mini HEP	Total
Apr-21	8723211.38	5088298.95	14723250.64	13918757.96		340815.46	42859226.84	15157201.86	554330.07	101365093
May-21	8195840.52	4708650.12	14352154.90	13761444.00		391685.60	48370184.33	17054156.43	774001.08	107608117
Jun-21	2016075.63	1170329.53	4284070.27	3914221.92		162153.76	124336534.06	28745836.38	1409122.86	166038344
Jul-21	2258816.34	1340410.27	5321932.64	4813225.65		198518.42	119066440.62	37425367.13	1495123.55	171919835
Aug-21	2697042.19	1659620.02	5965071.27	5610590.95		208560.95	130660788.79	40097131.88	1487040.34	188385846
Sep-21	2971889.78	1835980.54	6303521.47	6092784.00		196455.55	77882255.38	42680660.50	1345563.67	139309111
Oct-21	3012415.66	1860591.85	6272067.56	5991310.76		197730.33	80313890.42	39585220.97	1004167.05	138237395
Nov-21	2919177.75	1811398.00	5829137.17	4961114.46		159260.56	45492174.61	31030081.82	0.00	92202344
Dec-21	3113493.98	1949707.52	5314359.92	4520201.12		143097.18	43503042.67	28070954.34	0.00	86614857
Jan-22	3091792.06	1935479.00	5243224.55	4517267.31		140820.55	42913043.25	27152707.62	0.00	84994334
Feb-22	2824865.91	1756631.41	4856500.12	4212212.00		126025.48	42608059.11	25369346.12	0.00	81753640
Mar-22	3028898.00	1921424.00	4654156.00	4108889.00		110919.00	48573389.00	24196859.82		86594535
										1445023451
Total	44853519.2	27038521.21	83119446.51	76422019.13	0	2376042.84	846579029.1	356565524.9	8069348.62	1445023451
Less: 1% Rebate	448535.19	270385.21	831194.47	764220.19	0	23760.43	8465790.29	3565655.25	80693.49	14450234.51
Net	44404984	26768136	82288252	75657799	0	2352282	838113239	352999870	7988655	1430573217

Transmission Charges

PGCIL

Licensee has claimed PGCIL Transmission charges for Rs.107.13 Crore including SCADA EMS and Supplementary bills towards deferred tax liability from FY 2019-20 to FY 2020-21. Whereas on verification of invoices it is observed that the sum total breakup amounted to Rs.111.65 Crore.

The credit bills amounted to Rs.6.16 Crore. The Claim included with surcharge at Rs.1.64 Crore, which shall not be admissible for determination of Tariff.

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2021-22.

The admissible Transmission charges is analyzed as depicted in the table below

Particulars	Gross Value	1% rebate	Net Admissible (Rs.Cr)
PGCIL Transmission charges for FY 2021-22 incl. Supplementary bills	111.65	1.12	110.53
Surcharge claim	1.64	-	-
Credit Bills	- 6.16	-	-6.16
Gross Total	107.13		104.37

Commission considers PGCIL Transmission charges at Rs. 104.37 Crore for True up of FY 2021-22.

MePTCL

The Licensee has claimed Transmission charges of MePTCL at Rs.50.24 Crore for True up of FY 2021-22

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2021-22

Particulars	Amount in Cr
Transmission charges	50.24
Less: 1% rebate	0.50
Net Admissible	49.74

Commission considers the Transmission charges for Rs.49.74 Crore after adjusting 1% rebate for True up of FY 2021-22.

Table 13 : Approved Power Purchase Cost for True up of FY 2021-22

Sl. no	Name of the Generator/Source	Energy Drawn in MU	MePDCL Actuals (in Rs Cr)	Approved for True up (Rs Cr)
1	NTPC	1.95	181.54	106.67
2	OTPC	434.36	151.78	133.32
3	NEEPCO	631.58	133.82	225.06
4	NHPC	-	1.75	-
5	APPCL	195.64	26.04	26.04
	a) Swapping	129.14	1.10	
	b) Bilateral	43.55	15.00	
	c) IEX	22.95	9.94	
6	Kreate Energy (MPPL)	188.89	- 14.73	-15.99
7	POSOCO	-	1.25	1.24
8	Deviation Inter	19.50	7.70	4.69
9	Deviation Intra	5.28	- 1.91	- 1.91
10	GMR ET (Swapping)	26.64	0.10	0.10
11	Manikaran Power Ltd (Swapping)	56.28	0.17	0.17
12	Subheksha (SAPL) (Swapping)	22.94	0.07	0.07
13	VAR Charges	-	-0.33	-0.33
14	MePGCL	877.78	144.00	143.05
	Sub-Total (A)	2460.84	631.25	622.18
	Transmission Charges			
15	PGCIL	-	107.13	104.37
16	MePTCL	-	50.24	49.74
	Sub Total (B)	-	157.37	154.11
	Total (A+B)	2460.84	788.62	776.29
	Average Power Purchase Cost			Rs. 3.15 Ps/Kwh

Commission considers Power Purchase cost at Rs.776.29 Crore for True up of FY 2021-22.

2.2 RPO Compliance

Petitioner's Submission

Regarding the RPO compliance, it is submitted that MePDCL has not purchased any power from solar and wind sources during FY 2021-22. The details of purchase of energy along with RPO target vis-à-vis achieved are given below:

Table 14 : Renewable Purchase Obligation Approved & Achieved

Year	Consumed	Target				Achieved			
		Solar	Non solar	Total		Solar	Non-Solar	Total RPO Met	
		%	%	%	MUs	MUs	MUs	MUs	%
2020-21	1,603.60	1.50%	5.00%	6.50%	104.234	0	44.7	44.7	2.79%

Table 15 : Power Purchase from Small Hydro

Details of Small Hydro for RPO Compliance		
Small Hydro Electric Plant	Installed Capacity (MW)	Power Procured (MU) including Free Power
Kopili Stage-II	25	1.53 (=0.86+.0.67)
Sonapani	1.5	5.49
Umiam Stage-II	20	33.69
Lakroh	1.5	3.99
Total		44.7

Commission's Analysis

As per RPO Regulations notified on 15.04.2021, the obligated licensee shall procure power from Renewable Energy Sources at 1.5% from Solar Generation and 5% from Non Solar Sources for FY 2021-22. The Licensee shall procure 6.5 % of Energy Sales of 1603.60 MU which amounts to 104.23 MU to comply with the RPO Obligation for FY 2021-22.

Whereas actual procurement from Small Hydro projects upto 25 MW as projected amounted to 44.70 MU.

The licensee shall purchase RPO certificates to the extent of shortfall of 59.53 MU to fulfill the RPO compliance for FY 2021-22.

Licensee has not submitted reasons for Non Compliance of the obligation nor sought for commission's approval for carry forward of the obligation to the next year as per the Regulation 11.2 of RPO Regulations 2018.

This being the first year of the non procurement of RPO certificates, Commission considers carry forward of the Obligation of shortfall of 59.53 MU to the next year.

2.3 O&M Expenses

Petitioner's Submission

Operations and Maintenance (O&M) Expenses of the Company consists of the following elements:

- Repairs and Maintenance expenses: Repairs and Maintenance Expenses are incurred for the day to day upkeep of the assets of MePDCL and form an integral part of the Company's efforts towards reliable & quality power supply and reduction of losses in the system.

- Employee Expenses: Employee expenses comprise of salaries, dearness allowance, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.
- Administrative and General Expenses: Administrative expenses mainly comprises of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

Commission's Analysis

As per Regulation 94.1 of MSERC MYT Regulations 2014

Operation and Maintenance Expenses or O&M Expenses shall mean the total of all expenditure under the following heads:-

- *Employee Cost*
- *Repairs and Maintenance*
- *Administration and General Expenses.*

94.4 In the absence of any norms for O&M expenses, the Commission shall determine operation and maintenance expenses based on prudence check of the estimates submitted by the licensee and consumer price index/wholesale price index/inflation.

94.5 Increase in O& M expenses due to natural calamities or insurgency or other factors not within the control of the distribution licensee may be considered by the Commission for determination of tariff.

2.3.1 Repairs and Maintenance Expenses (R & M expenses)

Petitioner's Submission

Repair & Maintenance expenses are dependent on various factors such as age of assets, nature of terrain, load served, volume of infrastructure, etc. Most of the lines and substations of MePDCL are aged and thus demand more frequent Repairs and Maintenance. The assets of MePDCL are old and require regular maintenance to ensure uninterrupted operations. MePDCL has been trying its best to ensure uninterrupted operations of the system and accordingly has been making necessary expenditure for R&M activities. The R&M Expenses incurred by MePDCL and one-third of that incurred by the holding company, MeECL is as shown below:

Table 16 : R&M expenses for FY 2021-22 (Projected)

(Rs. Cr)

R&M Expense	MePDCL
Buildings	0.38
Plant and Equipment	0.93
Civil Works	0.38
Lines & Cables	3.54
Vehicles	0.11
Furniture and Fixtures	0.04
Office equipment	0.43
R&M Expenses incurred by MePDCL (actuals) (1)	5.81
R&M Expenses of MeECL Apportioned (actuals) (2)	0.05
Net Actual R&M Expense for True up (1+2)	5.86

MePDCL has requested Commission to allow the actual R&M expenses of Rs 5.86 Crores for true up of FY 2021-22.

Commission's Analysis

As reported vide note no.30 of SoA for MePDCL and note no.25 of SoA of MeECL, the R&M expenses projected for True up of FY 2021-22 at Rs.5.86 Crore found to be admissible as depicted below.

Table 17 : R&M expenses for FY 2021-22

Particulars	Amount in Cr
R&M Expenses of MePDCL	5.81
1/3 rd R&M expenses of MeECL	0.05
Total R&M expenses	5.86

Commission approves R&M expenses of Rs.5.86 Crore for True up of FY 2021-22.

2.3.2 Employee Expenses

Petitioner's Submission

The employee expenses incurred by MePDCL and the share of MeECL to be borne in FY 2021-22 as per the audited Statement of Accounts are as shown below:

Table 18 : Employee expenses for FY 2021-22

Particulars	Amount in Cr
Salaries and wages	144.45
Contributions to provident and other funds	2.81
Staff welfare expenses	0
Apportionment of Employee Benefit Expenses (from Holding Company)	
(a) Salaries and wages	12.85
(b) Staff welfare expenses, insurance etc.	0.02
(c) Contribution to CPS (Corporation Contribution)	0.05
(d) Ex-Gratia expenses	-
(d) DCRG, Pension, Pension contribution to Deputations	53.24
Sub Total	66.16
Total Employee Expense of MePDCL	213.42
Employee Expenses of MeECL Apportioned (actuals)	7.39
Net Actual Employee Expense for True up	220.81

The summary of the comparison of the actual Employee Expenses for FY 2021-22 vis-à-vis the expenses approved by the Commission has been given in the table below:

Table 19 : True up of Employee Expenses for FY 2021-22

Particulars	Approved in TO Dated 25.03.2021	(Rs. Cr)
		Actuals
Employee Cost	150.88	220.81

MePDCL has requested Commission to allow the actual employee expense of Rs 220.81 Crores for true up of FY 2021-22.

Commission's Analysis

The Licensee has claimed Employee expenses at Rs.220.81 Crore which includes apportionment of employee benefit expenses of Holding Company for Rs.66.16 Crore and Rs.7.39 Crore for True up of FY 2021-22.

The breakup figures of above Employee benefit expenses include Rs.53.24 Crore towards DCRG, Pension, Pension contribution to Deputation personnel which shall be met from Trust Funds. The remaining apportionable expenses for Rs.12.92 Crore shall be considered for True up of FY 2021-22.

Licensee was asked to furnish the breakup figures for Rs.7.39 Crore (Rs22.16Cr/3) claimed as apportioned Employee expense actual in the commission's letter dated 12.04.2023.

Licensee has not furnished the breakup of Employee Expenses of MeECL apportioned (actuals) for Rs.7.39 Crore and stated in their letter dated 26.06.2023 that the amount shown as Rs.7.39 Crore actual apportioned for Rs.7.35 crore.

Commission called for the breakup for Rs.7.39 Crore from the MePTCL, who inturn submitted the breakup figures vide their letter dated 10.08.2023 as detailed below.

A	Basic Pay	2,52,44,521.60
	Dearness Allowance	7,51,430.40
	Other Allowance	20,70,038.10
	Medical Staff Reimbursement	4,10,048.40
	Earned Leave Encashment	1,08,48,488.60
	Employees Provident Fund (EPF)	35,24,808.80
	Staff Welfare Expenses	58,687.50
	C.P.S. Corp Contribution	1,76,614.20
	Pension	17,74,70,054.10
	STIPEND CHARGES	10,78,000.00
B	Total of the above	22,16,32,691.70
C	The above Sl. No. B divided on 1/3 basis	7,38,77,563.90

It may be observed that the breakup furnished include pension payment for Rs.17.75 Crore which shall be met from Trust funds. The remaining Rs.4.41 Crore (Rs.22.16 Cr-Rs.17.75 Cr) shall be shared by three subsidiaries at Rs.1.47 Crore.

Commission Considers Rs.1.47 Crore MeECL employee expense actual for True up of FY 2021-22.

Table 20 : Approved Employee Expenses for True up of FY 2021-22

Particulars	Rs. Cr
Salaries and wages (Note. no.27 of SoA)	144.45
Contributions to provident and other funds	2.81
Apportionment of Employee Benefit Expenses (from Holding Company)	
(a) Salaries and wages of Deputationists (Note. no. 22 of MeECL SoA)	12.85
(b) Staff welfare expenses, insurance etc.	0.02
(c) Contribution to CPS (Corporation Contribution)	0.05
Total Employee Expenses	160.18
Employee Expenses of MeECL Apportioned (actuals) MeECL (Rs.4.41 Cr/3)	1.47
Net Actual Employee Expense admissible for True up	161.65

Commission considers Employee expenses at Rs.161.65 Crore for True up of FY 2021-22.

2.3.3 Administration and General Expenses

Petitioner's Submission

The A&G expenses incurred by MePDCL and the share of MeECL to be borne in FY 2021-22 as per the audited Statement of Accounts is as shown below:

Table 21 : A&G Expenses for FY 2021-22

Particulars	Amount in Rs. Cr
Insurance Charges	0.02
Rent, Rates and Taxes	0.12
UGO Billing Software Services	1.27
Telegram, Postage, Telegraph and Telex charges	0.25
Training, conveyance and vehicle running expenses	9.61
Printing and stationery expenses	0.46
Auditors' remuneration	0.06
Consultancy Charges	0
License and Registration Charges	0
Technical fees	0
Books & Periodicals	0
Fees and subscription expenses	0
Advertisement charges	0.25
Legal and professional charges	0.95
Meghalaya State Electricity Regulatory Commission (MSERC) Fees	0.25
Electricity and Water Charges	0.19
Meter Reading Expenses	0
Franchisee Commission	0.89

Franchisee Transmission Loss	0.26
Discount allowed	0.52
Stamp Duty	0.03
Bank Charges	0.13
GST Expenses	0.02
ROC charges	0.02
Entertainment expenses	0
Miscellaneous expenses	0.03
A&G Expenses incurred by MePDCL (actuals)	15.33
A&G Expenses of MeECL Apportioned (actuals)	0.42
Net Actual A&G Expense for True up	15.75

The summary of the comparison of the actual A&G Expenses for FY 2021-22 vis-à-vis the expenses approved by the Commission has been given in the Table below:

Table 22 : True up of A&G Expenses for FY 2021-22

(Rs. Cr)		
Particulars	Approved in TO Dated 25.03.2021	Actuals
A&G Expenses	12.14	15.75

MePDCL has requested Commission to allow the actual A & G expense of Rs 15.75 Crore for true up of FY 2021-22.

Commission's Analysis

As reported vide note no.30 of SoA for MePDCL and note no.25 of SoA of MeECL, the A&G expenses projected for True up of FY 2021-22 at Rs.15.75 Crore found to be admissible as depicted below.

Table 23 : Adm & General expenses for FY 2021-22

Particulars	Amount in Rs.Cr
Adm & General Expenses of MePDCL	15.33
1/3 rd A&G expenses of MeECL	0.42
Total A&G expenses	15.75

Commission approves A&G expenses at Rs.15.75 Crore for True up of FY 2021-22.

Total O&M expenses for FY 2021-22

As per the above analysis the O&M expenses of MePDCL are approved as detailed below including 1/3rd share of MeECL apportionable O&M expenses for True up of FY 2021-22.

Table 24 : Approved O&M expenses for True up of FY 2021-22

(Rs.Cr)

Particulars	MePDCL Claimed	Approved for True up (incl. 1/3 rd of MeECL)
R&M	5.86	5.86
Employee expenses	220.81	160.18
A&G Exp	15.75	15.75
Total	242.42	181.79

Commission approves O&M expenses at Rs.181.79 Crore for True up of FY 2021-22.

2.4 Depreciation

Petitioner's Submission

Depreciation as booked in the Statement of Accounts for FY 2021-22 for MePDCL (Note 2 of MePDCL Accounts) (without IND AS Adjustment) and the apportioned amount of MeECL (Note 2 of MeECL Accounts) (without IND AS Adjustment) for various classes of assets is shown below:

Table 25 : Depreciation for FY 2021-22

(Rs. Cr)

Asset Class	MePDCL
Land	0
Buildings	0.43
Plant and Equipment	5.05
Furniture and Fixtures	0.02
Vehicles	0.03
Office equipment	0.11
Others:	
Hydraulic Works	0
Other Civil Works	0.1
Lines and Cable Network	40.52
Assets under lease	0
Total Depreciation MePDCL	46.26
Apportioned Depreciation from MeECL	0.87
Total	47.13

The adjustment of Amortization of Grants and Subsidies & Amortization of Consumer Contributions (Depreciation on Grants) has been booked in other income i.e. Section 2.3.11 of the petition. Following table shows the comparison of the actual Depreciation vis-à-vis the Depreciation approved by the Commission in its various tariff orders for FY 2021-22.

Table 26 : True up of Depreciation for FY 2021-22

Particulars	Approved in TO Dated 25.03.2021	Actuals
Depreciation (Rs. Cr)	0.00	47.13

The true up is being done based on the actual value of opening assets and the assets capitalized during the year. It is submitted that the component wise depreciation is computed as per the provisions of Tariff Regulations, 2014. As such, the Commission is requested to kindly approve the actual depreciation as per the audited accounts (Note 2: Property, Plant & Equipment) MePDCL requests the Commission to allow the depreciation of Rs 47.13 Crores for true up of FY 2021-22.

The petitioner MePDCL has sought for consideration of the Depreciation as submitted in the addendum petition (para 9) as stated below.

MePDCL would like to submit that it has claimed a depreciation of Rs. 47.13 Cr as per the statement of accounts at para 2.3.6, Table 16 and page no. 20 of the original petition.

However, since Commission has been allowing the depreciation based on the methodology as per the MYT Regulations 2014. In view of the same and considering the explanation provided under Return on Equity above MePDCL would like to revise the claim of depreciation and accordingly the Table 16 of the Petition stands revised as under:

Table 27 : Depreciation for FY 2021-22*(Rs. Cr)*

Particular	Opening GFA	Rate of Depreciation	Addition	Deletion	Closing GFA	Average GFA	Depreciation
Land	2.00	0.00%	0.02	0.16	1.86	1.93	0.00
Buildings	13.60	3.34%	0.00	0.00	13.60	13.60	0.45
Plant and Equipments	106.16	5.28%	0.00	0.00	106.16	106.16	5.61
Furniture and Fixtures	0.99	6.33%	0.00	0.00	0.99	0.99	0.06
Vehicles	0.69	9.50%	0.00	0.00	0.69	0.69	0.07
Office Equipments	2.03	6.33%	0.17	0.00	2.20	2.11	0.13
Hydraulic Works	0.09	5.28%	0.00	0.00	0.09	0.09	0.00
Other Civil Works	3.04	3.34%	0.00	0.00	3.04	3.04	0.10
Lines and Cables Network	878.80	5.28%	2.76	0.00	881.56	880.18	46.47
Total	1007.40		2.95	0.16	1010.20	1008.80	52.90
							5.24%
Average Grants	452.71						
Depreciation on Grants							23.74
Net Depreciation							29.16

Commission's Analysis

The petitioner has claimed Depreciation at Rs.47.13 Crore which includes Rs.0.87 Crore depreciation on MeECL assets for True up of FY 2021-22.

As per the Regulation 33 of MSERC Regulations 2014:

"The Depreciation shall be computed on the Historical Value of the assets. Depreciation shall be calculated on straight line method upto 90 % of Asset Value retaining 10 % salvage value.

Consumer contributions or Capital subsidy/grant etc shall be excluded from the Value for the purpose of Depreciation as per the Regulations."

The petitioner has projected 100% of average GFA in the computation vide table no.16 of addendum petition and average grants and contributions considered at Rs.452.71 Crore instead of Rs.1096.89 Crore.

MePDCL has claimed in the addendum to True up petition that the Govt grants and contributions were utilized for capital works in progress (CWIP) and hence Govt. grants shall not be considered for deduction in the true up process.

Regulations does not provide for excluding the Grants and Contributions utilized for capital work in progress for computation of Depreciation. The depreciation shall be calculated on the 90% of the Gross fixed assets as per the Regulations.

Licensee has been adopting inconsistent asset value while reporting in the audited accounts against lines and cable network as detailed below.

Particulars	For Approved GFA value (in Cr)	Reported in Audited SoA (in Cr)
as on 31.03.2019	371.34	209.97
as on 31.03.2020	405.55	402.36
as on 31.03.2021	878.80	876.61
as on 31.03.2022	881.56	879.37

Licensee shall reconcile with reference to the financial ledgers and shall rectify the values for future reporting by adopting approved GFA in the True up process.

The depreciation has been computed with reference to the approved Asset values in the previous True up orders for FY 2020-21.

Licensee has reported Govt. Grants and Contributions vide note no.17.1 of audited SoA at Rs.1006.98 Crore as of 31.03.2021 and Rs.1186.79 Crore as on 31.03.2022. The average grants stood at Rs.1096.89 Crore excluding amortization of Rs.44.69 Crore.

Table 28 : Computation of Depreciation for True up of FY 2021-22

(Rs.Cr)

Particulars	Opening GFA	Additions	Retire ments	Closing GFA	90% of GFA	% of Depr	Amount of Depreciation
Land	2.00	0.02	0.16	1.86	1.74	-	-
Buildings	13.60	-		13.60	12.24	3.34%	0.41
Plant and Equipment	106.16	-		106.16	95.54	5.28%	5.04
Furniture and Fixtures	0.99	-		0.99	0.89	6.33%	0.06
Vehicles	0.69	-		0.69	0.62	9.50%	0.060
Office Equipment	2.03	0.17		2.20	1.90	6.33%	0.12
Hydraulic works	0.09	-		0.09	0.08	5.28%	0.004
Other Civil works	3.04	-		3.04	2.74	3.34%	0.09
Lines and Cable Network	878.80	2.76		881.56	792.16	5.28%	41.83
Total	1007.40	2.95	0.16	1010.19	907.91		47.61
Average assets				1008.80		4.71%	
Less : Depreciation on Avg Grants and contributions				1096.89			51.66
Net Dep for Discom							(-) 4.05
(+) 1/3rd Dep on MeECL assets							0.09
Total depreciation							(-) 3.96

Commission considers Depreciation as -NIL- for True up of FY 2021-22.

2.5 Interest and Finance Charges

Petitioner's Submission

The following table shows the summary of the actual Interest and Finance Charges for FY 2021-22 as per audited statement of accounts (Note 28)

Table 29 : True up of Interest and Finance Charges for FY 2021-22

Particulars	Amount (in Rs. Cr.)
Interest on Loans	
To related party (Meghalaya Energy Corporation Limited, i.e., Holding Company)	2.46
To Others	131.44
Other Interest	0.12
Guarantee charges	8.37
Other Charges	0.2
Total Finance Charges(MePDCL) (1+2)	142.59
Apportioned Finance Charges from MeECL	16.94
Net Interest and Finance Charges	159.53

Detailed Statement of all the Loans of MePDCL along with the purpose of loan is given in Note 16 - Financial Liabilities (Borrowings) of MePDCL Accounts. Similarly details of loans of MeECL (for MeECL apportionment interest in the above table) is given in Note 16 - Financial Liabilities (Borrowings) of MeECL Accounts.

It is submitted that Interest & Finance Charges are genuine and legitimate expenditure and the Commission may kindly approve the entire interest & finance charges as shown above, as per Audited Accounts.

Commission's Analysis

Licensee has claimed Interest and Finance charges at Rs.159.53 Crore which includes apportioned interest and finance charges of MeECL for Rs.16.94 Crore for True up of FY 2021-22.

As per the Regulation 32.1 and 32.2 of MSERC Regulations 2014:

32.1 *Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements, bond or debenture and the lending rate specified therein.*

Provided that the outstanding loan capital shall be adjusted to make it consistent with the loan amount determined in accordance with regulation 27.

32.2 *The interest and finance charges attributable to capital work in progress shall be excluded.*

Provided that neither penal interest nor overdue interest shall be allowed for computation of tariff.

Table 30 : Approved Interest and finance charges for True up of FY 2021-22

(Rs. Cr)

Sl. No	Particulars	Opening balance	Add. during the Year	Re payment	Closing Loan	Interest
		(1)	(2)	(3)	(4)	(5)
1	Opening balance					
	a) 8% restructured REC loan	17.00		7.38	9.62	1.06
	b) 9% PFC loan R-APDRP-A	33.89			33.89*	-
	c) 9% PFC loan R-APDRP-B	59.26			59.26*	-
	d) 11.15% PFC Loan IPD Scheme	5.03		0.37	4.66	0.54
	Total	115.18		7.75	107.43	1.60
2	Average loan				111.31	1.44%
3	Interest and Finance charges					1.60

* The interest cost on the Outstanding R-APDRP A&B loans shall not be admitted in the True up process.

Licensee has been projecting outstanding loans against the R-APDRP-A and R-APDRP- B schemes through the Audited accounts. The R-APDRP A&B Scheme provides that loans drawn were to be utilized to strengthen the network of the licensee and achieve the loss Reduction. As soon as the objective has been achieved the licensee should have submitted proposal for conversion of loans as Grant through the state government.

The licensee has been utilizing the borrowed money under the R-APDRP-A&B schemes for the infra structural works contemplated to achieve loss reductions and network efficiency for the period FY 2015-16 to FY 2020-21 and Commission has been allowing interest cost in the True up process.

The licensee was asked to submit vide letter dated 03.05.2023, the loan profile of R-APDRP A&B schemes with the details of repayment of principle and interest so far, along with the infrastructural works completed with the borrowed money and also claims preferred for conversion of the loan as Grant (to ministry of power, Govt. of India through the state govt.) with the physical and financial achievement.

In response to the commissions letter dated 03.05.2023, Licensee has not furnished the details of **date wise loans drawn** and repayment of principle and interest during execution of the works contemplated under R-APDRP A&B schemes. Instead licensee has furnished total loan availed for R-APDRP-A works at Rs.12.19 Crore with interest due of Rs.1.10 Crore and R-APDRP-B works loan availed for Rs.104.06 crore with interest accrued of Rs.9.37 Crore.

Whereas the licensee has projected the outstanding loan balance of Rs.33.89 Crore and Rs.59.26 Crore against R-APDRP A&B respectively.

Commission has reviewed the True up Orders from FY 2013-14 to FY 2020-21 and observed that a sum of Rs.13.01 Crore and Rs.33.11 Crore has been allowed towards interest cost against R-APDRP A&B respectively as per the table below.

Table 31 : Loan profile of R-APDRP A & B for FY 2013-14 to FY 2021-22

(Rs. Cr)

FY	RAPDRP-A				RAPDRP-B			
	o/s Loan amount	additions	Repay ment	Interest allowed in True up	o/s Loan amount	additions	Repay ment	Interest allowed in True up
2013-14	10.19			0.92	10.19			0.92
2014-15	10.19			0.92	47.92			2.16
2015-16	10.19			0.92	47.92			4.31
2016-17	10.19			0.92	47.92			4.31
2017-18	12.19			1.00	59.12			4.82
2018-19	29.58	20.68	3.29	1.88	59.26	6.72	6.58	5.33
2019-20	39.97	10.39	3.48	3.13	65.84	6.58	6.25	5.63
2020-21	33.89	-	6.08	3.32	59.26	-	6.58	5.63
2021-22	33.89	-	-	-	59.26	-	-	-
Total				13.01				33.11

Commission considers that the Licensee has failed to submit the proposals for conversion of loans as grant through the State Govt. along with the project appraisals as envisaged in the sanction of funding by the Ministry of power, Govt. of India.

It is imperative that the interest cost so far allowed in the Tariffs as detailed in the statement shall be a surplus of approved True up ARR which could be considered claw back from the future interest liabilities.

Commission does not consider allowance of interest in the true up ARR against the outstanding loans availed from PFC for improvement of network efficiency to reduce the AT&C losses contemplated in the RAPDRP A&B projects.

Commission approves Interest and finance charges at Rs. 1.60 Crore (excluding interest cost on R-APDRP A&B schemes) for True up of FY 2021-22.

2.6 Interest on Working Capital

Petitioner's Submission

Working capital requirement for a distribution utility in Meghalaya is determined on a normative basis by the Regulation 34.3 of MYT Tariff Regulations, 2014. Now, based on the actual data for the components of working capital, the interest on working capital is computed below:

Table 32 : Computation of Interest on Working Capital for FY 2021-22

Particulars	Amount (Rs Cr)
O&M for 1 Months (242.42/12)	20.20
Maintenance Spares	
(Average Asset of MePDCL and MeECL for the year *1% with escalation of 6%)	10.79
Receivables for 2 Months (792.25)/6	151.72

Total	182.71
Interest Rate (%) (SBI PLR as on 01.04.2021)	12.15%
Interest on Working Capital	20.20

MePDCL has requested Commission to allow the Interest on Working Capital of Rs. 20.20 Crore for true up of FY 2021-22.

Commission's Analysis

As per Regulation 34.3 of MYT MSERC Regulations 2014,

The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Distribution Business for the financial year, computed as follows:

- *Operation and maintenance expenses for one month; plus*
- *Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus*
- *Receivables equivalent to two (2) months of the expected revenue from charges for use of Distribution at the prevailing tariffs; minus*

Interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the financial year in which the Petition is filed.

Interest on working capital is computed as depicted in the table below.

Table 33 : Approved Interest on Working Capital for true up of FY 2021-22

Particulars	Rs.in Cr
O&M expenses for 1 Month excl. MeECL cost (168.40 /12)	14.03
Maintenance Spares at *1% of escalation at 6% (GFA 1008.80 *1%*6%)	10.69
Receivables for 2 Months (927.06*2/12)	154.51
Total	179.23
Interest Rate (%) (SBIAR as on 01.04.2021)	12.15%
Interest on Working Capital	21.78

Commission considers Interest on working capital at Rs.21.78 Crore for True up of FY 2021-22.

2.7 Exceptional Expenses

Petitioner's Submission

The following table provides the details of the Exceptional Expenses for FY 2021-22 as per Note 31 of SOA of MePDCL

Table 34 : Exceptional Expenses for FY 2021-22

Particulars	Amount (in Rs. Cr.)
Compensation to Staff for injuries, death and/or damages	0
Compensation to others for injuries, death and/or damages	-0.23
One Time Settlement (OTS)	
Net Exceptional items	-0.23

It is therefore requesting the Commission to approve the Exceptional Expenses of (-) Rs 0.23 Crore for true up of FY 2021-22.

Commission's Analysis

The transaction related to expense towards compensation to staff and others for injuries/damages etc., and projected to be negative expenditure.

Commission considers the negative expense as refund of compensation if any disbursed earlier under the head exceptional item and approves the negative expense for Rs. (-) 0.23 Crore for True up of FY 2021-22.

2.8 Return on Equity

Petitioner's Submission

It is submitted that the return on equity is computed as per Regulation 27 and 31 of the Tariff Regulations, 2014. As per the above provisions of MYT Tariff Regulations, 2014, the computation of Return on Equity is shown below:

Table 35 : True up of Return on Equity for FY 2021-22

		(Rs. Cr)
Sl. No.	Particulars	Actuals
1	Opening Equity 31.03.2021 (Shareholders Eq. +Pending Allotment)	858.39
2	Closing Equity 31.03.2022 (Shareholders Eq. +Pending Allotment)	859.26
3	Average Equity for RoE	858.83
4	Equity Capital considered for RoE Computation	858.83
5	RoE (%)	14%
6	Return on Equity (Rs. Crore)	120.14

The prevalent regulations do not restrict allowing of return on equity on equity capital pending allotment. The actual closing equity component (paid up capital + equity share pending allotment) as per the audited accounts of MePDCL for FY 2021-22 is Rs. 859.26Cr (850.22+19.04). Similarly, the opening equity capital as per audited accounts for FY 2021-22 is Rs. 858.39Cr (846.86+11.53) crores. As such, the average equity capital for FY 2020-21, for calculation of RoE, works out to be Rs. 858.83 crores.

Reference: Paid Up Capital: As per Note 14 of MePDCL Accounts and Equity Share Pending Allotment: As per Note 15 of Accounts.

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. The Utility is reiterating the fact that the approved value of Commission for Return on Equity (is

not in line with the Regulations. In sake of brevity, MePDCL is not reiterating the grounds and the justification for the claim here since the matter is already under subjudice. Hence, the utility would like to retain its methodology as per the past petitions & stand on equity base determination as per the earlier petitions which is in line with MSERC Regulations and Transfer Notification Scheme.

It is therefore requested the Commission to kindly approve the Return on Equity of Rs.120.14 Crore for true up of FY 2021-22 as computed above.

The petitioner MePDCL has sought for consideration of the Return on Equity as submitted in the addendum petition (para 8) excluding the Govt. Grant and Contributions part utilized for the capital works in progress (CWIP).

Commission's Analysis

According to Regulation 31 of MSERC MYT Regulations 2014 -

“Return on equity shall be computed on the equity base determined in accordance with regulation read with 27 and shall not exceed 14%.

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff.”

Licensee has claimed Return on Equity projecting average equity Rs. 858.39 Crore which has no relevance to the books of accounts.

Commission has considered opening GFA at Rs.1007.40 Crore as approved for closing balance of FY 2020-21 and closing GFA at Rs. 1010.19 Crore as per the note no.02 of audited accounts for FY 2021-22.

MePDCL has claimed in the addendum to True up petition that the Govt grants and contributions were utilized for capital works in progress (CWIP) and hence Govt. grants shall not be considered for deduction in the true up process for admission of Return on Equity.

Regulations does not provide for excluding the Grants and Contributions utilized for capital work in progress for computation of Return on Equity.

Licensee has submitted 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.

Table 36 : Computation of Return on Equity for True up FY 2021-22

Sl.No	Particulars	(Rs. in Crore)
1	GFA as on 31.03.2021	1007.40
2	Addition during year	2.95
3	(-) Retirements	0.16
4	GFA as on 31.03.2022	1010.19
5	Average Assets (1+4)/2	1008.80
6	Less: Grants and contributions as per note 17.1 of SOA	1096.89
7	Net Capital cost for ROE	- 88.09
8	Opening Equity	- 66.02
9	Closing Equity Capital (-88.09*30%)	-26.43
10	Avg Equity (8+9)/2	- 46.23
11	ROE at 14% (-46.23*14%)	- 6.47

Commission considers Return on Equity as -NIL- for True up of FY 2021-22.

2.9 Non Tariff and Other Income

Petitioner's Submission

A summary of the other income as per Audited Accounts of MePDCL for FY 2021-22 has been given in the table below:

Table 37 : Non Tariff and Other Income in FY 2021-22

Sr. No.	Particulars	(Rs. Cr)
A	Other Income	
	Interest Income: (Note 19 of MePDCL Accounts)	
	From Banks	2.25
	From Others	0
	Other non-operating income:	-
	Rental and Hiring Income	0.03
	Fees and Penalties	0
	Sale of scrap, tender forms and others	0
	Miscellaneous receipts	8.86
	Amortization of Grants and Subsidies	41.62
	Amortization of Consumer Contributions	3.07
B	Revenue Subsidies and Grant	
	R.E. Subsidies	-
	Revenue Grants for Other Expenditures	20.18
C	Other operating revenues- (Note 24 of MePDCL Accounts)	
	Meter Rent	7.54
	Margin Money from Regulated Power	0.83
	Reconnection Fees	0
	Rebates on Purchase of Energy	3.12
	Other Charges From Consumers	18.86
	Cross Subsidy Surcharge	13.71
D	Apportioned Other Income from MeECL	
	(Note 21 of MeECL Accounts)	3.98
	Total Other Income (A + B + C+D)	124.05

Note:

- 1 Sundry balances written back is the provision on Sundry debtors provided earlier adjusted for the purpose of providing fresh reserve for the year 2021-22. Sundry balances written

back is not considered as part of Income since the Commission has never allowed the provision for bad debt booked as part of the expenses.

- 2 DPS collected from consumers is not considered since the surcharge payable to the generating cost and transmission cost are not considered by the Commission
- 3 Amortization of Grants and Subsidies and Amortization of Consumer Contributions of Rs.41.62 crore and Amortization of Consumer Contributions of Rs 3.07 Crore are linked to the Depreciation depicted in Table 16 above as this is nothing but depreciation on Grants and subsidies and consumer Contributions. Any variation in the methodology of calculating the Depreciation, these amounts should be excluded from the above table of Non-Tariff and Other Income.

Considering claim of depreciation of Rs 47.13 Crores above, MePDCL therefore requests the Commission to approve the Other Income as Rs 124.05 Crore for true up of FY 2021-22 as computed above.

The petitioner MePDCL has sought for consideration of the Non Tariff Income as submitted in the addendum petition (para 11).

Commission's Analysis

Licensee has reported Non Tariff, Other income and Cross subsidy surcharge vide note no. 24, 24.2 and 25 of audited accounts to a tune of Rs. 148.41 Crore.

1/3rd Other income of MeECL as reported in Note no. 21 of audited accounts amounted for Rs.3.98 Crore.

- 1) The claim of the licensee vide note no.01 of the petition for not considering write back of bad debts provided on the plea that Commission has never allowed the provision for bad debt booked as a part of the expenses cannot be accepted.

Any provision in the books of accounts, either Revenue or Expenditure shall not be the transaction of the current year.

The provision shall be accounted for in the year when the transaction actually takes place.

The bad debts are the element of unrecoverable Revenue billed for sale of power, as such any provision of bad debt shall be accounted for as reversal from sundry debtors on certification by the auditors as Revenue unrealizable during the year shall be incorporated.

2) The claim of the licensee that DPS collected from consumers is not considered since the surcharge payable to the Generating companies and Transmission companies are not considered by the Commission amounts to violation of the Electricity Act 2003 and MSERC Supply Code Regulations 2018. The DPS and Surcharge payable to generators are two different purpose of liabilities.

DPS is the Non Tariff Revenue recoverable from the Consumers who failed to pay the bills for supply of Energy within the stipulated time as per the Regulation 6.11 (4) (d) of MSERC Supply Code Regulations 2018.

The licensee is allowed interest on working capital in the ARR to meet the contingency of prompt payment on receipt of the bills from the generators towards drawl of power and the bills raised by the Transmission utility, promptly without subjecting to levy of surcharge for any delay in discharging the liability as per the Regulation 37.1 of MSERC MYT Regulations 2014.

3) Grants and consumer contributions shall be excluded in the computation of the Depreciation and Return on Equity in the Regulatory process as per the MSERC MYT Regulations 2014.

The claim of the licensee for approval of other income as Rs.124.05 Crore would be varying as analyzed in the table below.

MePDCL has claimed in the addendum to True up petition that amortization of Govt. grants and contributions has already been done under depreciation and RoE calculations and hence considering it again as Non Tariff Income will have dual impact on ARR and stated that it is not an actual income and has been shown in the accounts only for the purpose of the compliance to the accounting standards.

Regulation 96.1 & 96.2 of MSERC MYT Regulations 2014 provides for Revenues comprise the non tariff income and shall be deducted from the net ARR for calculating the Revenue Requirement towards retail sale of Electricity.

The Grants and contributions received from the Govt. shall be net off of opening and closing balance excluding amortization of grants.

The details are as shown in the table below considered for True up of FY 2021-22.

Table 38 : Approved Non Tariff and Other Income for True up of FY 2021-22

(Rs. Cr)

Sl.No	Particulars	For the Year ended 31 st March 2022
	Non Tariff Income (Note no.24)	
1	Meter Rent	7.54
2	Margin Payment Charges collected from consumers	0.83
3	Reconnection fees	0.005
4	DPS Collected from Consumers	28.32
5	Rebates on Purchase of Energy	3.12
6	Other charges from Consumers	18.86
	Sub Total	58.68
1	Cross Subsidy Surcharge (Note no.24.2)	13.71
	Sub Total- (A)	72.39
	Other Income (Note no.25)	
1	Interest on Deposits from Banks	2.25
2	From Others	-
3	Rental and Hiring Income	0.03
4	Fees and Penalties	0.003
5	Sale of scrap, tender forms and others	-
6	Miscellaneous receipts	8.86
7	Amortization of Grants and subsidies	41.62
8	Amortization of Consumer Contributions	3.07
9	Revenue Grants for Other Expenditure	20.19
	Sub Total- (B)	76.02
1	The Other Income from MeECL apportioned share reported in note no.21 of audited accounts (C) (Rs.1.52 Cr+Rs.2.46Cr)	3.98
	Total (A+B+C)	152.39

Commission considers Non tariff and Other income at Rs.152.39 Crore for True up of FY 2021-22.

2.10 Revenue from Sale of Power

Petitioner's Submission

A summary of the revenue from sale of power as per Audited Accounts of MePDCL for FY 2021-22 has been given in the table below:

Table 39 : Revenue from sale of power in FY 2021-22

(Rs. Cr)

Particulars	Approved in TO Dated 25.03.2021	Actuals
Revenue from sale of power within state (including Assam)	944.87*	910.29
Revenue from sale of short-term surplus power outside state	369.85	116.58
TOTAL (Rs in Cr)	1314.72	1026.9
Units sold within state (MU)	1470.79	1603.6
Units sold to others (MU) after crossed up.	1262.28	293.91

* Commission has not projected any Revenue expected from the revised tariff. However, based on therevised Tariff, it is assessed that the revenue would be Rs 944.87.

MePDCL requested Commission to allow the revenue as shown in the table above.

Commission's Analysis

Licensee has projected Revenue from Sale of power at Rs.1026.90 Crore including Rs.116.58 Crore Revenue from Sale of Surplus power outside state for 293.91 MU. The Revenue from operations reported vide note no.24 of SoA amounted to Rs.1040.59 Crore which includes Rs.107.34 Crore towards sale of surplus power and Cross subsidy surcharge for Rs.13.71 Crore (considered as Other Income) and also included the RRAS Revenue for Rs.9.25 Crore adjusted from the power purchase bills of NTPC & NEEPCO as per the breakup of Revenue as depicted below.

Table 40 : Revenue from Sale of power within the state

Particulars	Rs. In Cr
Revenue Reported as per Note 24 of SOA excl. Electricity duty	1040.59
Less: Revenue from Sale of Surplus power outside state	107.34
Less: Cross Subsidy Surcharge	13.71
Less: RRAS of NTPC & NEEPCO adjusted from the power purchase bills	9.25
Revenue from Sale of power within the state	910.29

Licensee was asked to furnish the breakup of following elements in commission's letter dated 12.04.2023.

- Breakup of Category wise No. of Connections, Connected load details.
- Breakup of No. of Consumers and Energy Sales in respect of Kutir Jyoti Consumers.
- Breakup of Connected load for HT/EHT Consumers Energy Sales under Special Tariff category.
- Breakup of Category wise Revenue from Operations including Kutir Jyoti Consumers and Special Tariff Category Consumers as reported in the Audited Accounts.

MePDCL has submitted the breakup figures for No. of Consumers, category wise Energy Sales and Revenue realized vide their letter no. MePDCL/SE(RA)/FY 2021-22/TP/2023/34 dated 26th June 2023 in the table as depicted below.

Table 41 : Breakup of No. of consumers, Energy Sales etc for FY 2021-22

Sl. No	Consumer Category	No of consumers	Connected Load/ Contract Demand in MVA	Quantum (MU)	Income in Lakhs
	LT Category				
1	Domestic (DLT)	351825	495.99	395.99	22294.24
2	Commercial (CLT)	28639	78.83	62.20	4870.26
3	Industrial (ILT)	556	11.03	5.61	502.1
4	Agriculture (AP)	13	0.31	0.15	6.95
5	Public Lighting (PL)	50	1.68	0.56	52.7
6	Water Supply (WSLT)	365	6.76	11.20	901.6
7	General Purpose	2283	16.83	15.20	1199.28
8	BPL	224331	153.85	104.39	4728.87

Sl. No	Consumer Category	No of consumers	Connected Load/ Contract Demand in MVA	Quantum (MU)	Income in Lakhs
9	Crematorium	1	0.12	0.12	5.45
	HT Category				
10	Domestic (DHT)	112	21.87	15.68	1260.28
ii	Commercial (CHT)	148	20.11	20.88	1833.26
12	Water Supply (WS HT)	52	9.72	29.41	2246.92
13	Bulk Supply (HT)	225	46.74	70.40	5 ⁶ 39. ⁰ 4
14	Industrial (HT)	138	134.31	69.11	5418.22
15	Ferro alloy	3	13.42	106.48	5164.28
16	Special Tariff			93.31	4581.52
	EHT Category				
17	Industrial (EHT)	7	23.13	45.94	3459.28
18	Ferro alloy	4	50.85	426.32	20463.36
19	Special Tariff			130.65	6401.85
	Total	608752	1085.55	1603.60	91029.46

Note

- i. There were six(6) HT consumers under Special Tariff & four(4) EHT consumers under Special Tariff.
- ii. The Energy and Income of Special Tariff include the billing under normal Tariff since the date of discontinuation of Special Tariff.

It is observed from the breakup figures for Kutir Jyoti Category that Revenue has been assessed short of approved levels.

The sales for 224331 no.s under Kutir Jyoti (BPL) unmetered consumers shall be computed at 80.76 MU considering 30 units per month per connection and Revenue at Rs.170 per month per connection amounts to Rs.45.76 Crore.

The balance Energy sales in excess of 30 units works out to be 23.63 MU for which Revenue shall be assessed at Rs.3.95 Ps/unit amounts to Rs.9.33 Crore.

Table 42 : Analysis of Revenue to be assessed as per the Approved Tariffs for FY 2021-22

BPL / Kutir Jyoti	No. of Consumers = 224331	Revenue to be billed @ 30 units PM at Rs.170 per Conn.	Revenue	Balance Energy 23.63 MU to be billed @ Rs.3.95	Total Revenue from BPL (in Cr)
Sales reported	104.39 MU	80.76 MU	45.76	9.33	55.09
Revenue reported through audited accounts	-	-	-	-	47.29
Balance to be considered as shortfall considered for True up					7.80

Whereas Licensee has reported Revenue at Rs.47.29 Crore only under Kutir Jyoti BPL category as against Rs.55.09 Crore for FY 2021-22.

Commission Considers Revenue from Kutir Jyoti Category at Rs.55.09 Crore for True up of FY 2021-22 as against RS.47.29 Crore reported in the additional information and difference shall be shown at Rs.7.80 Crore.

Licensee has not furnished connected load details for the special Tariff consumers under HT and EHT category, and stated that “The Energy and Income of Special Tariff include the billing under normal Tariff since the date of discontinuation of Special Tariff.”

Commission considers the connected load of HT & EHT special tariff consumers as furnished in the MYT petition for FY 2021-22 at 42.80 MVA and 14.30 MVA respectively.

The Energy sales as reported in the additional information letter dated 26.06.2023 shall be considered at 93.31 MU and 130.65 MU for HT & EHT special category respectively.

These Energy sales shall be billed as per the terms and conditions of MoU dated 19.10.2020. Licensee has stated the billing of these Energy sales includes the billing under normal Tariff from date of discontinuation of special Tariff.

Commission considers the Energy sales for HT/EHT special Category consumers shall be computed from April 2021 to January 2022 (the date of termination of MoU as reported in the Tariff petition of FY 2023-24 vide para no.2.1.2.5)

Accordingly the Revenue against special Tariff HT/EHT consumers shall be assessed as depicted in the table below.

Table 43 : Billing under Special Tariff Category from 04/2021 to 01/2022

No. of Consumers	Connected load (MVA)	KVA	68% LF	Energy sales for 10 months (MU)	Energy charges @ 4.90ps/unit
HT – 6	42.80	42800	29104	77.76	38.10
EHT-4	14.30	14300	9724	108.87	53.35
Total (A)					91.45

The licensee has not reported shortfall of the load factor demand and Revenue on account of penal charges for not achieving 68% load factor as per the clause 7 of the MoU dated 19.10.2020.

Table 44 : Billing under Normal Tariff Category from 02/2022 to 03/2022

No. of Consumers	Connected load (MVA)	CMD/ KVA	68% LF (MU)	Energy sales for 2 months (MU)	Energy charges @ Rs.6.80 for HT & 6.50 for EHT	Fixed charges@ Rs.230/KVA /Pm (Rs. Cr)
HT – 6	42.80	42800	29104	15.55	10.57	1.97
EHT-4	14.30	14300	9724	21.78	14.16	0.66
Total (B)					24.73	2.63
Grand Total for FY 2021-22 (A+B)					116.18	2.63
Total Revenue to be assessed (116.18+2.63)					118.81	
Actual assessed					109.84	
Difference to be considered as Revenue					8.97	

Whereas Licensee has reported Revenue at Rs.109.84 Crore including normal Tariff rates for HT/EHT special Tariff category consumers, as a result a shortfall of Revenue to be billed for Rs.8.97 Crore as assessed above for FY 2021-22.

Commission considers Revenue from Operations against the Kutir Jyoti Category(BPL) and Special Tariff Category industries including the shortfall as observed above for True up of FY 2021-22.

Accordingly the breakup of Revenue is analyzed in the table below.

Table 45 : Revenue from Sale of Power for True up of FY 2021-22

Particulars	Rs. In Cr
Revenue Reported as per Note 24 of SOA and addl. Info dated 26.6.2023 as assessed for BPL and Special Tariff Consumers (1040.59+7.80+8.97) (table no.42&44)	1057.36
Less: Revenue from Sale of Surplus power outside state	107.34
Less: Cross Subsidy Surcharge	13.71
Less: RRAS of NTPC & NEEPCO adjusted from the power purchase bills	9.25
Revenue from Sale of power within the state	927.06

Commission considers Revenue from Sale of power at Rs.927.06 Crore for True up of FY 2021-22.

2.11 Aggregate and Technical & Commercial (AT & C) Losses

Petitioner's Submission

The total revenue billed for sale of power within the state is Rs. 910.29 crores, which excludes the Electricity Duty billed and the revenue from sale of power outside state.

The revenue collected and AT&C loss for FY 2021-22 is calculated as shown below.

Table 46 : AT&C Loss for FY 2021-22

Particulars (MePDCL)	Amount
Opening balance of receivables from sale of power within the state*	392.46
Revenue from sale of power within the state in FY 2021-22	910.29
Total	1302.8
Less: Closing balance of receivables from sale of power within the state*	441.29
Revenue realized in FY 2021-22 from sale of power within the state	861.46
Collection Efficiency	94.64%
T&D losses	21.76%
AT&C Losses	25.95%

**As per Note 7.3- Gross Trade Receivables of the accounts*

AT&C loss shows a reduction of 0.80 % from 26.75% proposed for truing up for the FY 2020-21. This is due to reduction of 5.36% in Collection Efficiency even though there is a reduction of 4.99% in T&D loss from the proposed data for FY 2020-21. The reduction in Collection Efficiency is mainly due to the dispute arises out of termination of Special Tariff which is sub judice and to a certain extend due to Covid-19 pandemic.

MePDCL therefore requests the Commission to approve AT&C Loss at 25.95% and not to punish MePDCL since collection efficiency is impacted due to case that is sub judice.

Commission's Analysis

The AT&C loss computation shall be arrived at in the Format D2 (A) as per the data available in the audited accounts.

Commission considers AT&C loss for FY 2021-22 based on the above stated data and Distribution Losses at 25.95 % as approved in the Energy balance.

Information regarding Distribution Loss and AT & C Loss of Licensee FY 2021-22

Sl. No	Particulars	Calculation	Unit	Previous Years 2020-21 (Actuals)	Current Year 2021-22 (R.E)
1	Generation (own as well as any other connected generation, net after deducting auxiliary consumption) within area of supply of DISCOM	A	MU	2481.18	2428.80
2	Input energy (metered import) received at interface points of DISCOM network	B	MU	2481.18	2428.80
3	Input Energy (metered Export) by the DISCOM at interface point of DISCOM network including balance surplus energy	C	MU	594.94	293.91
3(A)	Intrastate Transmission losses (4%)				85.40
4	Total energy available for sale within the licensed area to the consumers of the DISCOM periphery	$D=B-C-(85.40)$	MU	1886.24	2049.49
5	Energy billed to metered consumers within the licensed area of the DISCOM	E	MU	1326.45	1603.60
6	Energy billed to unmetered consumers within the licenses area of the DISCOM	F	MU	-	-
7	Total Energy billed	$G=E+F$	MU	1326.45	1603.60
8	Amount billed to consumer within the licensed area of DISCOM	H	Rs.Cr	792.25	910.29
9	Amount realized by the DISCOM out of the amount Billed at H#	I	Rs.Cr	796.65	861.49
10	Collection efficiency (%) (=Revenue realized Amount billed)	$J=(I/H) \times 100$	%	100%	94.64%
11	Energy realized by the DISCOM	$K= G \times J$	MU	1326.45	1517.65
12	Distribution Loss (%)	$L=\{(D-G)/D\} \times 100$	%	29.67%	21.76 %
13	AT&C Loss (%)	$M=\{(D-K)/D\} \times 100$	%	29.67%	25.95 %

Table 47 : Approved AT&C Loss for True up of FY 2021-22

(Rs.Cr)

Particulars (MePDCL)	Amount
Opening balance of receivables as projected as on 31.03.2021	392.46
Revenue from sale of power within the state in FY 2021-22	910.29
Total	1302.75
Less: Closing balance of receivables as at Note no. 7.4 of SOA	441.29
Revenue realized in FY 2021-22 from sale of power within the state	861.46
Collection Efficiency (%)	94.64 %
Distribution losses (%)	21.76 %
AT&C Losses (%)	25.95 %

AT&C Loss Penalty

Regulation 83.1 of MSERC MYT Regulations specifies that

“ (a) The licensee shall provide complete information of the total AT & C Losses during the previous year and that projected for the year for which the application is being made, including the basis on which such losses have been worked out.

Provided that it shall be obligatory on the licensee whose AT&C losses during the

previous year are in excess of 30 percent, to project reduction of such losses by a minimum of 3 percent during the year for which a Tariff Application is made. Any shortfall in the projected level of AT&C losses for such year, in this regard, may be penalized by an amount equivalent to the cost of the quantum of energy to be lost due to inability of the licensee to plan and achieve reduction of AT&C losses by a minimum of 3 percent from the previous year's level as may be allowed. Such amount shall be calculated at the average-over-all-unit-cost of sale of power, as approved by the Commission for such year.

Provided also that in the case of a licensee whose AT&C losses during the previous year were less than 30 percent, it would be obligatory for such licensee to reduce such AT&C losses by a minimum of 1.5 percent only during the year for which a Tariff Application is made. Failure to achieve this level of reduction may be penalized in the same manner as set out in clause (a) above. Further, provided that the overall penalty, of any, may be limited by relevant Central Guidelines, as may be notified from time to time.”

Commission considers the AT&C loss penalty as detailed in the table below

Table 48 : Calculation of AT&C Loss Penalty for FY 2021-22

1	Actual AT&C loss for FY 2020-21	29.67 %
2	Target level for FY 2021-22 (1.5% of Sl.no.1)	29.22 %
3	Actual AT&C loss for FY 2021-22 as per the Format D2(A)	25.95 %
4	Short fall over the Targeted Level	0.00
5	Total AT&C loss for FY 2021-22	25.95 %
6	Average Unit cost of sale of power as per Reg.83.1	-
7	Penalty to be levied on the short fall of AT&C loss energy	-

Commission considers that the Licensee has achieved target AT&C loss levels in the FY 2021-22, as such no penalty shall be applicable.

3. Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2021-22

Petitioner's Submission

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.

It may be mentioned that total revenue of Rs 910.29 crores shown in SOA of MePDCL for FY 2021-22 is not only against the expenses for FY 2021-22 but also against the recovery of actuals for the earlier financial years as detailed below:

Period	Amount in Cr
Add: Revenue Gap for 2017-18	112.05

Add: Revenue Gap for 2017-18 Review	23.64
Total	135.69

Therefore, the actual revenue for FY 2021-22 against expenses of FY 2021-22 is Rs. (910.29 – 135.69) = Rs 774.60 crore.

MePDCL has also submitted the justification of each component being controllable or uncontrollable on part of MePDCL. 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 Tariff order dated 25.03.2021.

Table 49 : Aggregate Revenue Requirement & Revenue Gap/ (Surplus) for FY 2021-22 (Projected)

Particulars	Approved in Tariff Order dated 25.03.2021	MePDCL Actuals	Loss/ (Gain)
1	2	3	4 = 3 - 2
Power Purchase Cost	895.91	631.25	(264.66)
Transmission Charges (PGCIL)	62.81	107.13	44.32
Transmission Charges (MePTCL)	52.44	50.24	(2.20)
Employee Expenses	150.88	220.81	69.93
Repair & Maintenance Expenses	6.27	5.86	(0.41)
Administration & General Expenses	12.24	15.75	3.51
Depreciation	0.00	47.13	47.13
Interest and Finance Charges	10.68	159.53	148.85
Interest on Working Capital	20.20	20.20	0.00
Exceptional Expense	0.00	(0.23)	(0.23)
Return on Equity	0.00	120.24	120.24
Total Expenses (A)	1211.43	1377.91	166.48
Less: Non-Tariff Income and Other Income	103.22	124.05	20.83
Less: Sale of Surplus Power	369.85	116.58	(253.27)
Sub Total (B)	473.07	278.19	(232.44)
Net ARR (C = A – B)	738.36	1099.72	398.92
Add: Revenue Gap for 2017-18	112.05	112.05	0.00
Add: Revenue Gap for 2017-18 Review	23.64	23.64	0.00
Net ARR after Adjustment (D)	874.05	1235.41	398.92
Less: Revenue from Sale of Power	944.87	910.29	(34.58)
Net Gap / (Surplus)	(70.82)	325.12	433.50

MePDCL has requested the Commission to pass through gap of Rs. 430.50 Crore under the truing up of FY 2021-22.

Commission's Analysis

Petitioner has submitted in the addendum to the True up petition that MePDCL would also like to place on records before this Hon'ble Commission that the actuarial valuation of the Terminal Benefits has been done for FY 2021-22. MePDCL would like to place before this Commission the reports of the valuation along with the relevant extract (Note 15) of the statement of accounts.

In this connection it is to be mentioned that as per the clause 9 of Transfer Scheme 2010,

“In its provisions laid down in clause 9, state that the Holding company, MeECL will be responsible for setting up a pension Trust Fund and it will also take necessary action to operate it, maintain it and ensure progressive funding of the pension Trust Fund. All benefits of retired MeECL employees relating to pension and all other terminal benefits of retired employees are to be met from this Trust Fund. This is a statutory provision.

The state commission must keep in mind the Consumer’s interests and is therefore of the firm view that the entire burden for the pension and other terminal benefits cannot be passed on to tariff.”

The petitioner shall take onwards action as per the transfer scheme provisions.

True up petition filed by MePDCL has been scrutinized considering the Additional information/data, Audited accounts, Addendum filed on 03.10.2023 with reference to the MSERC MYT Regulations 2014, and admissible expenses have been approved for True up of FY 2021-22 as depicted in table below.

Table 50 : Approved Aggregate Revenue Requirement for True up of FY 2021-22

(Rs.Cr)				
Sl. No	Particulars	Approved in Tariff Order dated 25.03.2021	MePDCL Actuals	Approved for True up
1	Power Purchase Cost	895.91	631.25	622.18
2	Transmission Charges (PGCIL)	62.81	107.13	104.37
3	Transmission Charges (MePTCL)	52.44	50.24	49.74
4	Employee Expenses	150.88	220.81	161.65
5	Repair & Maintenance Expenses	6.27	5.86	5.86
6	Administration & General Expenses	12.24	15.75	15.75
7	Depreciation	0.00	47.13	0.00
8	Interest and Finance Charges	10.68	159.53	1.60
9	Interest on Working Capital	20.20	20.20	21.78
10	Exceptional Expense	0.00	(0.23)	- 0.23
11	Return on Equity	0.00	120.24	0.00
	Total Expenses (A)	1211.43	1377.91	982.70
12	Less: Non-Tariff and Other income incl. Cross subsidy Surcharge, NEEPCO RRAS and Revenue Grant for Other Expenditure	103.22	124.05	152.39
13	Less: Revenue from Sale of Surplus Power	369.85	116.58	107.34
	Sub Total (B)	473.07	278.19	259.73
	Net ARR (C = A – B)	738.36	1099.72	722.97
14	Add: Revenue Gap for 2017-18	112.05	112.05	112.05
15	Add: Revenue Gap for 2017-18 Review	23.64	23.64	23.64
	Total ARR	874.05	1235.41	858.66

Commission approves ARR at Rs. 858.66 Crore for True up of FY 2021-22.

4. Revenue Gap/Surplus

Commission has analyzed the True up ARR with reference to the additional information filed by the licensee and also as per Regulations, Revenue Gap/Surplus has been computed in the table below.

Table 51 : Approved Revenue Gap/Surplus for True up of FY 2021-22

(Rs.Cr)				
Sl. No	Particulars	Approved in Tariff Order dated 25.03.2021	MePDCL Actuals	Approved for True up
1	Net ARR	874.05	1235.41	858.66
2	Less: Revenue from Sale of Power	944.87	910.29	927.06
3	Net Gap / (Surplus)	(70.82)	325.12	(68.40)

Commission approves Net Surplus at Rs. (68.40) Crore for True up of FY 2021-22 and shall be appropriated in the next Tariff Order.

Sd/-

**Shri. R.K. Soni, District Judge (Retd.)
Member**

Sd/-

**Shri. P.W. Ingty, IAS (Retd)
(Chairman)**