MSERC

Meghalaya State Electricity Regulatory Commission

TARIFF ORDER

Case No. 29 of 2021

Aggregate Revenue Requirement

&

Distribution Tariff for FY 2022-23

Meghalaya Power Distribution Corporation Limited

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
1ST Floor (Front Block Left Wing), New Administrative Building
Lower Lachumiere, **Shillong-793001**
East Khasi Hills District, Meghalaya

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ABBREVIATIONS

A&G	Administration & General
ARR	Aggregate Revenue Requirement
APTEL	Appellate Tribunal For Electricity
AT&C	Aggregate Technical & Commercial losses
CAGR	Compound Annual Growth Rate
CD	Contract Demand
CoD	Commercial Operation Date
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
CoS	Cost of Supply
CWIP	Capital Work In Progress
DE	Debt Equity
EHT	Extra High Tension
FY	Financial Year
GOM	Government of Meghalaya
GFA	Gross Fixed Assets
HT	High Tension
KV	Kilo Volt
KVA	Kilo Volt Amps
KVAh	Kilo Volt Ampere hour
KW	Kilo Watt
kWh	kilo Watt hour
LT	Low Tension
MVA	Million Volt Amps
MU	Million Unit
MW	Mega Watt
MYT	Multi Year Tariff
MeECL	Meghalaya Energy Corporation Limited
MePGCL	Meghalaya Power Generation Corporation Limited
MePDCL	Meghalaya Power Distribution Corporation Limited
MePTCL	Meghalaya Power Transmission Corporation Limited
MSERC	Meghalaya State Electricity Regulatory Commission
NER	North Eastern Region
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Limited
ROE	Return on Equity
R&M	Repairs & Maintenance
SOA	Statement of Accounts
SLDC	State Load Despatch Centre
SBAR	State Bank Advance Rate
ToD	Time of the Day

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

1st Floor (Front Block Left Wing),
New Administrative Building Lower Lachumiere, Shillong-793001
East Khasi Hills District, Meghalaya

Case No: 29/2021

In the Matter of petition for approval of

Aggregate Revenue Requirement (ARR) and determination of retail tariff for FY 2022-23 for distribution and retail supply of power in the State of Meghalaya.

AND

Meghalaya Power Distribution Company Limited ---------- the Petitioner

Coram

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

Shri. Roland Keishing
Member

ORDER

Date: 25.03.2022

1. The Meghalaya Power Distribution Corporation Limited (herein after referred to as MePDCL) is a deemed licensee in terms of section 14 of the Electricity Act 2003 (herein after referred to as Act), engaged in the business of distribution of electricity in the state of Meghalaya.
2. The Tariff Regulations specify that the distribution licensee shall file ARR and Tariff petition in all aspects along with requisite fee as specified in Commission's fee, fines and charges Regulations on or before 30th November of the preceding year. Accordingly MePDCL has filed the petition for ARR and determination of Retail Tariff for FY 2022-23 on 30.11.2021.

   Commission has provisionally admitted the petition on 06.12.2021.
3. In exercise of the powers vested under section 62 (1) read with section 62 (3) and section 64 (3) of the Electricity Act 2003 and MSERC MYT Regulations, 2014 (herein after referred to as MYT Regulations) and other enabling provisions in this behalf the

Commission issues this order for approval of the ARR and Determination of Retail Tariff for FY 2022-23 for the state of Meghalaya.

4. Regulation 19 of the Tariff Regulations, 2014 specifies for giving adequate opportunities to all stake holders and general public for making suggestions/ objections on the Tariff Petition filed by the licensee. Commission directed MePDCL to publish the ARR and Tariff Petition in an abridged form as public notice in the newspapers having wide circulation in the state, inviting objections / suggestions on the Tariff Petition.

5. MePDCL has published the Tariff Petition in the abridged form as public notice in various newspapers and the Tariff petition was also placed on the website of MePDCL. It is notified that submission of suggestions and objections shall be filed within 30 days from the date of publication.

6. The Commission in order, to ensure transparency in the process of Tariff determination and for providing proper opportunity to all stake holders and general public for making suggestions/ objections on the Tariff petition, and for convenience of the consumers and general public across the state, decided to hold a public hearing at head quarters of the state. Accordingly, the Commission held public hearing as scheduled at Shillong on 15.03.2022.

7. The Proposal of MePDCL was also placed before the State Advisory Committee in its meeting held on 17.03.2022 and various aspects of the Petition were discussed by the committee. The Commission took into consideration the advice of the State Advisory Committee on the ARR and Tariff Petition of MePDCL for FY 2022-23.

8. The Commission took into consideration of the facts presented by the MePDCL in its petition and subsequent various filings, the suggestions/objections received from stakeholders, consumer organizations, general public and response of MePDCL and the views of State Advisory Committee before issue of the Tariff Order.

9. The Commission has reviewed the Directives issued earlier in the Tariff Orders for FY 2013-14 to 2020-21 and noted that some of the Directives are complied with and some are partially attended. The Commission has dropped the Directives complied with, and the remaining Directives are consolidated and fresh Directives are added.

10. The Commission after taking into consideration of all the facts which came up during the public hearing and views of the State Advisory Committee, approved the ARR and Retail tariff for FY 2022-23 as per the MYT Regulations 2014.

11. For the Sake of Convenience and clarity this Order is issued in 9 chapters as detailed below.

Chapter	**1**	-	Introduction
Chapter	**2**	-	Summary of Petition for ARR & retail tariff for FY 2022-23
Chapter	**3**	-	Public Hearing process
Chapter	**4**	-	Approach of the Commission
Chapter	**5**	-	Analysis of ARR for FY 2022-23 and Commission's approvals
Chapter	**6**	-	Tariff principles and Design & Approved Tariffs
Chapter	**7**	-	Wheeling Charges and cross subsidy surcharge
Chapter	**8**	-	Directives
Chapter	**9**	-	Schedule of Approved Tariffs for FY 2022-23

12. MePDCL shall ensure implementation of the Tariff Order from the effective date after issuance of a public notice, in such a font size which is clearly visible in two daily newspapers having wide circulation in the state within a week and compliance of the same shall be submitted to the Commission.

This order shall be effective from 1st April, 2022 and shall remain in force till 31st March, 2023 or till the next Tariff Order of the Commission.

Sd/-
Shri. Roland Keishing
Member

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

1. Introduction

1.1. Back Ground

The Government of Meghalaya has unbundled and restructured the Meghalaya State Electricity Board with effect from 31st March, 2010 in to the Generation, Transmission and Distribution businesses. The erstwhile Meghalaya State Electricity Board was transformed into four successor entities, viz.,

1. Generation : Meghalaya Power Generation Corporation Limited (MePGCL)
2. Transmission : Meghalaya Power Transmission Corporation Limited (MePTCL)
3. Distribution :Meghalaya Power Distribution Corporation Limited (MePDCL)
4. Meghalaya Energy Corporation Limited (MeECL) the holding company.

On 23rd December 2013, the Government of Meghalaya has issued revised latest transfer scheme notification notifying the Assets and Liabilities as on 1st April 2010 to be vested in MeECL. Subsequently, the Government of Meghalaya has issued the 4th Amendment to the Transfer Scheme dated 31st March 2010 on 29th April 2015, wherein the revised assets and liabilities for all the four entities namely, MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 have been notified.

As per the said notification a separate corporation namely "Meghalaya Power Distribution Corporation Limited" (MePDCL) was incorporated for undertaking Distribution Business in the state of Meghalaya.

MePDCL has begun segregated commercial operations as a separate entity and the sole distribution licensee in the State of Meghalaya from 1st April 2013.

1.2. Meghalaya Power Distribution Corporation Limited

The Meghalaya Power Distribution Corporation Limited (here in after referred to as MePDCL or the Petitioner) has filed petition on 30.11.2021 for determination of Aggregate Revenue Requirement and for Retail tariff for FY 2022-23.

The Commission has provisionally admitted the Petition on 06.12.2021.

1.3. Meghalaya State Electricity Regulatory Commission

Meghalaya State Electricity Regulatory Commission (here in after referred to as "MSERC" or the Commission) is an independent statutory body constituted under the provisions of the Electricity Act (EA), 2003. The Commission is vested with the authority for Regulating the power sector in the state, inter alia, including determination of tariff for electricity consumers.

1.4. Admission of the Petition and Public Hearing process

The MePDCL has submitted the current petition for determination of Aggregate Revenue Requirement (ARR) and retail tariff for FY 2022-23. The Commission undertook the technical validation and asked the licensee to submit Additional information/data on 10.12.2021 and 20.01.2022.

In accordance with Regulation 19 of MYT Regulation 2014, the Commission directed MePDCL to publish the application in an abridged form to ensure public participation in the process of tariff determination. The public notice, inviting objections/ suggestions from its stakeholders on the ARR and tariff petition filed by Licensee, was published in the following newspapers on the dates noted against each.

Sl. No	Name of the News Paper	Language	Date of Publication
1	The Shillong Times (Shillong and Tura editions)	English	13.12.2021 & 14.12.2021
2	Salantini Janera	Garo	13.12.2021 & 14.12.2021
3	Mawphor	Khasi	13.12.2021 & 14.12.2021

MePDCL had also placed the public notice and the Petition on the website (www.meecl.nic.in). The interested parties/stakeholders were asked to file their objections/suggestions on the petition within 30 days of publication of notification.

MePDCL/Commission received some objections/suggestions from Consumers/ consumer organizations. The Commission examined the objections/suggestions received and fixed the date for public hearing on MePDCL petition to be held on 15.03.2022. Commission also informed the objectors to take part in the public hearing process for presenting their views in person before the Commission.

The Public hearing was conducted in Shillong as scheduled

A short note on the main issues raised by the objectors in the written submission and also in the public hearing along with response of MePDCL and the Commission's views on the response are briefly noted in Chapter-3 of this Order.

The names of consumers/consumer organizations those who filed their objections and the objectors who participated in the public hearing for presenting their objections are given in the Annexure II.

The Commission also held meeting with State Advisory Committee on 17.03.2022. Minutes of the SAC meeting are given in Annexure-I.

2. Summary of Petition for ARR and Retail Tariff for FY 2022-23

2.1. Aggregate Revenue Requirement (ARR) and Retail Tariff for FY 2022-23

The Meghalaya Power Distribution Company Limited (MePDCL) has submitted the Petition for approval of Aggregate Revenue Requirement and Determination of Distribution Tariff for FY 2022-23, the second year of the 3rd MYT Control period FY 2021-22 to FY 2023-24. MePDCL has projected the Revenue Requirement for the FY 2022-23 as under:

Table 2.1 : Projected ARR for FY 2022-23

(Rs. Crore)

Particulars	FY 2022-23
Power Purchase Cost	1100.14
Transmission Charges (PGCIL)	63.38
Transmission Charges (MePTCL)	55.06
Employee Expenses	162.27
Repair & Maintenance Expenses	6.46
Administration & General Expenses	12.63
Depreciation	0.00
Interest and Finance Charges	10.14
Interest on Working Capital	22.49
Return on Equity	0.00
Bad & Doubtful Debt	0.00
Gross Annual Revenue Requirement (ARR)	**1437.57**
Less: Other Income	104.71
Less: Sale of Surplus Power	404.98
Net ARR	**927.88**

2.2. Revised Power Purchase Cost for FY 2022-23

MePDCL has requested to consider the Revised Power purchase cost compared with one approved in the MYT Order dated 25.03.2021 as projected in the petition is depicted in the table.

Table 2.2 : Power Purchase Cost approved in MYT Order for FY 2022-23

Sl. No	Source	Energy received (MU)	Variable Cost per Unit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost (Rs.Cr)	Unit Cost (Rs. / KWH)
1	**MePGCL**	**1156.16**					**299.48**	
	a) Umiam Stage-I HEP	114.61	0.75	8.55	8.55		17.1	1.49
	b) Umiam Stage-II HEP	45.45	1.05	4.75	4.75		9.5	2.09
	c) UmiamStage-III HEP	0	1.04	0	14.25		14.25	
	d) Umiam Stage-IV HEP	203.9	0.7	14.25	14.25		28.51	1.4
	e) Sonapani	4.94	0.72	0.36	0.36		0.71	1.44
	f) Umtru HEP	0	0	0	0		0	
	g)Myntdu-Leishka HEP	478.71	1.99	95.04	95.04		190.08	3.97
	h)NewUmtru HEP	231.48	2.35	54.42	54.42		108.85	4.7
	i) Lakroh HEP	10.87	2.04	2.21	2.21		4.42	
	j) Ganol HEP	66.2	2.3	15.19	15.19		30.39	4.59
	m)Auxiliary Consumption							
2	**NTPC**	**589.50**					**406.32**	
	a)Farakka	0					0	
	b)KahalgaonI	0					0	
	c)KhalgaonII	0					0	
	d)Talcher	0					0	
	e)Bongaigoan	589.5	3.98	234.75	171.57		406.32	6.89
3	**NHPC**							
	a)Loktak HEP	40.28	1.98	7.97	7.97		15.94	3.96
4	**NEEPCO**	**723.70**					**210.74**	
	a) Kopili Stage-I	82.23	0.67	5.54	5.64		11.18	1.36
	b) Kopili Stage-II	8.48	0.98	0.83	0.56		1.4	1.65
	c) Khandong HEP	17.53	0.96	1.69	2.32		4.01	2.29
	d) Rangandai HEP	131.25	1.18	15.52	20.85		36.37	2.77
	e) Doyang HEP	23.65	3.16	7.47	7.35		14.82	6.27
	f) AGBPP	187.65	0	0	44.44		44.44	2.37
	g) AGTPPC-Cycle	119	2.9	34.54	20.05		54.59	4.59
	h) Pare	42.92	5.79	24.84	0.04		24.89	5.8
	i) Kameng	45.99					19.04	4.14
	Free Power	65.00						
5	**OTPC**							
	a) Pallatana	436.79	1.86	81.29	72.33	0.23	**153.86**	3.52
6	Solar Sources	39.42					**13.80**	3.5
	Total	**2985.85**					**1100.14**	**3.68**

(a) The summation of total cost is wrong because the Sub total for MePGCL is shown as 299.48 instead of 403.79. Therefore, the overall cost should be 1250.92 Cr instead of 1100.14 Cr.

(b) Against AGBPP, the Energy received is shown as 187.65MU. However, no Variable cost is assigned to this energy. It seems that the Commission has considered this based on the original petition submitted by MePDCL where no variable rate and variable cost were shown. It may be noted that subsequently, based on the clarification sought by the Commission vide letter No. MSERC/MePDCL/letter/ 2021/004 dated 11/02/2021, MePDCL had submitted details of the revised power purchase cost that included the free power from NEEPCO, on 12-02-2021 (through email as directed). In this clarification, for AGBPP the variable rate was proposed as Rs2.47 per unit and Rs46.40 as variable cost respectively for FY 2022-23. It may be noted that this free power was considered by the Commission but the variable cost for AGBPP was not considered. Firstly, due to oversight, the original petition did not include the variable cost against AGBPP. Secondly it is not possible to get energy without variable cost. Thirdly, MePDCL as stated has submitted a revised power purchase cost for AGBPP.

MePDCL therefore, requests the Commission to allow Rs.46.40 Cr as variable cost of AGBPP in the FY 2022-23 and to be included as part of the power purchase cost.

(c) Based on the above (a) and (b) above the power purchase cost proposed is shown below:-

Table 2.3 : Revised Power Purchase Cost proposed for FY 2022-23

Sl. No	Source	Energy received (MU)	Variable Cost per Unit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost (Rs. Cr)	Unit Cost (Rs. / KWH)
1	**MePGCL**	**1156.16**					**403.79**	
	a) Umiam Stage-IHEP	114.61	0.75	8.55	8.55		17.1	1.49
	b) Umiam Stage-IIHEP	45.45	1.05	4.75	4.75		9.5	2.09
	c)Umiam Stage-IIIHEP	0	1.04	0	14.25		14.25	
	d)Umiam Stage-IVHEP	203.9	0.7	14.25	14.25		28.51	1.4
	e)Sonapani	4.94	0.72	0.36	0.36		0.71	1.44
	f)Umtru HEP	0	0	0	0		0	
	g) Myntdu-Leishka HEP	478.71	1.99	95.04	95.04		190.08	3.97
	h)New Umtru HEP	231.48	2.35	54.42	54.42		108.85	4.7
	i) Lakroh HEP	10.87	2.04	2.21	2.21		4.42	
	j) Ganol HEP	66.2	2.3	15.19	15.19		30.39	4.59
	m) Auxiliary Consumption							
2	**NTPC**	**589.50**					**406.32**	
	a) Farakka	0					0	
	b) KahalgaonI	0					0	
	c) KhalgaonII	0					0	

Sl. No	Source	Energy received (MU)	Variable Cost per Unit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost (Rs. Cr)	Unit Cost (Rs. / KWH)
	d) Talcher	0					0	
	e) Bongaigoan	589.5	3.98	234.75	171.57		406.32	6.89
3	**NHPC**							
	a)Loktak HEP	40.28	1.98	7.97	7.97		15.94	3.96
4	**NEEPCO**	**723.70**					**257.12**	
	a) Kopili Stage-I	82.23	0.67	5.54	5.64		11.18	1.36
	b) Kopili Stage-II	8.48	0.98	0.83	0.56		1.4	1.65
	c) Khandong HEP	17.53	0.96	1.69	2.32		4.01	2.29
	d) Rangandai HEP	131.25	1.18	15.52	20.85		36.37	2.77
	e) Doyang HEP	23.65	3.16	7.47	7.35		14.82	6.27
	f) AGBPP	187.65	2.47	46.40	44.44		90.84	4.84
	g) AGTPPC-Cycle	119	2.9	34.54	20.05		54.59	4.59
	h)Pare	42.92	5.79	24.84	0.04		24.89	5.8
	i)Kameng	45.99					19.04	4.14
	Free Power	65.00						
5	**OTPC**							
	a)Pallatana	436.79	1.86	81.29	72.33	0.23	**153.86**	3.52
6	Solar Sources	39.42					**13.80**	3.5
	Total	**2985.85**					**1250.92**	**4.19**

MePDCL requests the Commission to allow Rs1250.92 Cr as the power purchase cost for FY 2022-23.

2.3. Revenue from sale of Surplus Power

The Commission has approved the revenue from sale of surplus power as indicated below :

Table 2.4 : Revenue from Sale of Power approved for FY 2022-23

Particulars	FY 2022-23
Surplus Energy Crossed Up (MU)	1100.48
Unit rate (=average cost of power purchase) (Rs/Unit)	3.68
Revenue from Sale of Surplus power (Rs. Cr)	**404.98**

Based on the revised Power purchase cost above, the Revenue from Sale of Surplus power is shown below.

Table 2.5 : Revised Revenue from Sale of Surplus power proposed for FY 2022-23

Particulars	FY 2022-23
Surplus Energy Crossed Up (MU)	1100.48
Unit rate (=average cost of power purchase) (Rs/Unit)	4.19
Revenue from Sale of Surplus power (Rs.Cr)	**461.10**

MePDCL requests the Commission to allow Rs 461.10 Cr as the Revenue from sale of surplus power for FY 2022-23.

2.4. Employee Expenses

The approved Employee Expenses by the Commission is reproduced below:

Table 2.6 : Approved Net Employee Expense of MePDCL for Control period

(Rs.Cr)

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Estimated)	FY 2022-23 (Estimated)	FY 2023-24 (Estimated)
MePDCL Employee Costs	97.20	111.22	134.19	144.79	155.91	167.55
Employee Expenses of MeECL Apportioned	5.07	5.45	5.85	6.09	6.36	6.64
Net Total	**102.27**	**116.67**	**140.04**	**150.88**	**162.27**	**174.19**

Commission considers Employee expenses at Rs.150.88 Crore, Rs.162.27 Crore and Rs.174.19 Crore for 3rdMYT Control period FY 2021-22, FY 2022-23 and FY 2023-24 respectively.

MePDCL has projected apportionment of holding expenses of MeECL in the tableno.8 of the petition for employee expenses at Rs.48.60 Crore for FY 2019-20.

It is to be stated that any transaction related to the employee benefits made under provisions schedule (note) shall not be considered for determination of Tariff.

The Licensee is further informed that commission had notified in the Tariff Order for FY 2011-12 and FY 2012-13 that as per the Govt. of Meghalaya notification in connection with the reforms and reorganisation of MeSEB, directed the MeECL to get completed the exercise of actuary and start funding the pension trust so that the liabilities towards pension etc., shall be discharged from the **Trust fund** and not from the Tariffs.

Table 2.7 : Apportionment of Employee Benefit Expenses (from Holding Company) for FY 2019-20

Particulars	(Rs.Cr)
(a) Salaries and wages	14.05
(b) Staff welfare expenses, insurance etc.	0.01
(c) Contribution to CPS (Corporation Contribution)	0.08
(d) DCRG, Pension, Pension contribution to Deputations	34.46
Total	**48.60**

Apportionment of Employee Benefit Expenses (from Holding Company) of Rs.48.60Cr in Note 27 of SOA is to be read with Note27.1 and subsequently the splitting is made as per entry.

The observation made by Commission therefore, relates only with the Sl(d) above. In this context, MePDCL requests the Commission to allow the cost of Sl(a),(b) and (c) above as these are legitimate cost of the existing employees.

(a) The projection of Apportionment of MeECL is shown below :

Table 2.8 : Proposed Employee Expense (Apportionment of MeeCL) for Control period

(Rs.Cr)

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Estimated)	FY 2022-23 (Estimated)	FY 2023-24 (Estimated)
(a) Salaries and wages	11.87	14.05	19.29	19.87	20.47	21.08
(b) Staff welfare expenses, insurance etc.	0.01	0.01	0.01	0.01	0.01	0.01
(c) Contribution to CPS (Corporation Contribution)	0.07	0.08	0.11	0.11	0.11	0.11
(d) DCRG, Pension, Pension contribution to	33.52	34.46	47.31	48.73	50.19	51.70
Total	**45.47**	**48.60**	**66.73**	**68.73**	**70.79**	**72.92**

(b) Based on the above, the proposed Employee Expense for FY 2022-23

Table 2.9 : Proposed Net Employee Expense of MePDCL for FY 2022-23

(Rs.Cr)

Particulars	FY 2022-23 (Estimated)
MePDCL Employee Costs	155.91
Employee Expenses of MeECL Apportioned (1/3rd)	6.36
Net Total	**162.27**
Add Apportionment of MeECL	
(a) Salaries and wages	20.47
(b) Staff welfare expenses, insurance etc.	0.01
(c) Contribution to CPS (Corporation Contribution)	0.11
Sub Total	**20.59**
Total	**182.86**

MePDCL requests the Commission to allow Rs182.86 Cr as Employee Expense for FY 2022-23.

2.5. Revised ARR for FY 2022-23

Based on the above, the proposed revised ARR for FY 2022-23 is given below:

Table 2.10 : Revised ARR proposed for FY 2022-23

Particulars	**In Rs Cr**
Power Purchase cost	1250.92
Transmission Charges (PGCIL)	63.38
Transmission Charges (MePTCL)	55.06
Employee Expenses	182.86
Repair & Maintenance Expenses	6.46
Administration &General Expenses	12.63
Depreciation	0.00
Interest and Finance charges	10.14
Interest on working capital	22.49
Return on Equity	0.00
Bad & Doubtful Debt	0.00
Gross Annual Revenue Requirement (ARR)	**1608.94**
Less: Non-Tariff Income and Other Income	104.71
Less: Sale of Surplus Power	461.10
Net ARR	**1043.13**

MePDCL requests the Commission to allow Rs1043.13 Cr as revised Net ARR for FY 2022-23.

2.6. Revenue Gap for the Second year of the Control Period FY 2021-22 to FY 2023-24

Revenue at Current tariffs

The revenue at Current Tariff is calculated based on the current tariff and projected sale of energy category wise for the 2nd year of Control period i.e., FY 2022-23. The detailed calculation of revenue at current tariff is shown in table no. 13 of the Petition. The total revenue at current tariff works out to Rs. 979.99 Cr. for FY 2022-23.

2.7. Total ARR for FY 2022 -23

The ARR as well as the gap computed in the true up of FY 2018-19 and FY 2019-20 is to be recovered through the tariff of FY 2022-23.

Thus, the net Revenue Requirement for FY 2022-23 would be as shown below:

Table 2.11 : Net ARR for FY 2022-23

(Rs Cr)

Sl No	Particulars	Amount
1	ARR of FY 2022-23	1437.57
2	Additional Claim as per True Up FY 2018-19 Order	-71.28
3	Additional Claim as per True Up FY 2019-20 Order	135.83
4	Total Revenue Requirement for FY 2022-23	1502.12

2.8. Revenue Gap/ Deficit at Current tariff

From the projected total ARR, Revenue at existing tariff, Revenue from sale of surplus power the Revenue Gap/ deficit is arrived as shown in the Table below:

Table 2.12 : Revenue Gap at existing tariff for FY 2022-23

(Rs Cr)

Particulars	Amount
Total Revenue Requirement in FY 2022-23	1502.12
Less: Projected Revenue at Existing Tariff Rates	979.99
Revenue Gap for FY 2022-23 at Existing Tariff	522.13

2.9. Existing Tariffs and Proposed Tariffs for FY 2022-23

The tariff rates for different category of consumers with the tariff hike proposed are as stated in the table given below:

Table 2.13: Existing and Proposed Tariff for FY 2022-23

Sl. No	Category	Existing Tariff		Proposed Tariff	
		Fixed Charges (Rs./Conn/kW)	Energy Charges (Rs/KWh)	Fixed Charges (Rs./Conn/kW)	Energy Charges (Rs/KWh)
	Low Tension	**Rs./KW/Month**	**Rs./kWh**	**Rs./KW/Month**	**Rs./kWh**
1	Kutir Jyoti	-	-	-	-
	Unmetered (Per Connection) (Per Month)	170		220	-
	Metered in excess of 30 units p/m		3.65		4.75
2	Domestic				
	First 100Units	60	4.00	80	5.20
	Next 100Units	60	4.40	80	5.70
	Above 200Units	60	6.00	80	7.80
3	Commercial				
	First 100Units	120	6.30	155	8.20
	Above 100Units	120	7.30	155	9.50
4	LT Industrial	120	6.20	155	8.05
5	Public Lighting(Metered)	120	6.50	155	8.45
6	LED fittings and Lamps	-	-	-	-
7	Public Water Supply	120	6.80	155	8.85
8	General Purpose	120	7.10	155	9.25
9	Agriculture	110	3.00	145	3.90
10	Electric Vehicle Charging Station	120	9.70	155	9.70
11	Crematorium Rs./connection/ Month	7000	4.10	9100	5.35
	High Tension	**Rs./kVA/month**	**Rs/KWh**	**Rs./kVA/month**	**Rs./kVAh**
12	Domestic	230	6.50	300	8.45
13	General Purpose/Bulk Supply	230	6.50	300	8.45
			Rs./kVAh		
14	Commercial	230	6.90	300	8.95
15	Industrial				
a)	Special Tariff	-	4.90	No change	No change
b)	Other HT Industries	230	6.80	300	8.85
16	Ferro Alloy	200	4.50	Merge with other industries	
17	Public Water Supply	230	6.70	300	8.70
18	Electric Vehicle Charging Station	230	9.90	300	9.90
	Extra High Tension	**Rs./kVA/month**	**Rs./kVAh**	**Rs./kVA/month**	**Rs./kVAh**
19	Industrial				
a)	Special Tariff	-	4.90	No change	No change
b)	Other EHT Industries	230	6.50	300	8.45
20	Ferro Alloy	200	4.40	Merge with other industries	

Table 2.14 : Proposed Time of Day Tariff for FY 2022-23

Time Slot	HT Industrial	EHT Industrial
0600 hrs to 1700 hrs (normal)	As Approved	
1700-2300 hrs (peak)	+20% of Normal	
2300-0600 hrs (night off-peak)	-15% of Normal	

2.10. MePDCL's request to the Commission

The applicant has requested, the Commission to pass appropriate order on the following:

a) Approval of Net ARR for FY 2022-23 as proposed in this Petition.

b) Approval of tariff for FY 2022-23 as proposed in this petition.

c) To pass such orders, as Commission may deem fit and proper and necessary in view of the facts and circumstances of the case.

d) To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

3. Public Hearing Process

3.0 Public Hearing Process

Section 64 (2) of electricity act 2003 mandates the distribution licensee to publish the Tariff petition in an abridged format in the leading newspapers inviting the objections/suggestions on the Tariff petition from the stakeholders.

In pursuance of the publication of the Tariff petition in the leading newspapers, M/s Byrnihat Industries Association (BIA) has filed written suggestions/objections on the petition filed by the MePDCL seeking approval of ARR and Determination of Retail Tariff for FY 2022-23. The objections/suggestions filed by M/s. Byrnihat Industries Association (BIA) and the response of the licensee and the Commission's views have been summarized for various ARR elements and claims included in the True up of FY 2018-19 and FY 2019-20.

3.1. Objections/Suggestions of Stakeholders

Byrnihat Industries Association (BIA)

(1-4) BIA has presented the contents of the Licensee's petition seeking approval of MSERC, against which counter filed in first 4 paragraphs

MePDCL Reply

The contents of the corresponding paragraphs to the extent they are matters of Record merit no response. It is however denied that the petitioners have filed tariff petitions without following regulations. It is also denied that the claims made by the petitioner result in any deviation from approved numbers and accounting errors.

Commission's Views

Commission noted reply of the Licensee MePDCL.

1) True up for FY 2018-19 and FY 2019-20

A. Annual Audited Accounts

(5) It is submitted that the Annual Accounts of the Petitioner's company have been audited on 26.11.2020 and 10.04.2021 respectively. However, as usual, this year also, the Petition filed for true up of 2018-19 and 2019-20 is after a prolonged delay. It is submitted that the actions of the Petitioner are contrary to the principles of the Act, Tariff Regulations of this Hon'ble Commission. Therefore, it is requested that this Hon'ble Commission may issue direction to the Petitioner to comply with the tariff regulations.

MePDCL Reply

The contents of the corresponding paragraphs are denied as being contrary to the record. The Regulations have been duly amended with the concurrence of the Hon'ble Commission there by enabling the MePDCL to file the true up petitions. The said amendment was notified on 15th June 2021.

Commission's Views

Commission had notified applicability of MYT Regulations 2014 extended vide notification dated 18.06.2020 for a further period from 01.04.2021 to 31.03.2024.

B. T&D Losses and AT&C Losses

(6-8) BIA has pleaded, the failure of the Licensee for non performance in reduction of T&D losses set by the commission at 16.56% & 12.19% should not be passed on to the consumers and deviation should not be allowed for True up of FY 2018-19 and FY 2019-20.

MePDCL Reply

In reply to the contents of the corresponding paragraph it is submitted that the Hon'ble Commission has approved the trajectory of loss in MYT order dated 31.03.2018 in Case No.: 9/2017 based on commitment given by MePDCL for the implementation of UDAY Scheme, and it states:

Commission considering the mandated performance by the MePDCL as per the MOU entered with the Ministry of Power, Government of India, Government of Meghalaya, the T & D loss trajectory for the 2nd MYT Control Period FY 2018-19, FY 2019-20, FY 2020-21 is approved as stated below.

Table 5.5: T&D loss Trajectory for Control period Approved

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
T & D Loss (%)	16.56	12.19	12.00

As detailed in the preliminary objections, the Commission while considering the MOU, has considered only the commitment made by MePDCL but it has ignored the other aspect which states that the corresponding Tariff hike should be as under:

FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
8.68%	8.68%	8.68%	8.68%

It is reiterated that the adoption of T&D loss as per the UDAY scheme cannot be criteria as there is time difference between the completion of the schemes and the intended period of completion. Also, there is a difference between the quantum of work supposed to be completed to achieve such targets and the actual sanctioned amount/quantum of work. It is further submitted that the Hon'ble Commission has approved 34.93% as the T&D loss for FY 2017-18 vide its true up Order dated 13.10.2020 in Case No 13/2020. It is therefore impractical to reduce the T&D loss from 34.93% to 16.56% in one year. It is also submitted that Regulation 82 and 83 of MSERC MULTI YEAR TARIFF REGULATIONS 2014 have prescribed the mandated loss reduction for the coming years. It may be noted that Regulation 83 has mentioned specifically that the quantum of AT&C loss to be reduced from previous year stating that if the AT&C loss is more than 30%, the loss reduction should be at least 3% and if the loss level is less than 30% the minimum reduction is 1.5%. Therefore assuming that collection efficiency to be 100%, the loss reduction in T&D Loss should be 3% if more than 30% and 1.5% if less than 30%. In view of the fact that the T&D Loss approved for FY 2017-18 vide its true up Order dated 13.10.2020 in Case No 13/2020 is 34.93%, therefore the Loss reduction can at best be 3% i.e. T&D loss can be at best

31.93% assuming Collection efficiency to be 100%. Therefore it is impractical to reduce the loss from 34.93% to 16.56% in one year. Therefore, the contentions put forth by BIA are liable to be rejected and it is humbly prayed that the Hon'ble Commission may consider the T&D loss as proposed in petition.

Commission's Views

Commission noted the reply of licensee.

(9) The Objector has pleaded that the T&D losses claimed by the licensee at 36.20% and 29.88% should be limited to approved level and impact assessed to be 407.79 MU and 361.91 MU should not be allowed as pass through in the True up for FY 2018-19 and FY 2019-20.

MePDCL Reply

The calculations made in the corresponding paragraph are completely erroneous and contrary to the record. The calculations are premised on wrong assumptions of T&D Loss % as already explained in earlier sections.

Commission's Views

Commission noted the reply.

(10) The objector pleaded, the licensee procured power at higher than approved cost at 7.2% and 20.31% and claimed in the True up petition for FY 2018-19 and FY 2019-20 respectively.

The objector requested to direct the petitioner to optimize power purchase as high cost would be burdensome to the consumers of the state.

MePDCL Reply

The contents of the corresponding paragraph are denied. It is denied that the claim is higher than any approved numbers. The purchase of power is mainly based on long term PPAs where the cost are based on the tariff approved by MSERC and CERC and hence the variation in cost. Also, the power purchase cost is approved without any surcharge. However, as a matter of fact, the petition includes the surcharge amount also since the same is part of the power purchase costs. It is denied that the

any direction is merited against the petitioner, but rather, the true expenses being incurred are liable to recovered by revision of tariff.

Commission's Views

Commission noted the reply of the licensee. The power purchase cost shall be Regulated at actual on the basis of documented invoices in the True up exercise.

(11-12) The Objector pleaded that impact of higher power purchase cost pointed out in para 9 should not be allowed in the True up process for FY 2018-19 and FY 2019-20.

MePDCL Reply

The contents of the corresponding paragraph are vehemently denied in view of the reply to the preceding paragraphs and the preliminary objections raised here in above.

Commission's Views

Commission noted the reply of the licensee.

(13-14) BIA has suggested that the late payment surcharge claimed in the power purchase bills of NEEPCO should not be allowed for Rs.47.05 Crore and Rs.63.50 Crore in the True up process for FY 2018-19 and FY 2019-20 for the failure of the licensee in discharging of the liabilities.

MePDCL Reply

The contents of the corresponding paragraphs are denied. It is reiterated that the fact that something has not been done previously is no ground to continue the same if the same is contrary to the rules. The disallowance of surcharge as an expense is contrary to the elementary principles of computation of tariff as explained in the preceding paragraphs. Late payment surcharge on power purchase needs to be considered due to various reasons. MePDCL could not pay the power dues in time which not only loses the rebate but also has to pay late payment surcharge. One of such reasons is that due to the inadequate tariff, the money could not be received in time, thereby limiting the capacity of MePDCL to pay the dues in time. Without revision by way of inclusion of these surcharges as expenses, the petitioner corporation will be stuck in a vicious cycle where inadequate tariff will continue to

lead to surcharge and the surcharge will continue to be disallowed as expense. This is contrary to law.

Commission's Views

Commission noted the reply. The ARR/Tariff was approved with interest on working capital requirement to meet the contingent liability of power purchase bills.

(15) BIA has pleaded that excess power purchase cost for FY 2019-20 claimed at Rs.825.51 Crore as against Rs.817.18 Crore may be disallowed.

MePDCL Reply

The contents of the corresponding paragraph are denied as incorrect.

It is reiterated that the Power purchase cost is Rs. 817.18 Crore for FY 2019-20 as per audited statement is wrong. It is clearly mentioned that the amount is Rs 921.39 Cr. There is no excess claim by the petitioner, but rather the true expenses incurred and reflected in the official books of accounts are also being disallowed.

Commission's Views

Commission noted the reply. The claims towards power purchase cost has been allowed with reference to the invoices filed for True up as per the MSERC MYT Regulations.

(16) BIA suggested that power purchase cost for FY 2018-19 and FY 2019-20 may be allowed at Rs.722.09 Crore and Rs.858.15 Crore including Transmission charges against the petitioner's claim of Rs.946.63 Crore and Rs.1097.57 Crore respectively.

MePDCL Reply

The contents of the corresponding paragraph are denied in view of the submissions made hereinabove.

Commission's Views

Commission noted the reply.

C. O&M Expenses

(17-21) BIA has pleaded that O&M expenses may be allowed at Rs.111.03 Crore and Rs.128.31 Crore excluding the Holding company expenses in the absence of Norms for FY 2018-19 and FY 2019-20.

MePDCL Reply

The contents of the corresponding paragraph are vehemently denied.

It is reiterated that the apportionment of the cost of MeECL (Holding Company) for O&M is necessary as there are expenditure involved in running the Corporation. The Meghalaya Energy Corporation Limited, was incorporated with the principal objective of acting as the Holding Company and also engaging in the business of coordinating and smooth functioning of distribution, generation and transmission of electricity in the State of Meghalaya and is prescribed in the Notification dated 20th June, 2012 (enclosed as Annexure,,). In fact, this set up reduces the expenditure which would have otherwise increased three times, if the same man power and functioning is replicated into the three subsidiary companies, and therefore benefitting the consumers. The same does not merit any consideration by the Hon'ble Commission as it appears to be an anathema of the statutory policy. The contents of the preliminary objections detailing the reasons for seeking inclusion as O&M expense may be read as part and parcel of the instant reply.

Commission's Views

Commission noted the reply. MeECL shall initiate steps to regulate the commitment of O&M expenses.

D. Depreciation

(22-25) The Objector has pleaded that Deprecation should be allowed as per the Regulations after deduction of grants part and Amortization of grants for the FY 2018-19 and FY 2019-20.

MePDCL Reply

The contents of the corresponding paragraph are denied as incorrect.

It is submitted that the depreciation of the assets indicating in the SOA of MeECL(Stand alone) needs to be considered as there are assets which are transferred to MeECL under the Meghalaya Power Sector Transfer Scheme, 2010 and by a subsequent amendment dated 31st March, 2012 The Meghalaya Energy Corporation Limited, was incorporated with the principal objective of acting as the Holding Company and also engaging in the business of coordinating and smooth functioning of distribution, generation and transmission of electricity in the State of Meghalaya and is prescribed in the Notification dated 20th June, 2012. It is specifically denie that the depreciation pertaining to the holding company MeECL should not be considered The Objector has prayed to disallow the Assets which are additions during the year by citing that there is no documentary evidences. This is not acceptable as the contention is contrary to the audited books of accounts of the Petitioner Corporation which cannot be wished away. It is also submitted that Note 3, 3.1, 3.2 and 3.3 of the Statement of Accounts for FY 2019-20 and FY 2018-19 have been clearly shown regarding Capital Works in Progress capitalized. The methodology proposed by BIA is legally flawed and shows that Depreciation can be negative which is not acceptable. In considering the Grant, BIA has not considered the fact that Grants received includes amount pertaining not only to Asset capitalized but also to Capital Works in Progress.

Commission's Views

Commission noted the reply of the licensee.

E. Interest and Finance Charges

(26-31) BIA has suggested that Interest on capital loan may be allowed as per the Regulation 32 excluding MeECL loans for FY 2018-19 and FY 2019-20.

MePDCL Reply

The contents of the corresponding paragraphs are denied as incorrect. The contention of the objector that "the interest and financing charges pertaining to the holding company MeECL" not to be included, as the matter is denied in view of the already explained in the previous sections on holding Company. The further contention that "any other loans undertaken by the Petitioner has not been

substantiated to have been used for Capital works by any documentary evidence and is therefore ought not to be allowed" is vehemently denied as the very purpose of the Loans is disclosed in the Notes to Accounts of the Statement of Accounts – Note 12 of SOA for 2018-19 and Note 16 for SOA 2019-20.

Commission's Views

Commission noted the reply.

F. Return on Equity

(32-34) The Objector has pleaded that RoE claimed by the Licensee overlooking the provisions of Tariff Regulations 2014 and without deducting grants should not be allowed for FY 2018-19 and FY 2019-20.

MePDCL Reply

The contents of the corresponding paragraph are denied as being false and misleading. It is submitted that it is settled law that the equity and assets indicating in the SOA of MeECL (Stand alone) needs to be considered as there are assets which are transferred to MeECL under the Meghalaya Power Sector Transfer Scheme, 2010 and it subsequent amendment dated 31st March, 2012. The Meghalaya Energy Corporation Limited, was incorporated with the principal objective of acting as the Holding Company and also engaging in the business of coordinating and smooth functioning of distribution, generation and transmission of electricity in the State of Meghalaya and is prescribed in the Notification dated 20th June, 2012. The contention that the assets pertaining to the holding company MeECL should not be considered is completely unsustainable in law and in fact. The Objector has prayed to disallow the Assets which are additions during the year by citing that there is no documentary evidence. The said contention is denied for being contrary to the audited books of accounts. Further, Note 3, 3.1, 3.2 and 3.3 of the Statement of Accounts for FY 2019-20 and FY 2018-19 have been clearly shown regarding Capital Works in Progress capitalized The methodology proposed by BIA shows that Equity can be negative which is not acceptable. In considering the Grant, BIA has not considered the fact that Grants received includes amount pertaining not only to Asset capitalized but also to Capital Works in Progress.

Commission's Views

Commission noted the reply of the licensee.

G. Interest and Working Capital

(35-36) BIA has suggested that Interest on working capital should be allowed at the Interest rate prevailing as on 1st April of the financial year in which the petition is filed for FY 2018-19 and FY 2019-20.

MePDCL Reply

The contents of the corresponding paragraphs are denied. The contents of the preceding paragraphs on the issue of the disallowance proposed may be read as part and parcel of the instant reply. MePDCL also rejects the Interest Rate considered by BIA as on 1.4.2021. It should be for FY 2018-19 as on 1.4.2018 and for FY 2019-20 be as on 1.4.2019.

Commission's Views

Commission noted the reply of the licensee.

H. Non Tariff Income

(37-38) The objector has pleaded that Non Tariff Income and Refund of surcharge from NEEPCO as reported vide Note 25 of Audited Accounts should be deducted from the Gross ARR for FY 2018-19 and FY 2019-20 which is inclusive of DPS, as also Amortization of grants shall be deducted.

MePDCL Reply

The contents of the corresponding paragraphs are denied as incorrect. It is submitted that the objector is taking contradictory stand in the matter concerning surcharge by stating on the one hand that late payment surcharge should not be allowed as pass through while objecting to the claim of MePDCL on the power purchase cost. On the other hand it is contended that delayed Payment surcharge should not be considered as part of other income because this is the compensation due to the delay in receipt of money from the consumers. It is also contended that refund of surcharge from NEEPCO should not be considered if the late payment

surcharge on the power purchase cost is not considered. These contentions are mutually contradictory and invalid in law. It is pertinent to note that BIA has claimed that Amortization of grants and subsidies should also be considered as income which therefore implies that on the one hand they do not accept the claim of depreciation by MePDCL and proposed a formula for calculating depreciation, which has no relevance with amortization, but on the other hand, insist that amortization should be considered, which is tantamount to acceptance on the depreciation claimed by MePDCL.

Commission's Views

Commission noted the reply of the licensee.

I. Holding Company Expenses

(39-41) The BIA suggests that Holding Company expenses are not part of the Tariff Regulations notified for Generation, Transmission and Distribution and not within the ambit of the Tariff Regulations, such claims are not to be considered as pass through in Tariff.

MePDCL Reply

The contents of the corresponding paragraphs are denied as incorrect. It is reiterated that Meghalaya Energy Corporation Limited, was incorporated with the principal objective of acting as the Holding Company and also engaging in the business of coordinating and smooth functioning of distribution, generation and transmission of electricity in the State of Meghalaya. The contentions of the objector do not merit any consideration by the Hon'ble Commission as it appears to be an anathema of the statutory policy.

Commission's Views

Commission noted the reply of the licensee.

J. Net surplus for FY 2018-19 and FY 2019-20

(42) The objector pleads and seeks only allowable ARR elements to be considered for FY 2018-19 and FY 2019-20 as per the table presented below.

Particulars	FY 2018-19		FY 2019-20	
	Claimed	Allowable	Claimed	Allowable
Power Purchase Cost (incl. adjustment	825.51	629.48	915.98	713.14
Transmission Charges (PGCIL)	54.28	92.61	82.95	145.00
Transmission Charges (MePTCL)	66.84		98.64	
Employee Expenses	147.75	97.21	163.38	111.22
Repair & Maintenance Expenses	4.10	4.00	5.88	5.84
Administration & General Expenses (Including Bad Debt)	10.79	9.82	12.26	11.25
Depreciation	18.00	2.59	18.68	-
Interest and Finance Charges	73.79	8.77	69	8.56
Interest on Working Capital	26.10	12.81	32.42	17.55
Prior Period Charges /(Credits)	-		0.09	0.09
Return on Equity	118.38	3.99	118.8	-
Total Expenses	**1,345.5**	**861.27**	**1518.08**	**1,012.66**
Less: Non-Tariff Income & Other income	53.20	122.26	76.7	120.2389
Less: Sale of Surplus Power including Cross Subsidy Surcharge	189.93	189.93	117.79	117.79
Net ARR	**1102.41**	**549.08**	**1323.59**	**774.63**
Less: Revenue from Sale of Power	666.57	666.57	**711.71**	711.71
Net Gap / (Surplus)	**435.84**	**(117.49)**	**611.88**	**62.92**

MePDCL Reply

The contents of the corresponding paragraphs are denied as incorrect in view of the submissions in the preceding paragraphs. The same are not being reiterated herein for the sake of brevity. In view of the clarifications made in the earlier sections on various expense items for the True up of ARR for the FY 2018-19 and FY 2019-20, the calculation of allowable ARR as summarized by BIA is liable to be rejected.

Commission's Views

Commission noted the reply of the licensee.

2) Revision of Tariff for FY 2022-23

(i) Power procurement cost

(43-46) The BIA suggests that the Licensee claim of revised power purchase cost than one approved in the MYT Order dated 25.03.2021 cannot be maintainable and ought to be rejected.

MePDCL Reply

The contents of the corresponding paragraph are denied. The petitioner has already detailed in its petition and in the preliminary objections set out hereinabove as to why the power purchase cost is wrong. The summation of total cost is wrong because the sub-total for MePGCL is shown as Rs.299.48 Crores instead of Rs.403.79 Crores for which therefore, the overall cost should be Rs.1250.92 Crores instead of Rs.1100.14 Crores.

Commission's Views

Commission noted the reply of the licensee.

(ii) Revenue from Sale of Surplus Power

(47) The objector pleads, the Revenue from sale of surplus power be considered as against revised claim of the licensee.

MePDCL Reply

The contents of the corresponding paragraph are denied. It is specifically denied that there is no change on Cost of surplus of power as put forward by the Objector since revenue from sale of surplus power is derived mainly from the weighted average cost, which gets changed because of change in the overall cost of power purchase. It is reiterated that the revenue from sale of surplus power should be Rs. 461.10 Cr. This is borne out of official audited records of the petitioner.

Commission's Views

Commission noted the reply of the licensee. The value of sale of surplus power was based on estimates. Actual value shall be determined after completion of the Tariff year.

(iii) Employee Expenses

(48) BIA suggests that the Commission shall not consider Holding company O&M expenses for ARR of FY 2022-23.

MePDCL Reply

The contents of the corresponding paragraph are denied as being repetitive and having been already responded to in preceding paragraphs.

Commission's Views

Commission noted the reply of the licensee.

(iv) ARR for FY 2022-23

(49-50) The objector pleaded that the ARR as approved in the MYT Order dated 25.03.2021 may be considered for FY 2022-23, while surpluses and Revenue Gap resulted in the True up claims of MePGCL, MePTCL and MePDCL for FY 2018-19 and FY 2019-20 be recovered from the ARR for FY 2022-23.

(Rs. Crore)

Particulars	Claimed	Allowable
Approved ARR of FY 2022-23	**1043.13**	**927.88**
Additional ARR claimed on account of Holding company for FY 2022-23	**20.59**	**-**
Additional ARR claimed on account of Power purchase for FY 2022-23	**94.66**	**-**
Gap/ (Surplus) pertaining to True up of MePGCL for FY 2019 and FY 2020	-	(59.87)
Gap/ (Surplus) pertaining to True up of MePTCL for FY 2019 and FY 2020	-	(41.85)
Surplus/ (Gap) from True up of FY 2018-19 of MePDCL	435.84	(117.49)
Surplus/ (Gap) from True up of FY 2019-20 of MePDCL	611.88	62.92
Total Revenue Requirement for FY 2022-23	**2,090.85**	**771.59**
Less: Projected Revenue at Existing Tariff Rates	979.99	979.99
Revenue Surplus/ (Gap) for FY 2022-23 at Existing Tariff	**1,110.86**	**(208.40)**

MePDCL Reply

The contents of the corresponding paragraphs are denied as incorrect. As explained in the preceding paragraphs, the calculation put forward by the Objector is misconceived and cannot be accepted. It is most humbly prayed that the Hon'ble

Commission may be pleased to approve Rs 2090.85 Cr as the ARR for FY 2022-23 as depicted in table 9 of the petition.

Commission's Views

Commission noted the reply of the licensee. The computation of the ARR shall be on the material records as per the Regulations.

3) Tariff proposals for FY 2022-23

(51) The BIA has pleaded for Recovery of Surplus Revenue in the True up process for Rs.208.40 Crore may be recovered, as against incorrect Revenue gap claimed for Rs.1110.86 Crore and no tariff hike for FY 2022-23 required in the state of Meghalaya.

Further pleaded that the Tariff hike for Ferro Alloys Consumers proposed at 97% and 92% and merger into Industrial Category may not be considered.

MePDCL Reply

The contention in the corresponding paragraph is repetitive and stand denied in the preceding paragraphs. It is specifically denied that no Tariff hike is required or that the claim is based on wrong data.

Commission's Views

Commission noted the reply of the licensee.

(i) **Tariff merger and hike for Ferro Alloy Consumers**

(52-53) BIA suggested that Ferro Alloys Consumer contributed 30.17% of total sales of Meghalaya. It is also stated that average load factor for Ferro Alloys consumers is 71.17% of load factor. Thus interest of such category consumers safeguarded.

Further also pleaded that merger of Ferro Alloys consumers with other Industrial Category would defeat the purpose of creation of separate category by the commission. The proposal does not merit consideration.

MePDCL Reply

The contents of the corresponding paragraph are denied. It is reiterated that while approving the tariff and separate category to the Ferro Alloys consumers, the Hon'ble Commission in its order dated 10.09.2018 in Case Number 9A/2017 of 2018, has held "15 (f)The HTSS (Ferro alloy) consumers will make all efforts to ensure a load factor of at least 85%. Failure to do so may make it necessary for the Commission to specify a higher tariff for such defaulters when the next or subsequent Tariff order is passed." Therefore, Ferro alloy consumers are given separate categories by the Hon'ble Commission vide Order dated 10.09.2018, subject to certain conditions which may be reviewed from time to time. In fact, the very reason as to the granting of separate categories with low tariff, was based on the promise/ assurance that their load factor shall be at least 85% and to attract the open access consumers to come within the purview of the DISCOM to provide stimulus for higher consumption. Even otherwise it is submitted that from the day the tariff was introduced, there is no improvement on LF and no significant new consumers have come to avail power. Therefore, the Order has not achieved the desired objectives. Against Tariff order dated 25.03.2021, BIA had filed a review petition with MSERC to have a separate CSS rates for Ferro alloy consumers. The Hon'ble Commission vide order dated 05.10.2021 in MSERC Case No. 11 of 2021 (Review) has fixed the CSS rates for Ferro Alloy consumers. During the course of Hearing before the Hon'ble Commission in the above case, it was learnt that some consumers intend to go for Open access. It may be noted that the main point considered by the Hon'ble Commission's order dated 10.09.2018 in Case Number 9A/2017 of 2018 in granting subsidized rates to the Ferro alloy Consumers was to attract consumers to come within the purview of the DISCOM to provide stimulus for higher consumption, which would reduce the sale of surplus power. The BIA appears to have taken advantage of the system by pleading to get separate category and at reduced tariffs so that they will in turn get the benefit of reduced CSS to opt for open access. Therefore, it can be seen that all promises/ assurances have not been fulfilled. It is also submitted that prior to Order dated 10.09.2018, the Ferro Alloy

consumers were clubbed with other industrial consumers. Therefore, this proposal is to revert to the categories of consumers prior to the Order dated 10.09.2018.

Commission's Views

Commission noted the reply of the licensee. Commission considering the provisions of section 62(3) of EA 2003 determined the tariff for Ferro Alloys consumers under separate tariff category

(54) BIA Suggests that the Licensee has proposed tariff hike 50% and 97% fixed charges and Energy charges respectively as without ensuring the availability of power and over looking objectives of NTP 2016 does not merit consideration.

MePDCL Reply

The contents of the corresponding paragraph are denied as being vague and inchoate and devoid of merit. To say that due to merger, the tariff will increase multifold and be against the Objectives of tariff Policy 2016 is completely without any legal or factual basis. In fact, these consumers have been unjustly enriched themselves by misrepresenting the correct facts. Prior to Order dated 10.09.2018, the Ferro Alloy consumers were clubbed with other industrial consumers. The existing Billing Rate of HT Ferro Alloy consumers is below the overall ABR and for EHT Ferro Alloy consumers their existing Billing Rate is even below the 20% of the overall ABR. Therefore, it is in the interest of other consumers that this proposal is made.

Commission's Views

Commission noted the reply of the licensee. Appropriate decision will be notified in order to achieve the contended results of categorization.

(55) BIA pleaded that classifying Ferro Alloys consumers with other Industrial Category would be a gross negligence of MSERC orders and violation of the statute.

BIA also claimed that any deviation of tariff once fixed appearing in the Formula of Cross subsidy surcharge would be an anathema of statutory policy.

MePDCL Reply

The contents of the corresponding paragraph are vehemently denied.

It is reiterated that the proposal of merger is not against granting of separate CSS for Ferro Alloy consumers. Since the proposal is to merge the Ferro Alloy consumers with other industrial consumers, the question of having separate CSS for Ferro Alloy consumers does not arise and therefore is not against statutory Policy.

Commission's Views

Commission noted the reply of the licensee.

(56) BIA pleaded that even a minimal hike of Tariff for Ferro Alloys would reflect production cost, economically unviable and result into permanent closure of industries.

MePDCL Reply

The contents of the corresponding paragraph is denied.

It is submitted that the increase of tariff is necessary to have sustainable power sector. It is also reiterated that firstly, the grant or refusal of benefit to any class of consumers is a matter of policy, the terms of which cannot be dictated by the respondent. To provide benefit to the Ferro Alloy consumers will have a direct impact to other categories of consumers. It will be more harmful if the other industrial consumers are burden with higher tariff to compensate for Ferro Alloy consumers. Such a self-serving interpretation of the regulations shows complete lack of bonafides.

Commission's Views

Commission noted the reply of the licensee.

(57) BIA claimed that Ferro Alloys consumers are returning back into Discom grid after introduction of separate tariff structure by MSERC. Abolition of HTSS category for Ferro Alloys would result in permanent closure of industries.

MePDCL Reply

The contents of the corresponding paragraph is denied. It is submitted that other than the two open access consumers, no significant new consumers have come to avail the benefit.

Commission's Views

Commission noted the reply of the licensee.

(58) It is further submitted that if the Ferro alloy units are closed down due to unviable tariffs, the distribution and commercial losses of the discoms will substantially increase leading to poor financial condition of discom.

MePDCL Reply

The contents of the corresponding paragraphs are denied. The objector has no locus to determine the policy to be followed by the petitioner. It is for the Government to decide the policy which is not solely based on commercial considerations and profit, but by striking a balance between necessity and economic sustainable operation.

Commission's Views

Commission noted the reply of the licensee.

(59) Closure of industries, would not only result in wide spread unemployment but also it will be loss of economy to the State of Meghalaya and nation as a whole.

MePDCL Reply

The contents of the corresponding paragraph are denied. The respondent has no locus to demand tariff benefit as a matter of right. If the claims of the objectors are accepted then the consequences would be more if industrial consumers have to close down their units due to abnormal increase in tariff due to the benefit to ferro alloy consumers.

Commission's Views

Commission noted the reply of the licensee.

(60) It is pertinent to mention here that the units in Meghalaya are engaged only in manufacturing of Ferro Silicon which is a very critical raw material for making any kind of steel and all PSU's like SAIL, RINL, Tata Steel, etc are dependent on the Ferro silicon produced in Meghalaya and Arunachal Pradesh. The closure of Ferro Alloys industries in Meghalaya would create crisis of Ferro silicon in the entire country. This would lead failure of the key missions launched by the Hon'ble Prime Minister of India like 'Atmanirbhar Bharat' and 'Make in India'.

MePDCL

The contents of the corresponding paragraphs are denied.

Commission's Views

Commission noted the reply of the licensee.

(61) BIA claimed that Merger of Ferro Alloys is gross injustice, proposed tariff hike ought to be rejected by the commission.

MePDCL Reply

The contents of the corresponding paragraphs are denied. The reasons provided by the petitioner for merger of tariff of Ferro alloy consumers with industrial consumers are genuine and valid and merit acceptance.

Commission's Views

Commission noted the reply of the licensee.

(62) BIA claimed that APERC has kept demand charges as NIL for Ferro Alloys Industries.

MePDCL Reply

The contents of the corresponding paragraphs are denied. Overall reasons and the background need to be read and fully understood based on the level of cross subsidy especially with other industrial consumers. Just because some States are giving benefits or provide separate categories, does not necessarily apply to other State. For example, Sale Mix is totally different from one state to other state. Therefore, apart from lacking locus to dictate the policy decisions, the objectors claim for subsidy is also unmerited.

Commission's Views

Commission noted the reply of the licensee.

(63-64) BIA claimed that Arunachal Pradesh Commission and Discom has not fixed Demand charges for Ferro Alloys and Energy charges are not increased for past 3 to 4 years.

As compared to Industrial Tariff for Ferro Alloys in Arunachal Pradesh with Meghalaya, a Ferro consumer in Meghalaya has to pay Rs. 4.50/kVah (current tariff) and demand charge of Rs. 200/kVA, against Rs. 3.35/kWh (Rs. 2.85/kVah, at 85% Power Factor) and demand Charge Nil payable by a Ferro Consumer located in Arunachal Pradesh.

MePDCL Reply

The contents of the corresponding paragraphs are denied.

Comparison of the rates with other states does not mean that the tariff should not be increased. If such the scenario is allowed or be the basis for tariff fixation, then the tariffs of other states should not have been more than what is approved in Meghalaya. Further there should not be any subsidy as the rates are similar. Further, tariff fixation in the State of Meghalaya cannot be compared to that of Arunachal Pradesh as any shortfall in ARR is directly borne from the State budget in Arunachal Pradesh.

Commission's Views

Commission noted the reply of the licensee.

(65-66) BIA suggested, tariff for Ferro Alloys Consumers should be reduced in comparison with other states to avoid disruption of economic situation.

BIA pleaded that Tariff for Ferro Alloys should be kept unchanged at least for 3 years.

MePDCL Reply

The contents of the corresponding paragraph is denied as incorrect.

The increase in tariff is necessitated for the reasons set out in the preceding paragraphs. The tariff cannot, and should not remain unchanged for 03 years as is sought by the objector.

Commission's Views

Commission noted the reply of the licensee.

(ii) Load Factor Rebate

(67-79) BIA suggested that MePDCL has sold excess power at Rs.2.90/unit during FY 2018-19 & FY 2019-20. If the rebate allowed to industrial consumers this excess power would be consumed by them during off peak time which benefits the discoms reduction in T&D loss as also get higher Revenue.

BIA suggests that the licensee should seek hearing on load factor rebate, penalty etc for Ferro Alloys industries separately from the MSERC.

BIA pleaded the licensee should file separate petition on LF compliance.

BIA sought for action against the licensee for not proposing LF Rebate.

BIA therefore propose that an incentive/ penalty mechanism should be introduced in the Current Tariff structure by which higher consumption untis can be incentivized and lower consumption units may be penalized in the interests of the discom. Such incentive/ penalty shall be applicable on the Energy charges only.

The above proposed mechanism shall make higher consumption more lucrative and would influence the industrial consumers to maintain higher load factors of their units.

It is also mentioned that the above proposed incentive/ penalty be allowed to a specific consumer based upon its own Load Factor and not based on the Load factor of the entire consumer category. This shall ensure smooth running of Ferro alloy Industries and also maximize revenue of the distribution company.

The Load factor computation shall exclude events of Load shedding/ breakdown, discontinuous power supply to Ferro Industry, force majeure and/or grid failure or major breakdown at consumer end.

MePDCL Reply

The contents of the corresponding paragraphs are denied. As and when the concept of rebate on improving load factor is considered feasible, the same may be

considered. The Corporation reserves its rights in this regard. However, this cannot be claimed as a matter of right.

Commission's Views

Commission noted the reply of the licensee. The suggestion of the objector shall be looked into and decision will be taken on the merits and facts.

(iii) Time of Day Tariff

(80-82) BIA sought for increase of Off peak hours for TOD Tariff.

BIA suggested that licensee sold power at Rs.2.86/Unit which is below the tariff offered to industrial consumers in off peak hours. BIA sought for approval of off peak hours ToD tariff at 20% as per the table below.

Time Slot	HT Industrial	EHT Industrial
0600 hrs to 1700 hrs (normal)	As Approved	As Approved
1700-2200 hrs (peak)	+20% of Normal	+20% of Normal
2200-0600 hrs (night off-peak)	-20% of Normal	-20% of Normal

MePDCL Reply

The contents of the corresponding paragraph are denied. Firstly, the Objector cannot seek alteration of the off-peak hours by way of contention in counter-affidavit/reply. Even otherwise, this request cannot be accepted since the peak & off peak hours are based on all India basis. Meghalaya is connected to the Grid of the Country, and as such it cannot have its separate time block for Peak and Off-Peak hours. The Objector has proposed to increase the TOD rebate to 20% for off-peak hours from 15% by linking that the excess power proposed to be sold at Rs 2.86/kWh which is way below the tariff offered to industrial consumers and that this surplus power could be consumed by the industries which would result in better revenue for discom against the current revenue realization rate of Rs 2.86/Kwh only, by selling the excess power on short term basis.. This linkage is not acceptable, as the selling of power is not with respect to the specific time period but "as and when the situation" arises. That is, the selling of excess power is based on circumstances and therefore not predetermined. Moreover, the selling of excess power generally happens during the monsoon period and not throughout the year. The TOD is proposed on yearly

basis and not periodic as 'lean period' or 'monsoon period'. Increasing the rebate to 20% will severely not only hamper the availability of power but also increase the cost of power during lean season.

Commission's Views

Commission noted the reply of the licensee.

(iv) Cross Subsidy Surcharges and wheeling charges

(83-86) BIA suggests that CSS proposed by the licensee may not be considered, since the ARR for FY 2022-23 as computed by BIA amounted surplus of Rs.208.40 Crore.

BIA claims that Licensee restricts open access by proposing higher CSS compared with many state distribution licensee's.

MePDCL Reply

The contents of corresponding paragraphs are denied for being repetitive of previously denied contentions. The Petitioner stands by its proposal for Cross subsidy Surcharge.

Commission's Views

Commission noted the reply of the licensee.

(v) Timely payment Rebate

(87-90) BIA pleaded that Rebate for timely payment of power bills. Further suggests that no rebate shall be allowed after due date through any mode of payment.

Further suggested that tariff structure may be rationalized to encourage the consumers for timely payment of bills.

BIA suggests that the proposal would benefit licensee's working capital needs which intern enables the discoms make payment to power producers timely.

MePDCL Reply

The contents of the corresponding paragraphs are denied.

Commission's Views

Commission noted the reply of the licensee.

The list of Participants in the Public hearing on the petition filed by MePDCL for ARR and Retail Tariff held on 15.03.2022 is attached as Annexure II.

4. Approach of the Commission

4.1. Introduction

Meghalaya State Electricity Regulatory Commission has approved the MYT Aggregate Revenue Requirement (ARR) for the control period FY 2021-22 to FY 2023-24 and Distribution Tariff for FY 2021-22 in its order dated 25.03.2021.

Meghalaya Power Distribution Corporation Limited (MePDCL) has now filed the petition on 30.11.2021 for redetermination of ARR and Retail Tariff for FY 2022-23.

4.2. True up Gap / Surplus for previous years

Commission had approved the True up of business for the FY 2018-19 and FY 2019-20. The Revenue Gap/Surplus in the Trued up orders for 2018-19 and FY 2019-20 has been appropriated in the ARR for FY 2022-23.

4.3. Special Tariff for HT and EHT categories of BIA member Industries

MePDCL has submitted that a termination notice has been served on BIA industrial special tariff consumers on 26.10.2021 who are categorised under the terms of MoU, and stated that as per the terms of MoU, 3 months notice in advance should be served by either of the parties to the MoU for withdrawal.

4.4. Separate Tariff category for Electric Vehicle Charging Stations

The Licensee has proposed separate commercial Tariff under LT & HT category for electric vehicle charging stations as per the standards and guidelines notified by the ministry of power, Government of India in its letter dated 14.12.2018. The Licensee shall submit a status report as soon as the consumers registered their charging stations with the distribution company as per the IE rules and safety norms.

4.5. Time of the Day Tariff

Commission has considered the TOD for the peak and off -peak hours for FY 2022-23 and Tariff rates are determined.

4.6. Cross Subsidy Surcharge

Commission has computed cross subsidy surcharge for FY 2022-23 in respect of HT and EHT category consumers as per the National Tariff Policy and Principles.

4.7. Wheeling Charges

Commission has observed that the Licensee has not provided the data of charges received from the HT & EHT consumers for the open access services provided during the period for FY 2020-21. However Commission has considered the wheeling charges to be collected from the open access consumers for the FY 2022-23 as per MSERC (Terms and Conditions of Open Access) Regulations, 2012.

4.8. ARR for FY 2022-23

Commission considers that the ARR and tariff order is passed in the absence of audited results for FY 2020-21. The estimates are considered based on the Statement of Accounts for FY 2019-20 certified by the statutory auditors and computed estimates based on the first half year actual for FY 2021-22 for determination of ARR for FY 2022-23 as per the MYT Regulations 2014.

5. Analysis of Aggregate Revenue Requirement and Retail Tariff for FY 2022-23

5.1. Tariff Regulations

Under Section 61 of Electricity Act 2003, the Commission has to specify terms and conditions for determination of tariff and in doing so it shall be guided by the following:

- The principles and methodology specified by CERC for determination of Generation, Transmission and Distribution tariff.
- Business of generation, transmission and distribution are to be conducted on commercial principles.
- The factors which encourage development, competition efficiency, good performance and optimum investments.
- Safeguarding consumers interest and at the same time recovery of the cost of electricity in a reasonable manner.
- Principles regarding efficiency in the performance.
- Multiyear tariff principles based on efficiency target.
- Tariff should reflect cost of supply progressively.
- Promotion of generation from renewable energy.
- National Electricity Policy and Tariff policy

5.2. Determination of Tariff

Section 62 (3) of EA 2003 specifies that - *the appropriate commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.*

Section 65 of EA 2003 – Provision of subsidy by state Government- *If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State Government shall, notwithstanding any direction which may be given under section*

108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the state Commission may direct, as a condition for the licensee or any other person concerned to implement the subsidy provided for by the State Government.

PROVIDED that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard.

5.3. Regulatory Accounts

The Licensee shall maintain and file Regulatory accounts along with Tariff Petition and True up petition based on the Regulatory accounts as mandated in Regulation 4.2 (c) of MYT Regulations 2014.

5.4. Energy Sales

As per Regulations, proper estimation of category-wise energy sales for FY 2022-23 is essential to arrive at the quantum of power to be purchased and the likely revenue from sale of energy.

This Section examines details of consumer category-wise energy sales projected by MePDCL in its Petition for FY 2022-23 for approval of ARR.

5.5. Category wise Number of Consumers

Licensee has submitted projection of No. of consumers for FY 2022-23 and commission has approved as depicted in the table below.

Table 5.1 : Number of Consumers projected and approved for FY 2022-23

Sl. No	Category	Number of Consumers projected for FY 2022-23	Number of Consumers approved for FY 2022-23
	LT Category	**663177**	**663177**
1	Domestic	352336	352336
2	Commercial	33254	33254
3	Industrial	695	695
4	Agriculture	326	326
5	Public Lighting	62	62
6	Water Supply	497	497
7	General purpose	2529	2529
8	Kutir Jyoti	273477	273477
9	Crematorium	1	1
	HT Category	**679**	**679**
1	Domestic	99	99
2	Water Supply	27	27
3	Bulk Supply	252	252
4	Commercial	167	167
5	Industrial	122	122
6	Ferro Alloys	2	2
	Special tariff	10	10
	EHT Category	**10**	**10**
1	Industrial	2	2
2	Ferro Alloys	4	4
3	Special tariff	4	4
	Total	**663866**	**663866**

5.6. Connected Load

Petitioner's Submission

Licensee has submitted the connected load for FY 2022-23 and commission has approved as depicted in the table below.

Table 5.2 : Connected Load projected and approved for FY 2022-23

(MVA)

Sl. No	Category	Connected Load projected by the petitioner for FY 2022-23	Connected Load approved by the petitioner FY 2022-23
	LT Category	**717.09**	**717.09**
1	Domestic	507.00	507.00
2	Commercial	83.00	83.00
3	Industrial	11.00	11.00
4	Agriculture	0.00	0.00
5	Public Lighting	0.00	0.00
6	Water Supply	7.00	7.00
7	General purpose	19.00	19.00
8	Kutir Jyoti	89.93	89.93
9	Crematorium	0.16	0.16
	HT Category	**304.20**	**304.20**
1	Domestic	20.00	20.00
2	Water Supply	10.00	10.00
3	Bulk Supply	46.00	46.00
4	Commercial	33.00	33.00
5	Industrial	131.00	131.00
6	Ferroy Alloy	11.00	11.00
7	Special tariff	53.20	53.20
	EHT Category	**101.70**	**101.70**
1	Industrial	10.70	10.70
2	Ferro Alloys	56.00	56.00
	Special tariff	35.00	35.00
	Total	**1122.99**	**1122.99**

5.7. Energy Sales

Licensee has submitted projection of Energy Sales for FY 2022-23 and commission has approved as depicted in the table below.

Table 5.3 : Energy Sales projected and approved for FY 2022-23

(MU)

Sl. No.	Category	Energy Sales projected by the petitioner for FY 2022-23	Energy Sales approved for FY 2022-23
	LT Category	**606.14**	**606.14**
1	Domestic	404.70	404.70
2	Commercial	77.28	77.28
3	Industrial	6.21	6.21
4	Agriculture	0.78	0.78
5	Public Lighting	0.12	0.12
6	Water Supply	12.76	12.76
7	General purpose	17.52	17.52
8	Kutir Jyoti	86.55	86.55
9	Crematorium	0.22	0.22
	HT Category	**475.44**	**475.44**
1	Domestic	25.15	25.15
2	Water Supply	33.35	33.35
3	Bulk Supply	103.64	103.64
4	Commercial	27.87	27.87
5	Industrial	150.58	150.58
6	Ferro Alloys	36.28	36.28
7	Special tariff	98.57	98.57
	EHT Category	**465.80**	**465.80**
1	Industrial	53.41	53.41
2	Ferro Alloys	347.54	347.54
	Special tariff	64.85	64.85
	Total	**1547.38**	**1547.38**

Proper estimation of category-wise energy sales for FY 2022-23 is essential to arrive at the quantum of power to be purchased and the likely revenue from sale of energy.

Commission considers Energy sales as approved in the MYT ARR dated 25.03.2021.

Table 5.4 : Approved Energy Sales for the Control period FY 2022-23

(MU)

Particulars	FY 2022-23
Projected by MePDCL	1547.38
Approved by MSERC	1547.38

5.8. Distribution Losses

Table 5.5 : Distribution Losses approved for FY 2022-23

Particulars	FY 2022-23
Distribution Losses	12%

5.9. Aggregate Technical and Commercial Losses (AT&C Losses)

Table 5.6 : AT&C Losses approved for FY 2022-23

Particulars	FY 2022-23
AT&C Losses	14.64%

5.10. Power Availability

As approved in the MYT control period FY 2021-22 to FY 2023-24 the power availability for FY 2022-23 is considered as depicted in the table below.

Table 5.7 : Source wise power Availability

Sl No	Name of Station	Capacity (MW)	Total Allocation (MW)	Power Availability (MU)
			2022-23	
A	**MePGCL**			
1	Umiam I	4X9	36	114.61
2	Umiam II	2X10	20	45.45
3	Umiam III	2X30	60	137.33
4	Umiam IV	2X30	60	203.9
5	MLHEP	3X42	126	478.71
6	Umtru	4X2.8	0	0
7	Sonapani	1X1.5	1.5	4.94
8	New Umtru	2X20	40	231.48
9	Lakroh	1X1.5	1.5	10.87
10	Ganol	3X7.5	22.5	66.20
Sub Total MePGCL			**367.50**	**1293.49**
B	**NEEPCO**			
1	KOPILI	200	35.05	82.23
2	KOPILI-Ext	25	3.45	8.48
3	KHANDONG	50	8.51	17.53
4	RANGANADI	405	47.1	131.25
5	DOYANG	75	8.69	23.65
6	AGBPP	291	34.74	187.65
7	AGTPP CC	130	16.57	119
8	Pare	2x55	14	42.92
9	Kameng	4x150	15	45.99
10	Free Power			65.00
Sub-Total NEEPCO			**183.11**	**723.70**
C	**NHPC- Loktak**	**105**	**13.14**	**40.28**
D	**OTPC- Pallatana**	**726**	**78.99**	**436.79**
E	**NTPC**			

Sl No	Name of Station	Capacity (MW)	Total Allocation (MW)	Power Availability (MU)
			2022-23	
1	BTPS	250	90.78	589.50
2	FSTPS	1600	10.84	0
3	KHSTPS-I	840	5.69	0
4	KHSTPS-II	1500	20.33	0
5	TSTPS-I	1000	6.78	0
Sub -Total NTPC			**134.43**	**589.50**
Solar Sources				**39.42**
TOTAL			**777.17**	**3123.18**

The Licensee shall procure Power from approved sources.

Commission may approve power purchase requirement with such modifications as it deems appropriate for the Tariff period as per the Regulations.

5.11. Power Procurement

Petitioner's Submission

Licensee has proposed revised power purchase cost for FY 2022-23 and requested to consider the procurement with the following suggestions.

(a) The summation of total cost is wrong because the Sub total for MePGCL is shown as Rs.299.48 Crore instead of Rs.403.79 Crore. Therefore, the overall cost should be Rs.1250.92 Crore instead of Rs.1100.14 Crore.

(b) Against AGBPP, the Energy received is shown as 187.65 MU. However, no Variable cost is assigned to this energy. It seems that the Commission has considered this based on the original petition submitted by MePDCL where no variable rate and variable cost were shown. It may be noted that subsequently, based on the clarification sought by the Commission vide letter No.MSERC/MePDCL/letter/2021/004 dated 11/02/2021, MePDCL had submitted details of the revised power purchase cost that included the free power from NEEPCO, on 12-02-2021 (through email as directed). In this clarification, for AGBPP the variable rate was proposed as Rs. 2.47 per unit and Rs. 46.40 Crore as variable cost respectively for FY 2022-23. It may be noted that this free power was considered by the Commission but the variable cost for AGBPP was not considered. Firstly, due to oversight, the original petition did not include the variable cost against AGBPP. Secondly it is not possible to get energy without variable cost. Thirdly, MePDCL as stated has submitted a revised power purchase cost for AGBPP.

MePDCL therefore, requests the Commission to allow Rs.46.40 Cr as variable cost of AGBPP in the FY 2022-23 and to be included as part of the power purchase cost.

Table 5.8 : Revised Power Purchase Cost projected for FY 2022-23

(Rs. Crore)

Sl. No	Source	Energy received (MU)	Variable Cost per Unit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost (5+6+7)	Unit Cost (Rs. / KWH)
1	**MePGCL**	**1156.16**					**403.79**	
	a) Umiam Stage-I HEP	114.61	0.75	8.55	8.55		17.1	1.49
	b) Umiam Stage-II HEP	45.45	1.05	4.75	4.75		9.5	2.09
	c) Umiam Stage-III HEP	0	1.04	0	14.25		14.25	
	d) Umiam Stage-IV HEP	203.9	0.7	14.25	14.25		28.51	1.40
	e) Sonapani	4.94	0.72	0.36	0.36		0.71	1.44
	f) Umtru HEP	0	0	0	0		0	
	g) Myntdu-Leishka HEP	478.71	1.99	95.04	95.04		190.08	3.97
	h) New Umtru HEP	231.48	2.35	54.42	54.42		108.85	4.70
	i) Lakroh HEP	10.87	2.04	2.21	2.21		4.42	4.07
	j) Ganol HEP	66.20	2.30	15.19	15.19		30.39	4.59
	m) Auxiliary Consumption							
2	**NTPC**	589.50					406.32	
	a) Farakka	0					0	
	b) Kahalgaon I	0					0	
	c) Khalgaon II	0					0	
	d) Talcher	0					0	
	e) Bongaigoan	589.5	3.98	234.75	171.57		406.32	6.89
3	**NHPC**							
	a) Loktak HEP	40.28	1.98	7.97	7.97		15.94	3.96
4	**NEEPCO**	**723.70**					**257.12**	
	a) Kopili Stage-I	82.23	0.67	5.54	5.64		11.18	1.36
	b) Kopili Stage-II	8.48	0.98	0.83	0.56		1.4	1.65
	c) Khandong HEP	17.53	0.96	1.69	2.32		4.01	2.29
	d) Rangandai HEP	131.25	1.18	15.52	20.85		36.37	2.77
	e) Doyang HEP	23.65	3.16	7.47	7.35		14.82	6.27
	f) AGBPP	187.65	2.47	46.40	44.44		90.84	4.84
	g) AGTPP C-Cycle	119.00	2.90	34.54	20.05		54.59	4.59
	h) Pare	42.92	5.79	24.84	0.04		24.89	5.80
	i) Kameng	45.99					19.04	4.14
	Free power	65.00						
5	**OTPC**							
	a) Pallatana	436.79	1.86	81.29	72.33	0.23	153.86	3.52
6	Solar Sources	39.42					13.80	3.50
	Total	**2985.85**					**1250.92**	**4.19**

Commission's Analysis

Regulation 85.1 to 85.6 of MSERC Regulations 2014 specifies the following guidelines.

Regulation 85.1*: The Licensee shall procure power from approved sources. Additional energy required after taking into account the availability of energy from such approved sources, shall be reasonably estimated well in advance and procurement arrangements made for such long and medium term purchases by following standard contractual procedures. All such purchases shall only be made with the prior approval of the Commission.*

Regulation 85.2: *For purchase of electricity from sources outside the state, the transmission loss level agreed to in the Power Purchase Agreement (PPA) or worked out from energy accounts of RLDC/ SLDC shall be taken into account for purchase of power from such sources.*

Regulation 85.3: *The cost of power purchased from the central generating companies shall be worked out based on the tariff determination by the Central Electricity Regulatory Commission (CERC).*

Regulation 85.4*: Where power is purchased by the Licensee from State –Owned existing generating stations, the cost of power purchase shall be worked out based on the price determined by the State Commission and in case of power purchased from Renewable energy sources the quantum and the cost shall be as per the policy approved by the State Commission depending upon their jurisdiction.*

Regulation 85.5*: The cost of power purchase from IPP's shall be considered based on existing Power Purchase Agreement if nay, till the agreement period is over.*

Regulation 85.6*: In case of short-term power purchase necessitated based on unprecedented development, the Licensee may resort to short term procurement.*

MePDCL shall follow the above Regulations invariably and Merit order procurement shall be strictly followed.

Commission had approved power purchase cost for the control period for FY 2021-22 to FY 2023-24 on 25.03.2021.

Commission has called for Additional Information/Data from the Licensee to furnish actual power purchase cost for FY 2020-21 and first half year of FY 2021-22 on 10.12.2021 and upto December 2021 in the commission's letter dated 28.01.2022.

MePDCL has submitted the Additional information called for, in their letter dated 07.01.2022 and 01.02.2022.

The analysis and estimates of power purchase cost for ARR for FY 2022-23 is as follows.

MePGCL

The Licensee has claimed revised power purchase cost of MePGCL projects should have been Rs.403.79 Crore instead of Rs.299.48 Crore in the approved Power purchase cost for FY 2022-23.

The Power purchase cost approved for FY 2022-23 in the MYT order dated 25.03.2021 for Rs.299.48 Crore represent actual project wise purchase determined cost for MePGCL, but not the summation projected for Rs.403.79 Crore as stated by the licensee and it was due to typographical omission. The projections of the project wise power purchase cost were only estimated in the petition by the licensee but not approved by the commission for FY 2022-23.

Regulation 85.4 specifies that where power is purchased by the licensee from state owned existing generation stations; the cost of power purchase shall be worked out based on the price determined by the state commission.

Commission has determined the fixed charges admissible as per the Regulations for the existing projects of MePGCL.

Accordingly Commission has considered total fixed cost allocated among all the state owned generation projects towards annual fixed charges approved for MePGCL ARR.

On a query from the Commission, MePGCL has submitted in their letter dated 02.02.2022 the generation from Umiam stage III power station will still generate power for the year FY 2022-23 and therefore will still be functional for FY 2022-23.

MePDCL has projected power purchase cost at Rs.4.59 ps/Kwh from Ganol (3x7.5 MW) SHEP for 66.20 MU Energy for FY 2022-23 for which MePGCL has submitted that the Ganol project is scheduled to be commissioned in May 2022.

Commission had not approved capital cost of Ganol HEP project till date, nor MePGCL has filed application for approval of provisional Tariff for the project.

However the power purchase projected from Ganol HEP for 66.20 MU for Rs.13.92 Crore is considered at Rs.2.10 Ps/Kwh on the approved average unit rate of existing projects of MePGCL for ARR of FY 2022-23.

Power purchase cost of MePGCL shall be determined based on the approved annual fixed charges for ARR of MePDCL for FY 2022-23 as per the Regulations.

Commission had notified that the approved total power purchase cost for FY 2022-23 at Rs.1100.14 Crore was estimated on provisional basis and subject to correction while issuing ARR and retail tariff order for FY 2022-23.

NTPC Bongaigaon

The Licensee has submitted actual power purchase cost for FY 2021-22 (upto December 2021) at Rs.108.43 Crore. Commission has estimated total cost for FY 2021-22 at Rs.144.57 Crore. The estimated power purchase cost for FY 2022-23 is considered escalating 5% over actual of FY 2021-22 amounted at Rs. 151.80 Crore.

The Licensee has submitted actual power purchase cost for FY 2020-21 from NTPC other plants at Rs.152.67 Crore without quantum of Energy. Whereas the Licensee has not reported any fixed costs against NTPC Projects for FY 2021-22.

Commission does not consider any fixed cost against NTPC other projects excepting Bongaigaon power purchase cost at Rs.151.80 Crore for ARR of FY 2022-23.

NHPC Loktak

The last procurement from this project was approved in FY 2015-16 (True up) at Rs.1.39 ps/kwh. The Energy procurement from this project is not being reported subsequently till FY 2021-22.

The Procurement approved in the MYT order for FY 2022-23 at 40.28 MU is considered and the cost of power escalated at 5% year on year for FY 2021-22 and approved at Rs.2.03 Crore for ARR of FY 2022-23.

NEEPCO

The Licensee has reported actual power purchase cost for NEEPCO projects for FY 2021-22 (upto December 2021) at Rs.172.05 Crore. Commission has computed the power purchase cost estimated for the balance period of FY 2021-22 and escalated at 5% over the FY 2021-22 for assessment of power purchase cost at Rs.240.90 Crore including the variable cost against AGBPP for FY 2022-23 while considering the free power for 65 MU as approved in the MYT Order.

Regulation 86 provides for approval of the variation in the power purchase cost in the True up exercise.

OTPC Pallatana

The Licensee has reported actual power purchase cost for OTPC Pallatana for FY 2021-22 (upto December 2021) at Rs. 101.89 Crore.

Commission has computed the power purchase cost for the balance period of FY 2021-22 at Rs.135.85 Crore and escalated at 5% over the actual of FY 2021-22 for assessment of power purchase cost approved for Rs.142.64 Crore for FY 2022-23.

Solar Sources

The power purchase cost from solar sources at 39.42 MU is considered as approved in the MYT order considered at Rs.14.49 Crore for ARR of FY 2022-23.

The Surcharge, TCS and Supplementary amount projected against NEEPCO, NTPC, OTPC shall not be considered for determination of ARR for FY 2022-23.

Commission taking into consideration of Additional information furnished by the licensee for FY 2020-21 and latest up to December 2021, the power purchase cost has been increased by escalating 5% over the actual of FY 2021-22 for ARR of FY 2022-23 as depicted in the table below.

Table 5.9 : Power Purchase Cost considered for ARR of FY 2022-23

(Rs. Crore)

Sl. No	Source	Energy received (MU)	April 2021 to December 2021 (Actual)			January 2022 to March 2022 (Estimated)			Estimate for FY 2021-22	Estimate for FY 2022-23 with 5% Escalation
			Total Variable Cost	Total Fixed Cost	Total Cost	Total Variable Cost	Total Fixed Cost	Total Cost		
Part-A										
1	**MePGCL**	**1293.49**							**172.01**	**272.02**
	a) Umiam Stage-I HEP	114.61	0.84	1.61	2.45	0.28	0.54	0.82	3.27	26.94
	b) Umiam Stage-II HEP	45.45	0.61	0.89	1.50	0.20	0.30	0.50	2.00	14.96
	c) UmiamStage-III HEP	137.33	2.26	2.67	4.93	0.75	0.89	1.64	6.57	44.89
	d) Umiam Stage-IVHEP	203.90	1.78	2.67	4.45	0.59	0.89	1.48	5.93	44.89
	e) Sonapani	4.94	0.08	0.07	0.15	0.02	0.02	0.04	0.19	1.12
	f) Umtru HEP	0	0	0	0	0	0	0	0	0
	g)Myntdu- Leishka HEP	478.71	37.42	36.77	74.19	12.47	12.26	24.73	98.92	94.26
	h)New Umtru HEP	231.48	13.30	16.74	30.04	4.43	5.58	10.01	40.05	29.92
	i) Lakroh HEP	10.87	0.34	0.55	0.89	0.11	0.18	0.29	1.18	1.12
	j) Ganol HEP	66.20							13.92*	13.92
	m) Auxiliary Consumption									
2	**NTPC**	**589.50**							**144.57**	**151.80**
	a)Farakka	0	0	0	0	0	0	0		
	b)Kahalgaon I	0	0	0	0	0	0	0		
	c)KhalgaonII	0	0	0	0	0	0	0		
	d)Talcher	0	0	0	0	0	0	0		
	e)Bongaigoan	589.50	0.39	108.04	108.43	0.13	36.01	36.14	144.57	
3	**NHPC**	**40.28**								
	a)Loktak HEP	40.28	0.00	0.00	0.00	0.00	0.00	0.00	**1.94***	**2.03**
4	**NEEPCO**	**723.70**			**172.05**			**57.37**	**229.42**	**240.90**
	a) KopiliStage-I	82.23	0.00	0.07	0.07	0.00	0.02	0.02	0.09	
	b) KopiliStage-II	8.48	0.06	0.11	0.17	0.02	0.04	0.06	0.23	
	c) KhandongHEP	17.53	2.36	2.63	4.99	0.79	0.88	1.67	6.66	
	d) Rangandai HEP	131.25	13.59	14.64	28.23	4.53	4.88	9.41	37.64	
	e) DoyangHEP	23.65	2.61	5.03	7.64	0.87	1.68	2.55	10.19	
	f) AGBPP	187.65	23.27	29.27	52.54	7.76	9.76	17.52	70.06	
	g) AGTPPC-Cycle	119	17.31	13.96	31.27	5.77	4.65	10.42	41.69	
	h) Pare	42.92	25.43	0.03	25.46	8.48	0.01	8.49	33.95	
	i) Kameng	45.99	21.65	0.03	21.68	7.22	0.01	7.23	28.91	
	Free Power	65.00								
5	**OTPC**	**436.79**								
	a) Pallatana	436.79	57.89	44.00	101.89	19.30	14.66	33.96	**135.85**	**142.64**
6	Solar Sources	**39.42**							**13.80***	**14.49**
	Sub Total (A)	**3123.18**	**221.19**	**279.78**	**500.97**	**73.72**	**93.26**	**166.98**	**697.59**	**823.88**

**** Breakup of variable and fixed cost is not available. (Unit rate for Ganol HEP considered at Rs.2.10 Ps per unit on the weighted average cost for MePGCL Energy)***

MePDCL has submitted actual short term bilateral purchase under DSM (Inter), DSM (Intra), POSOCO and Swapping transactions for the period up to December 2021 as detailed below. Commission estimated for full year cost for FY 2021-22 and considered 5% escalation over FY 2021-22, and the power purchase cost is considered for ARR of FY 2022-23 as detailed below.

Sl. No	Source	Energy received (MU)	April 2021 to December 2021 (Actual)			January 2022 to March 2022 (Estimated)			Estimate for FY 2021-22	Estimate for FY 2022-23 with 5% Escalation
			Total Variable Cost	Total Fixed Cost	Total Cost	Total Variable Cost	Total Fixed Cost	Total Cost		
Part-B										
1	DSM Inter State	0.00			5.28			1.76	7.04	7.39
2	DSM Intra State				-1.21			-0.40	-1.61	-1.69
3	POSOCO				0.87			0.29	1.16	1.22
4	Kreate Energy PVT Ltd (Swapping)				0.29			0.10	0.39	0.41
5	APPCL (Swapping)				0.89			0.30	1.19	1.25
6	APPCL (Purchase)				15.00			5.00	20.00	21.00
7	APPCL (IEX)				2.00			0.66	2.66	2.79
8	GMRETL (Swapping)				0.05			0.02	0.07	0.07
	Sub Total (B)	**0.00**			**23.17**			**7.73**	**30.90**	**32.44**
Part-C										
1	**PGCIL Charges**									**68.38**
2	**MePTCL ARR**									**73.49**
	Sub Total (C)	**0.00**								**141.87**
	Grand Total (A+B+C)	**3123.18**								**998.19**
	Weighted Average per Unit cost (998.19/3123.18)									**Rs.3.20 Ps/Kwh**

Commission approves Power purchase cost at Rs.998.19 Crore for Energy available at 3123.18 MU for ARR of FY 2022-23.

5.12. Transmission Charges

Petitioner's Submission

MePDCL is required to pay the inter-state transmission charges to PGCIL and the intra-state transmission charges to MePTCL. The charges of the former are determined by CERC and that of the latter is determined by MSERC.

The inter-state transmission charges payable to PGCIL has been projected based on the existing actual per unit rates (average of FY 2018-19 and FY 2019-20 rates) escalated by 5 % on an annual basis and quantum of power to be purchased from the Central Generating Stations (CGS) as per the approved Business Plan petition .

The intra and inter-state transmission charges projected for 3rd control period is as shown in the following table below:

Table 5.10 : Transmission Charges Projected for the Control Period

(Rs. Crore)

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
Transmission Charges (PGCIL)	59.65	81.92	59.82	62.81	68.38	71.80
Transmission Charges (MePTCL)	66.84	98.64	52.45	156.43	195.91	209.62

Commission's Analysis

The Commission has considered the transmission charges at Rs.73.49 Crore after taking into consideration the True up gap/surplus for FY 2018-19 and FY 2019-20 for determination of MePTCL ARR of FY 2022-23.

Commission considers the PGCIL charges as approved in MYT Order dated 25.03.2021 at Rs.68.38 Crore.

The intra-state transmission charges payable to MePTCL and the inter-state transmission charges payable to PGCIL are approved as detailed in the table below:

Table 5.11 : Transmission Charges approved for FY 2022-23

(Rs. Crore)

Sl. No	Particulars	FY 2022-23
1	MePTCL	73.49
2	PGCIL	68.38
	Total	**141.87**

Commission considers the transmission charges at Rs.141.87 Crore, for ARR of FY 2022-23.

- **Quantum of Renewable Energy Purchase Obligation (RPO)**

  As per amended RPO Regulation notified on 15th April 2021 clause 5.2 of Regulation 5; Every obligated entity shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of its total consumption as an obligated entity during a year shown as under:

YEAR	Minimum quantum of purchase (%)from renewable energy sources (kWh)		
	SOLAR	NON-SOLAR	TOTAL
2018-19	*0.75*	*3.25*	*4.00*
2019-20	*1.00*	*4.00*	*5.00*
2020-21	*1.25*	*4.75*	*6.00*
2021-22	*1.50*	*5.00*	*6.50*
2022-23	*1.75*	*5.25*	*7.00*
2023-24	*2.00*	*5.50*	*7.50*

Licensee has projected purchase of solar energy at 39.42 MU during 3rd MYT control period.

Commission considers that the licensee has projected drawl of RE power from small Hydro Electric Projects of MePGCL and NEEPCO with an installed capacity of up to 25MW to an extent of 109.16 MU during FY 2022-23 which is sufficient to meet the RPO requirement as detailed below.

Approved Sales for FY 2022-23 is 1547.38 MU and requirement to procure from Renewable energy sources amounts to 108.32 MU.

Details of Purchase of Energy from Renewable sources during FY 2022-23

Umiam Stage II (20 MW)	45.45 MU
Sonapani (1.5 MW)	4.94 MU
Lakroh (1.5 MW)	10.87 MU
KOPILI-EXT (25 MW)	8.48 MU
Solar	39.42 MU
Total Purchase	**109.16 MU**

Thus the RPO has been complied with by the Licensee for FY 2022-23.

5.13. Energy Balance

Petitioner's Submission

The Petitioner has submitted revised Energy Balance for MYT Control period i.e., from FY 2021-22 to FY 2023-24 on 12th February 2021 as detailed in the table below.

Table 5.12 : Projected Revised Energy Balance for the Control Period

(MU)

Sl No	Particulars	Calculation	FY 2021-22	FY 2022-23	FY 2023-24
1	Energy purchase from Eastern Region (ER)	A	0	0	0
2	Inter-State Transmission Loss in ER	B	1.80%	1.80%	1.80%
3	Net Power purchased from ER	C=A(1-B%)	0	0	0
4	Power purchase from North Eastern Region (NER)	D	1829.69	1829.69	1829.69
5	Inter-State Transmission Loss in NER	E	3%	3%	3%
6	Net Power available at state bus from external sources on long term	F=(C+D)*(1-E%)	1774.8	1774.8	1774.8
7	Power purchase from generating stations within the state	G	1227.29	1156.16	1156.16
8	Power purchase from other sources	H	0	0	0
9	**Total energy available**	I=F+G+H	3002.09	2930.96	2930.96
10	Intra state transmission loss at 4%	J=I*4%	120.08	117.24	117.24
11	**Total availability at MePDCL periphery**	K=I-J	2882.01	2813.72	2813.72
12	Power to be sold to consumers within the state (including ASEB)	L	1470.79	1547.38	1627.37
13	Distribution Loss (%)	M	12%	12%	12%
14	Net Power requirement at MePDCL periphery for sale of power within the state	N=L/(1-M%)	1671.35	1758.39	1849.28
15	**Surplus of power (for sale outside state)**	O=K-N	1210.66	1055.33	964.44

Commission's Analysis

The Commission has approved the energy balance based on the approved energy sales, T&D losses as approved in the Business Plan, and energy availability from various sources including NTPC Bongaigaon in order to facilitate, the licensee shall not resort to any load shedding during the MYT Control period FY 2021-22 to FY 2023-24.

The Energy drawl from state owned MePGCL projects is considered at 1293.49 MU including Energy from Ganol HEP for 66.20 MU for ARR of FY 2022-23.

The Energy from NHPC Loktak and solar sources is considered as projected at 40.28 MU and 39.42 MU respectively for ARR of FY 2022-23.

The total power availability from all the sources of NER and NEEPCO projected at 1829.69 MU is approved for ARR of FY 2022-23 as depicted in the table below.

Table 5.13 : Energy Balance approved for FY 2022-23

(MU)

Sl No	Particulars	Calculation	2022-23
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 North Eastern Region (NER)	D	1829.69
5	Inter-State Transmission Loss in NER	E	3%
6	Net Power available at state bus from external sources on long term	F=(C+D)*(1-E%)	1774.80
7	Power purchase from generating stations within the state	G	1293.49
8	Power purchase from other sources	H	0
9	**Total energy available**	I=F+G+H	3068.29
10	Intra state transmission loss at 4%	J=I*4%	122.73
11	**Total availability at MePDCL periphery**	K=I-J	2945.56
12	Power to be sold to consumers within the state (including ASEB)	L	1547.38
13	Distribution Loss (%)	M	12%
14	Net Power requirement at MePDCL periphery for sale of power within the state	N=L/(1-M%)	1758.39
15	**Surplus of power**	O=K-N	1187.17
16	**Grossed up at 4%**	P=O/TR Loss (4%)	**1236.63**

Commission approves Revised Energy Balance for FY 2022-23.

The licensee shall ensure sale of surplus energy for not less than the weighted average purchase cost. The ARR shall be adjusted after deducting the cost of surplus energy for 1236.63 MU for FY 2022-23.

5.14. Revenue from Sale of Surplus Energy

Petitioner's Submission

The Commission has approved the revenue from sale of surplus power in the MYT Order dated 25.03.2021 as indicated below :

Particulars	FY 2022-23
Surplus Energy Crossed Up (MU)	1100.48
Unit rate (=average cost of power purchase) (Rs/Unit)	3.68
Revenue from Sale of Surplus power (Rs. Cr)	404.98

Based on the revised Power purchase cost above, the Revenue from Sale of Surplus power is

Table 5.14 : Revised Revenue from Sale of Surplus power projected for FY 2022-23

Particulars	FY 2022-23
Surplus Energy Grossed Up (MU)	1100.48
Unit rate (average cost of power purchase)(Rs/Unit)	4.19
Revenue from Sale of Surplus power (Rs. Cr)	461.10

MePDCL requests the Commission to allow Rs. 461.10 Cr as the Revenue from sale of surplus power for FY 2022-23.

Commission's Analysis:

Commission had approved Revenue from sale of surplus Energy at Rs.404.98 Crore for the surplus Energy assessed at 1100.48 MU @ Rs.3.68 Ps/Kwh for FY 2022-23 considering the energy drawl from NTPC Bongaigaon plant in the MYT Order dated 25.03.2021.

Commission now approves revised Energy balance and surplus energy assessed at 1236.63 MU priced at weighted average unit rate of Rs.3.20 Ps/Kwh and assessed Revenue at Rs.395.72 Crore for FY 2022-23 as stated in the table below.

Table 5.15 : Approved Revenue from Sale of Surplus Power for FY 2022-23

Particulars	FY 2022-23
Surplus Energy Grossed Up **(MU)**	1236.63
Revenue from sale of surplus power @ Rs.3.20 Ps/Kwh **(Rs.Cr)**	395.72

Commission considers Revenue from sale of surplus power at Rs.395.72 Crore for FY 2022-23.

5.15. O&M Expenses

5.15.1 Employee Expenses

Petitioner' submission

The approved Employee Expenses by the Commission is reproduced below.

Table 5.16 : Approved Net Employee Expenses for the control period

(Rs.Cr)

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Estimated)	FY 2022-23 (Estimated)	FY 2023-24 (Estimated)
MePDCL Employee Costs	97.20	111.22	134.19	144.79	155.91	167.55
Employee Expenses of MeECL Apportioned (1/3rdofTable9)	5.07	5.45	5.85	6.09	6.36	6.64
Net Total	**102.27**	**116.67**	**140.04**	**150.88**	**162.27**	**174.19**

Commission considered Employee expenses at Rs.150.88 Crore, Rs.162.27 Crore and Rs.174.19 Crore for 3rd MYT Control period FY 2021-22, FY 2022-23 and FY 2023-24 respectively.

MePDCL has projected apportionment of holding expenses of MeECL in the table no.8 of the petition for employee expenses at Rs.48.60 Crore for FY 2019-20.

Commission had notified that any transaction related to the employee benefits made under provisions schedule (note) shall not be considered for determination of Tariff. It is further informed that commission had notified in the Tariff Order for FY 2011-12 and FY 2012-13 that as per the Govt. of Meghalaya notification in connection with the reforms and reorganisation of MeSEB, directed the MeECL to get completed the exercise of actuary and start funding the pension trust so that the liabilities towards pension etc., shall be discharged from the **Trust fund** and not from the Tariffs.

MePDCL requests the Commission to allow Rs. 182.86 Cr as Employee Expense for FY 2022-23 as depicted in the table below.

Proposed Net Employee Expense of MePDCL for FY 2022-23

(Rs.Crore)

Particulars	FY 2022- 23 (Estimated)
MePDCL Employee Costs	155.91
Employee Expenses of MeECL Apportioned(1/3rd)	6.36
Net Total	**162.27**
Add Appotionment of MeECL	
(a) Salaries and wages	20.47
(b) Staff welfare expenses, insurance etc.	0.01
(c) Contribution toCPS(Corporation Contribution)	0.11
Sub Total	**20.59**
Total	**182.86**

Commission's Analysis

Regulation 94 of MSERC MYT Regulations 2014 specifies –

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.*

MePDCL has filed True up petitions for FY 2018-19 and FY 2019-20 wherein a claim of Rs.45.47 Crore and Rs.48.60 Crore respectively was included as apportionment of employee benefit expenses from holding company.

The licensee was asked to submit break up of apportionment of holding company expenses with the liability of serving employees and retired employees vide commission's letter dated 10.12.2021

The MePDCL has submitted the above information/data vide their letter dated 07.01.2022 (vide Annexure B-I) which includes the apportionment of holding company employee expenses for FY 2022-23.

Commission had held discussions in connection with the True up petitions submitted by the power utilities. The following are the observations of the discussions.

"The Meghalaya Power Sector Reforms and 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 basic principle of any trust fund is that it will have multiple sources of funding, such as a percentage which will come from the salary of the employee, the employer/holding company will contribute a matching share and the contribution from Government will come in as gap funding. Keeping this principle in view, the holding company, MeECL should have initiated progressive funding of the pension ***Trust Fund****, without waiting for the Government contribution.*

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. MeECL must initiate operationalizing of the Pension ***Trust Fund*** *and progressive funding of the pension* ***Trust Fund*** *must be done without further delay. The state commission on its part and in keeping with existing regulatory provisions will be willing to allow not the entire amount but some part of the claimed amount in the true up petition to be included in the ARR. This will be strictly subject to immediate action on progressive funding of the Pension* ***Trust Fund.****"*

MePDCL has submitted vide their letter dated 07.01.2022, the breakup figures of serving employees and retired employees for apportionment of employee benefit expenses from MeECL, the holding company, as detailed below.

Apportion able Employee Expenses from Holding Company

Sl No	Particulars	Amount claimed (Rs. Cr.)		
		FY 2018-19 (true up)	FY 2019-20 (true up)	For ARR of FY 2022-23
1	Monthly pension, Terminal Benefits paid / payable of Retired Employees	33.52	34.46	50.19
2	Monthly salary of serving employees and Contribution to PF and welfare exp	11.95	14.14	20.59

Commission considers that the pension and terminal benefits included in the apportionment of employee benefit expenses from Holding company claimed for True up of FY 2018-19, FY 2019-20 for Rs.33.52 Crore, Rs.34.46 Crore and for ARR of

FY 2022-23 respectively shall be met from the **Trust funds** as notified by the Govt. of Meghalaya in the reforms notification transfer scheme 2010.

MeECL shall henceforth initiate action to functionalise pension Trust with the available funds in the account and ensure progressive funding into the Trust account, in order to discharge the liability of retired personnel from time to time.

The monthly salaries and welfare expenses of serving employees as claimed above at Rs.11.95 Crore, Rs.14.14 Crore and Rs.20.59 Crore for ARR of FY 2022-23 shall however be apportioned for True up of FY 2018-19 and FY 2019-20 and for ARR of FY 2022-23.

The apportion able employee expenses from Holding company for FY 2022-23 at Rs.20.59 Crore has been apportioned to employee expenses of MePDCL for ARR of FY 2022-23.

Thus summing up of the Employee expenses and apportionment of employee benefit expenses from Holding Company shall be considered for ARR as given in the table below.

Table 5.17 : Approved Employee Expenses for FY 2022-23

(Rs.Cr)

Particulars	MePDCL	1/3rd MeECL	Total
Employee Expenses incl. contribution to provident and other funds approved in MYT order dated 25.03.2021.	155.91	6.36	**162.27**
Apportionment of Employee benefit expenses from Holding Company of Serving Employees	-	20.59	**20.59**
Total	**155.91**	**26.95**	**182.86**

Commission considers Employee expenses at Rs.182.86 Crore for ARR of FY 2022-23.

5.15.2 Repairs and Maintenance Expenses

The R&M Expenses for ARR of FY 2022-23 shall be considered as approved in the MYT Order dated 25.03.2021 at Rs.6.46 Crore including MeECL R&M expenses.

5.15.3 Adm & General Expenses

The A&G Expenses for ARR of FY 2022-23 shall be considered as approved in the MYT Order dated 25.03.2021 at Rs.12.63 Crore including MeECL Adm & General expenses.

Total O&M Expenses

Table 5.18 : Approved O&M expenses for FY 2022-23

(Rs. Cr)

S.No	Particulars	FY 2022-23
1	Employee Expenses Incl. 1/3rd MeECL cost	182.86
2	Repairs and Maintenance Expenses	6.46
3	Adm & General Expenses	12.63
4	**Total**	**201.95**

Commission approves O&M expenses at Rs.201.95 Crore, for ARR of FY 2022-23.

5.16. Interest on Working Capital

Commission considers the Interest on working capital as per Regulation 34 of MSERC MYT Regulations 2014 for ARR of FY 2022-23.

Table 5.19 : Approved Interest on working capital for FY 2022-23

(Rs.Cr)

S.No	Particulars	FY 2022-23
1	O&M expenses for 1 month (175.00/12)	14.58
2	Maintenance Spares @1% on GFA escalated at 6% (1596.52*1%*6%)	16.92
3	Receivables for 2 Months at prevailing Tariff rates (979.99*2/12)	163.33
4	Total (Rs. Crore)	194.83
5	Interest Rate (%)	12.20%
	Interest on Working Capital	**23.77**

Commission considers interest on working capital at Rs.23.77 Crore for ARR of FY 2022-23.

5.17. Annual Revenue Requirement for FY 2022-23

Petitioner' submission

Based on the above submissions, the proposed revised ARR for FY 2022-23 is given below:

Table 5.20 : ARR projected for FY 2022-23

S.No	Particulars	Rs Cr
1	Power Purchase cost	1250.92
2	Transmission Charges (PGCIL)	63.38
3	Transmission Charges (MePTCL)	55.06
4	Employee Expenses	182.86
5	Repair & Maintenance Expenses	6.46
6	Administration & General Expenses	12.63
7	Depreciation	0.00
8	Interest and Finance charges	10.14
9	Interest on working capital	22.49
10	Return on Equity	0.00
11	Bad & Doubtful Debt	0.00
	Gross Annual Revenue Requirement (ARR)	**1608.94**
12	**Less:** Non-Tariff Income and Other Income	104.71
13	**Less:** Sale of Surplus Power	461.10
	Net ARR	**1043.13**

Total Gap to be recovered through Tariff in FY 2022-23 and Carrying Cost

It may be noted that the approved ARR as well as the gaps of previous year due to true up and review petition on true up order is to be cumulatively recovered through the tariff of FY 2022-23. The Licensee had filed the petition for truing up for FY 2018-19 and FY 2019-20 for MePDCL.

Table 5.21 : Gaps to be passed on in Tariff of FY 2022-23

Sl No	Particulars	Amount (in Rs Cr)
1	Gap from True up of FY 2018-19 of MePDCL	435.84
2	Gap from True up of FY 2019-20 of MePDCL	611.88
3	**Total Gap (1+2)**	**1047.72**

The petition for truing up for FY 2018-19 and FY 2019-20 by both MePGCL and MePTCL may be/have been filed with the Commission. MePDCL requests the Commission to also include the Gap/surplus from the other subsidiaries namely MePTCL and MePGCL as and when the Commission passes the order(s).

Over and above the gap/surplus that may arise due to the truing up of business of MePDCL, MePTCL and MePGCL, MePDCL also requests the Commission to allow appropriate carrying cost due to late recovery of cost.

Net ARR for FY 2022-23

Based on the above submission sin Section 2.1 and 2.2 for approved ARR and gaps of past years, the net Revenue Requirement for FY 2022-23 would be as shown below:

Table 5.22 : Total Revenue for FY 2022-23

Sl No	Particulars	Amount (In Rs Cr)
1	Approved ARR of FY 2022-23	1043.13
2	Gap from True up of FY 2018-19 of MePDCL	435.84
3	Gap from True up of FY 2019-20 of MePDCL	611.88
	Total Revenue Requirement for FY 2022-23	**2090.85**

*** Before the issue of next tariff order, any further orders from Commission on the above gaps of past years for subsidiaries of MeECL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2022-23.**

Commission's Analysis

Commission has considered revised power purchase cost at Rs. 998.19 Crore for FY 2022-23 taking into account the source wise actual power purchase expenditure up to December 2021 filed on 01.02.2022 for FY 2021-22 and estimates computed for full year of FY 2021-22 including the short term and bilateral purchase cost projected by the licensee and escalated at 5% over the actual of FY 2021-22 for ARR of FY 2022-23.

Commission after detailed analysis of the MePDCL petition, taking into consideration of the additional information/data submitted on 07.01.2022 and 01.02.2022, the minutes of the public hearing and the minutes of the state advisory committee, has approved the Aggregate Revenue Requirement for FY 2022-23 as per the MSERC MYT Regulations 2014 as depicted in the table below.

Table 5.23 : Approved Aggregate Revenue Requirement for FY 2022-23

(Rs.Crore)

S.No	Particulars	Filed by MePDCL	Approved
1	Power Purchase cost	1250.92	856.32
2	Transmission Charges (PGCIL)	63.38	68.38
3	Transmission Charges (MePTCL)	55.06	73.49
4	Employee Expenses	182.86	182.86
5	Repair & Maintenance Expenses	6.46	6.46
6	Administration & General Expenses	12.63	12.63
7	Depreciation	0.00	0.00
8	Interest and Finance charges	10.14	10.14
9	Interest on working capital	22.49	23.77
10	Return on Equity	0.00	0.00
11	Bad & Doubtful Debt	0.00	0.00
	Gross Annual Revenue Requirement (ARR)	**1608.94**	**1234.05**
12	**Less:** Non-Tariff Income and Other Income	104.71	104.71
13	**Less:** Sale of Surplus Power	461.10	395.72
	Net ARR	**1043.13**	**733.62**
14	**Add:** True up Gap/(Surplus) for FY 2018-19	435.84	(15.88)
15	**Add:** True up Gap for FY 2019-20	611.88	179.43
	ARR for FY 2022-23	**2090.85**	**897.17**

Commission considers ARR for FY 2022-23 at Rs. 897.17 Crore.

Commission has approved True up of the business of MePDCL for FY 2018-19 and FY 2019-20 and the resultant Revenue gap/(surplus) appropriated in the ARR of MePDCL for determination of Tariff for FY 2022-23 as depicted below.

Particulars	Amount in Rs Cr
Net ARR	**733.62**
Add: True up Gap/(Surplus) for FY 2018-19	(15.88)
Add: True up Gap/(Surplus) for FY 2019-20	179.43
Aggregate Revenue Requirement in FY 2022-23	**897.17**

The True up gap/surplus approved for the FY 2018-19 and FY 2019-20 against the petitions filed by the MePGCL and MePTCL has been appropriated in the respective ARR's for FY 2022-23.

The claim of the carrying cost due to the delay in True up shall not be considered, since the petitioner MePDCL have filed true up petitions along with audited accounts belatedly.

5.18. Approved Connected Load and Energy sales

Petitioner' submission

The energy sales and connected load for FY 2022-23 have been taken in MYT for FY 2021-22 to FY 2023-24 approved by the Commission in its order dated 25.03.2021. The same has been used to compute revenue estimates for FY 2022-23 in the subsequent sections.

Table 5.24 : Energy Sales and Connected load approved for FY 2022-23

Sl. No	Consumer category	Connected load (MVA)	Energy Consumption (MU)
A	**LT CATEGORY**		
1	Domestic (DLT)	507.00	404.70
2	Commercial (CLT)	83.00	77.28
3	Industrial (ILT)	11.00	6.21
4	Agriculture (Ape)	0.00	0.78
5	Public Lighting (PL)	0.00	0.12
6	Water Supply (WSLT)	7.00	12.76
7	General Purpose (GP)	19.00	17.52
8	Kutir Jyoti (KJT)	89.93	86.55
9	Crematorium (CRM)	0.16	0.22
	Sub Total	**717.09**	**606.14**
B	**HT CATEGORY**		
1	Domestic HT	20.00	25.15
2	Water Supply (WSHT)	10.00	33.35
3	Bulk Supply (BS)	46.00	103.64
4	Commercial (CHT)	33.00	27.87
5	Industrial (IHT)	131.00	150.58
6	Ferro Alloy	11.00	36.28
7	Special Tariff	53.20	98.57
	Sub Total	**304.20**	**475.44**
C	**EHT CATEGORY**		
1	Industrial	10.70	53.41
2	Ferro Alloy	56.00	347.54
3	Special Tariff	35.00	64.85
	Sub Total	**101.70**	**465.80**
D	**Grand Total**	**1122.99**	**1547.38**

Commission's Analysis

The petitioner has projected connected load 1122.99 MVA and Energy sales at 1547.38 MU as approved in the Business plan for FY 2022-23 are considered for ARR of FY 2022-23.

5.19. Tariff Proposal & Revenue Recovery from Tariff

Petitioner' submission

The methodology used here is in line with the methodology used in petition for revision of tariff for FY 2021-22 for estimating the revenue recovery at approved and proposed tariff. The methodology is explained in the subsequent sections.

Slab Wise Consumption for Consumer Categories: MSERC

Table 5.81 of the Discom order for ARR FY 2021-22 and the detailed slab wise calculation of revenue of the same Tariff order for Domestic LT and Commercial LT are used to arrive at the revenue from existing tariffs.

Commission's Analysis

The methodology used by the petitioner for assessment of Revenue at existing Tariffs is considered as adopted by MePDCL.

5.20. Revenue for FY 2022-23 at Existing Tariff

Based on the above slab wise estimates, Licensee is estimating the revenue for FY 2022-23 at existing tariff as per Commission's approach.

Table 5.25 : Revenue assessed for FY 2022-23 from Energy Charges for Domestic LT at existing tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2021-22 (Rs/Unit)	Revenue from Energy Charge FY 2022-23 at existing Tariff
First 100 Units	20.00%	80.94	4.00	32.38
Next 100 Units	13.30%	53.83	4.40	23.69
Above 200 Units	66.70%	269.93	6.00	161.96
Total	100.00%	404.70		218.03

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

Table 5.26 : Revenue assessed for FY 2022-23 from Energy Charges of Commercial LT at existing tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Charge FY 2021-22 (Rs/Unit)	Revenue from Energy Charge FY 2022-23 at existing Tariff (In Rs Cr)
First 100 Units	14.60%	11.28	6.30	7.11
Above 100 Units	85.40%	66.00	7.30	48.18
Total	100.00%	77.28		55.29

5.21. MoU dated 07.10.2020 for Special Tariff for Industrial consumers of BIA

MePDCL has submitted that a Notice for termination of MOU dated 7th October, 2020 for sale of power to Industrial Consumers at Special rates has been served on 26th October 2021. As discontinuance of MOU needs a minimum of 3 months notice.

MePDCL has not considered any change in sale of energy etc. The existing sale of energy as approved in MYT order dated 25.03.2021 is being followed.

The Revenue assessed for FY 2022-23 at existing tariffs is filed in the following statement.

Table 5.27 : Revenue at Existing Tariff for FY 2022-23 (Projected)

Sl.	Category	Load (MVA)	Tariff Fixed Charges (Rs/KW/Month)	Fixed Charges Revenue (In RsCr)	Energy Tariff (Rs/KWh)	MUs Approved	Avg Tariff	Revenue from Energy Charge (In RsCr)	Total Revenue
		1	2	3=1*2	4	5	6	7=4*5	8=(7+3)or6*5
	LT Category								
1	Domestic	507.00	60	32.85		404.70		218.03	250.88
2	Commercial	83.00	120	10.76		77.28		55.29	66.05
3	Agriculture	0.00	110	0	3.00	0.78		0.23	0.23
4	Public Lighting	0.00	120	0	6.50	0.12		0.08	0.08
5	Water supply	7.00	120	0.91	6.80	12.76		8.68	9.59
6	General Purpose	19.00	120	2.46	7.10	17.52		12.44	14.9
7	Kutir jyoti	89.93			3.65	86.55	4.13	35.72	35.72
			Rs/Con/Month						
9	Crematorium	0.16	7000	0.01	4.1	0.22		0.09	0.1
			Rs./kVA/month		**Rs./kVAh**				
10	Industrial LT	11.00	120	1.58	6.20	6.21		3.85	5.43
	HT Category								
1	Domestic(HT)	20.00	230	5.52	6.50	25.15		16.35	21.87
2	Public water supply	10.00	230	2.76	6.70	33.35		22.34	25.1
3	General Purpose/BS	46.00	230	12.7	6.50	103.64		67.37	80.07
4	Commercial(HT)	33.00	230	9.11	6.90	27.87		19.23	28.34
5	Industrial(HT)								
	(a)All industrial	131.00	230	36.16	6.80	150.58		102.39	138.55
	(b)Special Tariff	53.20		0	4.90	98.57		48.3	48.3
6	Ferro Alloy***	11.00	200	2.64	4.50	36.28		16.33	18.97
	EHT Category								
1	Industrial(EHT)								
	(a) All industrial	10.70	230	2.95	6.50	53.41		34.72	37.67
	(b) Special Tariff	35.00			4.90	64.85		31.78	31.78
2	Ferro Alloy***	56.00	200	13.44	4.40	347.54		152.92	166.36
	Total	**1122.99**				**1547.38**		**846.14**	**979.99**

Table 5.28 : Revenue from Existing Tariffs for FY 2022-23

Sl. No	Category	Connected Load (MVA)	KWH/ KVA	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs. Unit)
A)	**LT Category**					
1	Domestic(DLT)	507	456300	404.7	250.88	6.20
2	Commercial (CLT)	83	74700	77.28	66.05	8.55
4	Agriculture (Ape)	0	0	0.78	0.23	2.95
5	Public Lighting (PL)	0	0	0.12	0.08	6.67
6	Water supply (WSLT)	7	6300	12.76	9.59	7.52
7	General Purpose(GP)	19	17100	17.52	14.9	8.50
8	Kutir jyoti (KJT)	89.93	80937	86.55	35.72	4.13
9	Crematorium (CRM)	0.16	144	0.22	0.1	4.55
10	Industrial LT (ILT)	11	9900	6.21	5.43	8.74
B)	**HT Category**					
1	Domestic (HT)	20	20000	25.15	21.87	8.70
2	Public water supply	10	10000	33.35	25.1	7.53
3	Bulk Supply	46	46000	103.64	80.07	7.73
4	Commercial (HT)	33	33000	27.87	28.34	10.17
5	Industrial (HT)	131	131000	150.58	138.55	9.20
	Special Tariff	53.2	53200	98.57	48.3	4.90
	Ferro Alloys	11	11000	36.28	18.97	5.23
C)	**EHT Category**					
1	Industrial	10.7	10700	53.41	37.67	7.05
2	Special Tariff	35	35000	64.85	31.78	4.90
3	Ferro Alloys	56	56000	347.54	166.36	4.79
	Total	**1122.99**	**1051281**	**1547.38**	**979.99**	**6.33**

5.22. Revenue Gap for FY 2022-23

Petitioner' submission

Based on the above submissions, the revenue gap for FY 2022-23 at existing tariff has been arrived at as follows:

Table 5.29 : Revenue Gap at existing tariff of FY 2022-23

Particulars	Amount in Rs Cr
Total Revenue Requirement in FY 2022-23	**2090.85**
Less: Projected Revenue at Existing Tariff Rates (AsperSection3.2)	979.99
Revenue Gap for FY 2022-23 at Existing Tariff	**1,110.86**

Commission's Analysis

Commission has considered ARR for FY 2022-23 at Rs. 897.17 Crore including the Revenue Gap/Surplus in the True up approved for FY 2018-19 and FY 2019-20.

Commission has assessed the Revenue at existing Tariffs at Rs.979.99 Crore for FY 2022-23.

Thus the Revenue gap at existing Tariffs shall be as depicted in the table below

Table 5.30 : Approved Revenue Gap at existing Tariff for FY 2022-23

Particulars	Amount in Rs Cr
Net ARR for FY 2022-23	**733.62**
Add: True up Gap/(Surplus) for FY 2018-19	(15.88)
Add: True up Gap/(Surplus) for FY 2019-20	179.43
Aggregate Revenue Requirement in FY 2022-23	**897.17**
Less: Revenue at Existing Tariffs	979.99
Revenue Gap/(Surplus) at Existing Tariff for FY 2022-23	**(82.82)**

Commission approves Revenue Surplus at existing Tariffs for Rs.(82.82) Crore for FY 2022-23.

5.23. Time of the Day Tariff for FY 2022-23

Petitioner' submission

Table 5.31 : Proposed Time of Day Tariff for FY 2022-23

Time Slot	Existing Energy Charges (Rs./kVah)		Proposed Energy Charges (Rs./kVah)	
	HT Industrial	EHT Industrial	HT Industrial	EHT Industrial
0600 hrs to 1700 hrs (normal)	6.80	6.50	8.85	8.45
1700-2300hrs (peak)	+20% of Normal	+20% of Normal	+20% of Normal	+20% of Normal
2300-0600hrs (night off-peak)	-15% of Normal	-15% of Normal	-15% of Normal	-15% of Normal

Commission's Analysis

Commission considers existing Time of the day Tariff for FY 2022-23.

5.24. Temporary Supply Tariff

Petitioner' submission

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

Commission's Analysis

Commission considers Temporary supply Tariff for FY 2022-23 as proposed by the petitioner.

5.25. Unmetered Public Lighting

Petitioner' submission

The licensee is requesting for an extension till 31/03/2023 for replacement of existing fittings with LEDs. The licensee also requests the Commission to allow it to bill the existing fixtures at the prevailing rates of the old lamps & LEDS till all are metered.

Commission's Analysis

The petitioner has not indicated number of existing street light fittings with LEDs and Revenue being billed.

Commission had in the tariff order FY 2016-17 issued directive no.14 that all the Street light fittings and fixtures shall be replaced with LED fittings and lamps.

MePDCL was directed to implement energy conservation plan as part of DSM in consultation with M/s EESL who were engaged for the purpose.

Commission considers that proposed tariff schedule for incandescent lamps, fluorescent lamps, Mercury vapour lamps, Sodium vapour lamps, metal halide & CFL fittings shall not be entertained and that all these fittings shall be replaced immediately with LED fittings. Accordingly Tariff schedule for public lighting has been limited to LED fittings.

The licensee shall submit the no. of existing old fixtures and Revenue being billed at prevailing rates by 30th June 2022.

However MePDCL shall bill the existing fixtures at the prevailing rates till the fittings and fixtures are replaced with LED fittings as proposed.

5.26. Tariff for Ferro Alloys Consumers

Petitioner' submission

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

Table 5.32 : Ferro Alloy Approved Tariff for 2018-19

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

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

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

MePDCL had proposed in the tariff proposal for the FY 2020-21, that if the annual load factor is less than 85% for Ferro alloy consumers in FY 2020-21, the deemed

consumption charges amounting to the short fall would be paid to the DISCOM by the Ferro Alloy Consumers in 3 instalments in the 1st Quarter of FY 2021-22. This proposal was rejected by the Commission in its order dated 25.03.2020 stating:

The proposal of the licensee for recovery of the short fall amount in 3 instalments in the 1st Quarter of FY 2021-22 was not considered, since Cash flow of the licensee would be affected.

Alternatively the licensee may suggest collection of shortfall of 85% Load factor Revenue with interest at the rate of SBI AR by obtaining consent of the Ferro Alloys industries.

Based on the commercial data, the Licensee has found out that many of the consumers have a load factor of less than 80% in the last 12 months (April 2019 – March 2020). In fact, the combined average load factor is less than 75% for FY 2019-20 for the Ferro Alloy consumer categories. This is contrary to the claim of these industries in the past, when they have stated they maintain a load factor of approx. 85%. The lower than expected load factor maintained by these industries is causing huge revenue shortfall to the already ailing Licensee leading to widening of ARR gap to higher levels.

In the view of the above submissions, to avoid the revenue burden to other category of consumers because of subsidized tariff to Ferro Alloy consumers, the licensee is proposing tariff for Ferro Alloy in HT and EHT category similar to the one proposed for industries in HT and EHT category respectively.

Regarding MYT tariff, Load factor rebate, penalty, etc for Ferro alloy, the same may be taken up under separate hearing.

Subsequently, BIA had filed a petition with MSERC to have a separate CSS rates for Ferro alloy consumers. The Hon'ble Commission vide order dated 05.10.2021 has fixed the CSS rates for Ferro alloy consumers as noted below:

Approved CSS for FY 2021-22

Sr. No.	Particulars	CSS Rate (Rs/unit)
1	HT Ferro alloys	0.82
2	EHT Ferro alloys	0.43

During the course of Hearing, it was admitted by the Secretary BIA that some domestic Ferro alloy consumers intend to opt for open access.

It may be noted here, that, the main point considered by the Hon'ble Commission in granting subsidized rates to the Ferro alloy Consumers was to attract consumers to come within the purview of the Discom, and to provide stimulus for higher consumption which would reduce the sale of surplus power.

Further, the lower than expected load factor maintained by these industries is causing huge revenue shortfall. This has created a revenue burden to other category of consumers because of subsidized tariff to Ferro Alloy consumers.

MePDCL, therefore, proposes that the tariff for Ferro alloy industries be merged with that of other industries as applicable prior to the Tariff Order dated 10 Sept 2018. This will also lessen the revenue burden to other category of consumers due to low Load Factor.

Commission's Analysis

Commission had notified separate tariff category for Ferro Alloys industries vide order dated 10.09.2018, It is specified there in that:

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

The licensee has submitted that Ferro Alloys consumers load factor is less than 75% for FY 2019-20. Based on the commercial data, the Licensee has found out that many of the consumers have a load factor of less than 80% in the last 12 months (April 2019 –March 2020). In fact, the combined average load factor is less than 75% for FY 2019-20. The lower than expected load factor maintained by these industries is causing huge revenue shortfall to the already ailing Licensee leading to widening of ARR gap to higher levels.

MePDCL in their letter no. MePDCL/SE (RA)/FY 2022-23/2022/13 dated 07.01.2022 submitted vide Annexure-A as to the revenue loss for Ferro Alloys industries is as shown below.

The revenue Loss for Ferro alloy category is as shown below:

Revenue at existing Tariff (Amt in Cr)

Particulars	As Ferro alloy	As per industrial	Loss of revenue
1	2	3	4 = 3 - 2
HT Category	18.97	27.71	8.74
EHT Category	166.36	243.37	77.01
	185.33	271.08	85.75

In view of the above submissions, to avoid the revenue burden to other category of consumers because of subsidized tariff to Ferro Alloy consumers, the licensee is proposing tariff for Ferro Alloy in HT and EHT category similar to the one proposed for industries in HT and EHT category respectively.

The licensee was asked to file a factual note in comparison of Ferro Alloys consumers and BIA industrial consumers for appropriate decision vide Tariff order dated 25.03.2021.

In both the references, the licensee has not responded to the commission's notification to file the factual note and suggested realization of 85% load factor Revenue.

Instead of filing the factual note, the licensee has proposed for merger of the Ferro Alloys industries into the other HT and EHT category.

The proposal of the licensee for merger of Ferro Alloys industries into other HT and EHT industries shall not be considered on the ground that, no substantial justification is placed before the Commission, except for the statement that the Ferro Alloys failed to maintained 85% Load Factor, for which during the Public hearing proceedings held on 15th March 2022, the issue was again raised by MePDCL, which was duly replied by BIA that for practical purpose it is not possible to maintain load factor of 85% due to compulsory load reduction in the Ferro Alloys furnaces up to 12 times in a day during a 24 hour period for the purpose of draining out molten metal.

The commission after minute consideration is of the view that since MePDCL has proposed no change in the existing special tariff for BIA Members at 68% Load Factor, the Ferro Alloys category's Load Factor is hereby fixed at a minimum of 78% due to its power-intensive nature industry. Failure to maintain the load factor of

78%, for reasons other than force majeure and/or grid failure or major break down at consumer end, penal charges of INR *Rs.1.70 per KVAH and INR *Rs.1.50 Per KVAH will be applicable on the 33 Kv level IHT Consumer and 132 Kv level EHT Consumer respectively, for non-drawl of units up to the load factor of 78% to be calculated on Monthly billing cycle period.

The Commission also hereby ordered that ABT/Smart meter are to be installed at injection point as well as at the Ferro Alloy Consumer end at HT and EHT Level within 3 month commencing from 1st April 2022, to continue to avail open access power in case of load shedding and to monitor load factor based Ferro Alloys tariff. ABT/Smart meter is made compulsory from 1st July 2022 on-ward.

Load Factor Rebate

Regarding MYT Tariff, load factor rebate, etc., for Ferro Alloys consumers, the petitioner may file the matter in separate hearing after submission of the required factual note.

5.27. Special Tariff for HT and EHT Consumers

Petitioner' submission

MePDCL has submitted vide para 3.2 and 3.5 of the petition that a notice of termination of MoU dated 07.10.2020 was served on BIA industrial consumers covered under MoU on 26.10.2021, it is stated that as discontinuance of MoU dated 07.10.2020 needs a minimum of 3 months notice. It is also stated that MePDCL has not considered any change in sale of energy etc., The approved sales in the MYT order dated 25.03.2021 is being followed.

MePDCL further stated in their letter no. MePDCL/SE (RA)/FY 2022-23/2022/13 dated 07.01.2022 (submitted vide Annexure-A) as to the revenue loss for special tariff category industries is as shown below.

Revenue at existing Tariff (Amt in Cr)

Particulars	Under special Tariff	As per normal industrial	Loss of revenue
1	2	3	4 = 3 - 2
HT Category	48.30	81.71	33.41
EHT Category	31.78	51.81	20.03
	80.08	133.52	53.44

The licensee has projected **no change** in the proposed tariff schedule vide table no.15 of the petition for FY 2022-23.

Commission's Analysis

The licensee has projected **no change** in the proposed tariffs for FY 2022-23 vide table no.15 of the petition. Commission considers **no change** as proposed by the licensee.

Installation of ABT/Smart metering

During the public hearing session the HT/EHT consumers represented by BIA were complaining 24/7, power was not made available to their industries, thereby the consumers have suffered losses in the production subjecting to losses in the business.

Therefore, the Commission hereby ordered that ABT/Smart meters are to be installed at injection point as well as at Consumer end for HT and EHT level within 3 months commencing from 1st April 2022, to continue to avail open access power in case of load shedding since it is a continuous process industry and for proper monitoring of load factor based Special tariff. ABT/Smart meter is made compulsory from 1st July 2022 onwards.

5.28. Tariff for Electric Vehicle charging Stations

MePDCL has yet to submit the status report with regard to the prospective consumers seeking electric supply for vehicle charging stations registered with the Discom.

Commission had notified the tariff applicable for Electric vehicle charging stations under LT and HT category provisionally for FY 2020-21 and authorised the licensee to continue the same for FY 2021-22 in the absence of status report.

Commission further considers the establishment of EV charging stations is at a nascent stage, the tariff rates notified for FY 2020-21 shall be made applicable provisionally for FY 2022-23.

6. Tariff Principles and design and Approved Tariffs

6.1 Background

The Commission while determining the Revenue Requirement and retail tariff for MePDCL for FY 2022-23, has been guided by the provisions of the Electricity Act, 2003, Revised National Tariff Policy, Regulations on Terms and Conditions of Tariff issued by Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by MSERC. The Act mandates that the tariff determination shall be guided by the factors which encourage competition, efficiency, economical use of resources, good performance and optimum investment. The National Tariff Policy (NTP) notified by Govt. of India provides comprehensive guidelines for determination of tariff and also in working out the revenue requirement of power utilities. The Commission has endeavoured to follow these guidelines as far as possible. The mandate of National Tariff Policy is that tariff should be within ±20% of the average cost of supply for the year. It is not possible for the Commission to lay down the road map for reduction of cross subsidy, mainly because of lack of data regarding Cost of Supply (CoS) at various voltage levels. In view of the prevailing situation, the Commission has gone on the basis of average cost of supply for working out consumer category wise cost of supply. The Commission has always stressed to the licensee that better performance in reduction in loss levels would result in substantial reduction in average cost of supply, and would be of benefit to the consumer.

6.2 Determination of Retail Supply Tariff for FY 2022-23

Petitioner's Submission

From the previous section, it is evident that in order to meet the projected revenue gap of Rs.1110.86 Crore, the existing tariff rates need to be enhanced by around 113%.

Since this would be a huge tariff shock to the consumers, MePDCL proposes that there may be a tariff hike of only 30% and the remaining amount may be treated as regulatory asset to be liquidated over the future years.

The proposed tariff rates for different category of consumers with the 30% tariff hike is given below:

Table 6.1 : Proposed Tariffs for FY 2022-23

Sl. No	Category	Existing Tariff		Proposed Tariff	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
		Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
	Low Tension				
1	Kutir Jyoti				
	Unmetered (Per Connection)	170		220	
	Metered in excess of 30 units	-	3.65		4.75
2	Domestic				
	First 100 Units	60	4.00	80	5.20
	Next 100 Units	60	4.40	80	5.70
	Above 200 Units	60	6.00	80	7.80
3	Commercial				
	First 100 Units	120	6.30	155	8.20
	Above 100 Units	120	7.30	155	9.50
		Rs./kVA/month	**Rs./kVAh**	**Rs./kVA/month**	**Rs./kVAh**
4	LT Industrial	120	6.20	155	8.05
		Rs./KW/Month	**Rs./kWh**	**Rs./KW/Month**	**Rs./kWh**
5	Public Lighting(Metered)	120	6.50	155	8.45
6	Public Water Supply	120	6.80	155	8.85
7	General Purpose	120	7.10	155	9.25
8	Agriculture	110	3.00	145	3.90
9	Crematorium	7000	4.10	9100	5.35
10	Electric Vehicle Charging Station	120	9.70	155	9.70
	High Tension	**Rs./kVA/month**	**Rs./kVAh**	**Rs./kVA/month**	**Rs./kVAh**
11	Domestic	230	6.50	300	8.45
12	General Purpose/Bulk Supply	230	6.50	300	8.45
13	Commercial	230	6.90	300	8.95
14	**Industrial**				
a)	All Industries	230	6.80	300	8.85
b)	Special Tariff	-	4.90	-	No Change
15	Ferro Alloy	200	4.50	Merged with (a) All industrial	
16	Public Water Supply	230	6.70	300	8.70
17	Electric Vehicle Charging Station	230	9.90	300	9.90
	Extra High Tension	**Rs./kVA/month**	**Rs./kVAh**	**Rs./kVA/month**	**Rs./kVAh**
19	**Industrial**				
a)	All Industries	230	6.50	300	8.45
b)	Special Tariff	-	4.90	-	No change
20	Ferro Alloy	200	4.40	Merged with (a) All industrial	

Commission's Analysis

Regulation 101 of MSERC Regulations 2014 specifies that

For the tariff year, the difference between the net Annual Revenue Requirement and the expected Revenue at the prevailing tariff shall be the 'Revenue Gap'.

The revenue gap shall be bridged by measures such as improvements in internal efficiency, utilization of reserves, tariff changes etc. as may be approved by the Commission.

The licensee has not projected connected load for irrigation and agriculture category for FY 2022-23, whereas it was 0.28 MVA approved in the Revenue assessment vide table no.5.92 of FY 2021-22 , thus the fixed charges for this category is not factored for assessment of Revenue for FY 2022-23.

The mandate of National Tariff Policy is that tariff should be within ± 20% of the average cost of supply for the year.

The Annual Revenue Requirement for FY 2022-23 works out to be Rs.897.17 Crore which is less than the Revenue assessed from the Existing Tariffs for Rs.979.99 Crore considering the approved connected load, energy sales and increase in the no. of consumers for FY 2022-23.

The proposed increase in the Tariffs by the licensee at 30% shall not be considerable.

Commission observed that there is huge difference in the Cross subsidy levels among the consumer categories.

Commission considers it is desirable to neutralise the cross subsidy levels to some extent among the consumer categories in terms of section 62.(3) of Electricity Act 2003 read with Regulation 103 of MSERC MYT Regulations 2014.

Commission accordingly determines to carry out marginal correction in the Energy charges of the existing Tariff rates without increase being considered in the fixed charges.

The above correction in the Energy charges provides Revenue to the Licensee at Rs.27.24 Crore which works out to increase over the FY 2021-22 at 2.78 % for FY 2022-23 .

Accordingly the Approved Tariff rates are notified in the table below.

Table 6.2 : Approved Category wise Tariffs for FY 2022-23

Sl. No	Category	Existing Tariff		Approved Tariff	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
		Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
	Low Tension				
1	Kutir Jyoti				
	Unmetered (Per Connection)	170/conn/month		170/conn/month	
	Metered in excess of 30 units		3.65		3.65
2	Domestic				
	First 100Units	60	4.00	60	4.10
	Next 100Units	60	4.40	60	4.50
	Above 200Units	60	6.00	60	6.10
3	Commercial				
	First 100Units	120	6.30	120	6.50
	Above 100Units	120	7.30	120	7.50
		Rs./kVA/month	**Rs./kVAh**	**Rs./kVA/month**	**Rs./kVAh**
4	LT Industrial	120	6.20	120	6.50
		Rs./KW/Month	**Rs./kWh**	**Rs./KW/Month**	**Rs./kWh**
5	Public Lighting(Metered)	120	6.50	120	6.80
6	LED fittings and Lamps	-	-	-	-
7	Public Water Supply	120	6.80	120	7.10
8	General Purpose	120	7.10	120	7.40
9	Agriculture	110	3.00	110	3.00
10	Crematorium	7000/conn/month	4.10	7000/conn/month	4.10
11	Electric Vehicle Charging Station	120	9.70	120	9.70
	High Tension	**Rs./kVA/month**	**Rs./kVAh**	**Rs./kVA/month**	**Rs./kVAh**
12	Domestic	230	6.50	230	6.75
13	General Purpose/Bulk Supply	230	6.50	230	6.80
14	Commercial	230	6.90	230	7.20
15	**Industrial**				
a)	Special Tariff	-	4.90	No change	No Change
b)	Other HT Industries	230	6.80	230	7.10
16	Ferro Alloy	200	4.50	200	4.70
17	Public Water Supply	230	6.70	230	7.00
18	Electric Vehicle Charging Station	230	9.90	230	9.90
	Extra High Tension	**Rs./kVA/month**	**Rs./kVAh**	**Rs./kVA/month**	**Rs./kVAh**
19	Industrial				
a)	Special Tariff	-	4.90	No change	No Change
b)	Other EHT Industries	230	6.50	230	6.80
20	Ferro Alloy	200	4.40	200	4.60

Table 6.3 : Revenue from Revised Tariffs for FY 2022-23

Sl. No	Category	No. of Consumers	Connected Load (MVA)	KWH/ KVA	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs./Unit)
A)	**LT Category**						
1	Domestic(DLT)	352336	507	456300	404.7	254.92	6.30
2	Commercial (CLT)	33254	83	74700	77.28	67.59	8.75
3	Industrial LT (ILT)	695	11	9900	6.21	5.46	8.79
4	Agriculture (Ape)	326	0	0	0.78	0.23	2.95
5	Public Lighting (PL)	62	0	0	0.12	0.08	6.67
6	Water supply (WSLT)	497	7	6300	12.76	9.97	7.81
7	General Purpose(GP)	2529	19	17100	17.52	15.43	8.81
8	Kutir jyoti (KJT)	273477	89.93	80937	86.55	37.08	4.28
9	Crematorium (CRM)	1	0.16	144	0.22	0.10	4.55
B)	**HT Category**						
1	Domestic (HT)	99	20	20000	25.15	22.50	8.95
2	water supply	27	10	10000	33.35	26.11	7.83
3	Bulk Supply	252	46	46000	103.64	83.17	8.02
4	Commercial (HT)	167	33	33000	27.87	29.17	10.47
5	Industrial (HT)	122	131	131000	150.58	143.07	9.50
	Special Tariff	10	53.2	53200	98.57	48.3	4.90
	Ferro Alloys	2	11	11000	36.28	19.69	5.43
C)	**EHT Category**						
1	Industrial	2	10.7	10700	53.41	39.27	7.35
	Special Tariff	4	35	35000	64.84	31.78	4.90
	Ferro Alloys	4	56	56000	347.54	173.31	4.99
	Grand Total	**663866**	**1122.99**	**1051281**	**1547.37**	**1007.23**	**6.51**

7. Wheeling Charges and Cross Subsidy Surcharge

7.1 Wheeling Charges

Petitioner's Submission

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

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

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

Where,

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

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

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

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

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

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

Table 7. 1 : Wheeling Charges for FY 2022-23

Particulars		Amount
Gross ARR of Distribution Business (In Rs. Cr)	A	1608.94
Power Purchase Cost Within State (In Rs. Cr)	B	1250.92
Inter and Intra State Transmission Charges (In Rs. Cr)	C	123.44
Net ARR of Wire Business (In Rs. Cr)	D=A-B-C	**234.58**
Estimated Load for FY 2022-23 (MW)	E	261.00
Wheeling Charges (Rs/MW-Day)	F=D/(E*365)	**24623.94**
Total Sale within State for FY 2021-22 (MUs)	G	1547.38
Wheeling Charges (Rs/Unit)	H=D*10/G	**1.52**

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

Commission's Analysis

The Commission has noted the submission of the Petitioner and taken a view in this Order. The Commission has determined the ARR of MePDCL for FY 2022-23 as per the Regulations and adopted as the basis for determining the wheeling charges in accordance with MSERC (Terms and conditions of open Access) Regulations, 2012.

Computation of wheeling charges shall be on the basis of approved sales at 1547.38 MU.

Table 7. 2 : Approved Wheeling charges for FY 2022-23

Particulars	(Rs. Crore)
ARR of MePDCL for FY 2022-23 excluding Non- Tariff income (1234.05-104.71)	1129.34
Less: Power Purchase cost of MePDCL	856.32
Less: Transmission Charges of MePTCL	73.49
ARR – PPC - Transmission Charges	199.53
Energy Sales (MU)	1547.38
Wheeling Charges (199.53/ 1547.38)	**1.29 Ps/KWh**

Wheeling charges per unit works out to Rs. 1.29 Ps/kWh.

Commission directs the licensee to recover the wheeling charges as per Regulations payable from open access consumers on the basis of contracted capacity/ scheduled load or actual power flow whichever is higher.

7.2 Cross Subsidy Surcharge

Petitioner's Submission

BIA had filed a petition with MSERC to have a separate CSS rates for Ferro alloy consumers. The Commission vide order dated 05.10.2021 has fixed the CSS rates for Ferro alloy consumers as below:

Table 7. 3 : Proposed Cross Subsidy Surcharge for FY 2022-23

Sr. No.	Particulars	CSS Rate (Rs./unit)
1	HT Ferro alloys	0.82
2	EHT Ferro alloys	0.43

During the course of Hearing, it was admitted by the Secretary BIA that some domestic Ferro alloy consumers intend to opt for open access.

It may be noted here, that, the main point considered by the Commission in granting subsidized rates to the Ferro alloy Consumers was to attract consumers to come within the purview of the discom, and to provide stimulus for higher consumption which would reduce the sale of surplus power. However, it is clear that BIA has taken advantage of the system by pleading to get separate category and at reduced tariffs so that they will in turn get the benefit of reduced CSS to opt for open access.

Further, the lower than expected load factor maintained by these industries is causing huge revenue shortfall. This has created a revenue burden to other category of consumers because of subsidized tariff to Ferro Alloy consumers.

MePDCL, therefore, proposes that the tariff for Ferro alloy industries be merged with that of other industries as applicable prior to the Tariff Order dated 10th Sept 2018. This will also lessen the revenue burden to other category of consumers due to low load factor.

Commission's Analysis

MePDCL has submitted that Ferro Alloys industries consumption fell below 75% load factor during the FY 2019-20. The consumption of the Ferro Alloys industries subsequently also not achieved the set level of 85% load factor. The claim of the petitioner for CSS stated to have been ordered by the commission on 05.10.2021 **shall not be applicable beyond 31.03.2022.**

The Tariff determined for Ferro Alloys industries was as a measure of industrial promotion in the state of Meghalaya and as mandated in terms of section 62 (3) of EA 2003.

The licensee shall file the status report as required vide para 5.26 of this order for further review and take appropriate decision.

The Cross subsidy surcharge shall be computed as per the Regulations and National Tariff policy notified by Ministry of Power Resolution dated 28th January 2016 as analysed below.

Surcharge Formula:

S= T – [C/ (1-L/100) + D+ R]

Where

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase

Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying Regulatory assets if any.

Above formula may not work for all distribution licensees, particularly for those having power deficit, the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee, Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

Table 7. 4 : Weighted Average Power Purchase Cost for FY 2022-23

Sl.No	Particulars	(Rs. in Crores)
1	Power Purchase Cost	856.32
2	PGCIL Cost	68.38
3	**Total (1+2)**	**924.70**
4	Power Purchase (MU)	3123.18 **(MU)**
5	**Weighted Avg. Power Purchase cost (3/4)**	**Rs.2.96/ Kwh**

Formula:

$$S = T - \left[\frac{C}{(1-\frac{L}{100})} + D + R\right]$$

Table 7. 5 : Computation of Cross Subsidy Surcharge for FY 2022-23

V = Voltage Level	T = Tariff (Rs./Kvah)	C = Average Cost of Power Incl. PGCIL Cost	L = Losses (%)	D = Wheeling Charges	R = Regulatory Assets	S = Surcharge	Limited to 20% of Tariff (Rs./KVah)
	1	2	3	4	5	6	7
HT Level	9.50	2.96	6%	1.29	0	5.06	1.90
EHT Level	7.35	2.96	4%	1.29	0	2.98	1.47

Commission considers Cross subsidy surcharge for HT consumers at Rs.1.90/Kvah and EHT consumers at Rs.1.47/Kvah for FY 2022-23.

Separate CSS for Ferro Alloys Industries:

Computation of Cross Subsidy Surcharge for Ferro Alloy Industries for FY 2022-23

V = Voltage Level	T = Tariff (Rs./Kvah)	C = Average Cost of Power Incl. PGCIL Cost	L = Losses (%)	D = Wheeling Charges	R = Regulatory Assets	S = Surcharge	Limited to 20% of Tariff (Rs./KVah)
	1	2	3	4	5	6	7
HT Level	5.43	2.96	6%	1.29	0	0.99	1.09
EHT Level	4.99	2.96	4%	1.29	0	0.62	1.00

Commission considers Cross subsidy surcharge for HT Ferro Alloys consumers at Rs.0.99/Kvah and EHT Ferro Alloys consumers at Rs.0.62/Kvah for FY 2022-23.

8. Directives

8.1 Compliance of Directives

1) True up of the business for FY 2018-19 to FY 2020-21

MePDCL shall expedite True up for FY 2020-21 which was due by September 2021.

2) Energy audit

As per the MOU entered for implementation of UDAY scheme, energy audit upto 11Kv level has been made mandatory; licensee shall ensure energy audit as contemplated in the MOU and report progress of loss levels to the Commission every month.

Reply:

Feeder and DT Meterings have been installed. However, Loss analysis has not been carried out due to shortage of Man power. With the launching of RDSS (Revamped Distribution Sector Scheme) by the Government of India, all the above meters are expected to be replaced with smart meters which will eliminate the necessity to have more man power to carry out the loss study.

Commission's Views

Licensee shall expedite action in locating the pockets of loss making network and ensure efforts to reduce the losses and reap the benefits provided in the UDAY scheme.

3) Energy conservation and DSM

MeECL submitted that in fact the Government has observed that CFL is to be phased out and consumers are encouraged to use LED bulbs for lighting purpose. It may be mentioned that the M/s Energy Efficiency Services Limited is being engaged as consultant to assist MePDCL to implement energy conservation and DMS. The Licensee shall advise the local Government to avoid use of fluorescent, Mercury, sodium vapour, CFL fittings, incandescent lamps by replacing existing street lights with LED lamps and fittings in order to ensure implementation of energy conservation and DSM. Commission had not considered the tariffs for public lighting

with CFL fittings in the Tariff Order for FY 2018-19, proposals for Tariff rates for CFL fittings in the petition for FY 2020-21 is not considered.

Commission directs the licensee to advise EESL to strengthen their publicity efforts in local media to increase the number of outlets/ agencies for sale of LED lamps and fittings to the consumers in general and authorities of public lighting.

Reply:

TERI's Contract was over on April 2021. TERI was engaged by BEE under the scheme Capacity Building for Discom. After this period, BEE has not provided any man power support.

It may be mentioned that energy conservation activities are being done by the Office of Senior Electrical Inspector being State Designated Agency. Only DSM part is being taken up by MePDCL.

Commission's Views

MePDCL shall expedite measures for energy conservation. Commission had allowed MePDCL for the billing of existing fixtures at the prevailing rates till 100% fittings and fixtures are replaced with LED fittings vide page no.108 in the Tariff Order of FY 2020-21. The licensee shall file the data of number of CFL fixtures along with the Revenue realised for FY 2020-21 and the billing may be continued till the existing fixtures are replaced with LED fittings.

4) Man power utilization study

Licensee submitted that the Manpower mapping is being done by Corporate Affairs wing of the MeECL.

Commission directs the Licensee to expedite submission of report for optimum utilisation of manpower, which would not affect efficiency while at the same time reducing costs. Report to be made available to the Commission by 30/06/2020.

Reply:

Presently there are 2898 no's employees in all under MePDCL out of which 1660 no's are regular and 1238 no's are Casual employees. Besides, there are 260 no's

employees in all under MeECL out of which 185 no's are regular and 75 no's are Casual employees. These employees of MeECL perform common duties for Distribution, Generation and Transmission like Accounts wing, Material Management, HR wing, the Office of Company Secretary, Legal cell etc.

Commission's Views

The report called for from the licensee by 30.06.2020 was not received till date. Man power mapping may be expedited.

5) Energy Accounting Under UI/Swapping

The Commission directs the Licensee that payables/receivables towards UI/Swapping are properly scrutinized so that any excess allowed in the power purchase cost, due to difference in scheduling and actual drawl, by the open access consumer is not collected twice.

Reply:

Officers dealing with the matter are on the job. Intimation will be provided in due course.

Commission's views

MePDCL has commenced commercial operations from FY 2013-14, the energy account for source wise swapping, banking details (sale and purchase) may be expedited for the FY 2013-14 to FY 2019-20 and invariably filed along with true up petition from FY 2020-21 onwards.

6) Restructuring of MeSEB/Functioning of the Trust

The Commission directs the Licensee to place the details of transaction of pension, terminal liabilities and status of the functioning of Trust made for disbursement of the retired employees in its next ARR so as to make necessary adjustments, if any, in accordance with the Regulations.

Reply:

The Pension Trust was created and registered in the office of the Sub-Registrar Shillong, vide date of Trust 17.06.1998 called the MeSEB Pension Trust. It may be noted that no separate Balance sheet is being prepared for the Pension Trust, hence the Trust may be considered as non functional but remains only as the Drawing &Disbursing authority.

In this regard, the licensee would like to submit that MeECL has not received the contribution from the State government for the Corpus Fund, amounting to Rs.840 crore as on31.03.2010, which would have been used to clear up the pension liabilities as agreed in Transfer Notification Scheme and to enable to maintain the Trust fund. In the absence of assistance from the State government, there has been no subsequent yearly/monthly transfer to the trust fund which would have catered to the terminal benefits liabilities of MeECL. The terminal liabilities will therefore be borne from its revenue from tariff based on the actual payment basis. As of today, the trust fund remains non-functional but remains only as Drawing & Disbursing authority.

Commission's Views

Commission held discussion with the MeECL officials on 24.11.2021. It has been held that the pension trust should be functionalised henceforth as provided in the Transfer scheme 2010 and the contributions from the utilities should be credited into the Trust account.

The licensee shall file status report by 30th June 2022.

7) Reduction in AT&C losses

a. Reduction in T & D losses

b. Reduction in commercial losses

c. Improvement in metering, billing and collection

Reply:

The Status Report is as below:

a) Strengthening of infrastructure under IPDS, R-APDRP, SAUBHAGYA & NERPSIP are under closure. ADB FUNDED PROJECT is being implemented.

b) AMI metering to be implemented under ADB Funding.

c) Smart metering project (under ADB Scheme) is being implemented.

Commission's Review

Reduction in AT&C losses would provide monitory benefit towards power purchase cost, sale of power Revenue while reducing the quantum of surplus power sold at lower rate and improve operational efficiency.

Licensee shall initiate action to reduce AT&C losses henceforth and file status report at quarterly intervals commencing from 30.06.2022.

8) Power Purchase:

Licensee has been projecting high volume of power procurement without corresponding increase in the level of energy sales. As a result a huge quantum of energy is being surrendered to UI/exchange, IEX which at times does not even cover cost price. This results in high cost of procurement and ultimately resulted in substantial increase in tariffs. The Licensee shall properly estimate the demand and follow the procedure laid down for sale to the consumers in the licensed area. The Licensee shall invariably obtain prior approval from the Commission where it is proposed to purchase power from sources other than approved vendors bilaterally, as specified in Regulations.

Commission directs the licensee to ensure optimum level of energy procurement in order to reduce the costs & tariffs, since there is a surplus of about 1100 MU available for FY 2020-21.

Reply:

Power is purchased as per PPA from the Central generating stations and from MePGCL. Based on the daily entitlement schedule projected by NERLDC and the

projected availability from MePGCL, the tentative Surplus/ Shortfall on the Demand is determined in every 15-minute time block (96 time blocks in a day). Should there be surplus, the energy is either sold to exchange or banked with different utilities, and should there be deficit, the required energy is either swapped with other utilities to be returned or purchase from exchange under RTM. Generally, power is sold or banked during monsoon period, and purchased or received back the banked power during the lean period.

Commission's Views

MePDCL has been drawing energy more than the requirement for supply to the consumers of the state after grid losses. The T&D losses were claimed between 31% to 60.66% during the period from FY 2015-16 to FY 2023-24 as approved in the energy balance statement, excluding the bilateral short term purchases from various traders and UI and IEX.

As a result huge quantity of power and purchase cost being claimed in the ARR causing sale of surplus power at a cheaper rate than purchase cost.

The licensee has been projecting sale of surplus power under swapping, banking arrangement to various traders.

MePDCL shall ensure optimal power procurement by day a head assessment of requirement.

The licensee has not been filing the source wise energy account for the Transactions under swapping, banking etc., from the FY 2013-14. MePDCL shall expedite the above energy account by 30.06.2022.

9) Metering, Billing and Collection Efficiency:

The Licensee is directed to ensure 100% metering of all consumers. Similarly, all 33kV and 11kV feeders and distribution transformers in towns and urban areas, as this would enable the Licensee to conduct energy audit, and accounting for assessing the exact T&D losses. While no new unmetered connections shall be given hence forth, an action plan may also be formulated to meter all unmetered connections existing at present. Licensee shall send a status report and plan of action by

30.06.2020.The licensee shall also target 100% of billing every month by employing IT tools like hand held spot billing machines.

The Licensee should provide multiple options for bill payment by consumers in order to improve the collection efficiency. It is also to be ensured that disconnection of supply is enforced for non-payment, as multiple facilities have been provided for the convenience of the consumer. All the consumer service centres at sub-division level should co-relate with entire metering, billing and collections, so that errors like wrong billing etc are avoided.

Reply:

Smart metering is being implemented under ADB Project. At present about 28,000 smart meters have already been installed and billed accordingly. About 1.8 lakh consumers will be covered under ADB project and the remaining consumers will be covered under RDSS scheme.

Commission's Views

Action may be expedited and a progress report shall be filed for review of the commission quarterly commencing from 30.06.2022.

Honourable Member of State Advisory Committee opined that the facility of online recharging of prepaid meters to be provided. The licensee shall ensure to provide online recharging facility for prepaid meters.

10) Un Billed Consumers

An analysis of data submitted by the licensee gives rise to the suspicion that there are large numbers of metered consumers who have not been billed for years together. The Director Distribution shall constitute a Taskforce consisting of at least three senior officers of the level of Superintendent Engineer and above to confirm that all such consumers who have not been billed at least once in three months are identified, and to suggest systemic changes to ensure that such anomalies do not arise in future.

This issue has been raised in state advisory committee meeting held on 12.03.2020. Licensee shall expedite action taken on this aspect and report.

Reply:

Most of the consumers where service connection has been provided under Saubhagya Scheme are now in the billing net. Effort is being made that all consumers are brought into the billing net.

Commission's Views

Action may be expedited to provide 100% connections metered.

11) Regulatory Accounts

The Licensee shall maintain and file Regulatory accounts along with Tariff Petition and True up petition based on the Regulatory accounts as mandated in Regulation 4.2 (c) of MYT Regulations 2014.

Reply:

Noted.

Commission's Views

The licensee has been claiming the ARR elements higher side than admissible as per the Regulations in every Tariff and True up petitions.

Commission has been limiting the claims based on either Audited accounts or the actual admissible as per the Regulatory implications.

In the above process, the regulatory accounts approved in the true up exercise only prevails for computation of subsequent years ARR and True up.

Thus the licensee shall maintain Regulatory books with reference to the trued up figures for future filings.

The licensee shall file a compliance report of maintaining Regulatory books by 30.06.2022.

12) Power Purchases Invoices

Purchase invoices should be matched with the actual energy drawn. MePDCL shall ensure to file the purchase invoices with the energy details in the true-up petition.

Reply:

While filing the true up petitions the detailed invoices are also submitted to substantiate the claims. Accordingly the power purchase cost is being passing through in the true up order.

Commission's Views

The power purchase invoices filed for True up does not feature the actual energy drawn in respect of generators like NTPC for Bongaigaon project.

The licensee shall ensure to obtain invoices duly incorporated the actual energy drawn before filing the True up petition.

13) Electric Vehicle Charging Stations

The Licensee has proposed a Tariff for electric vehicle charging stations vide table no.16 of the petition with fixed charges and energy charges under LT commercial category and HT commercial category without projecting the number of consumers and the connected load of the services. The Commission does not find it prudent to decide on the categorization of the proposed electric charging stations. The Licensee shall submit a status report as soon as the consumers registered their charging stations with the Distribution Company as per the IE rules and safety norms. Commission shall take suitable decision based on the status report.

Reply:

Status shall be furnished as and when the consumer requirement on the same is received.

Commission's Views

Licensee shall file the data in the future filings.

14) Tariff rates for the Year FY 2022-23

Honourable SAC members during the SAC meeting have opined to arrange circulation of the tariff rates to all the consumers

In this respect, the licensee shall circulate/display the tariff rates approved for the year to every consumer. In this regard, licensee may arrange the pre-printed bills duly notified tariff rates on the back side of the bill. This would have one time commitment in a year.

Compliance report on the above directive may be furnished by 30.06.2022.

9. Schedule of Approved Tariffs for FY 2022-23

A. LOW TENSION Tariff

1. Domestic (Low Tension)

This tariff shall be applicable for domestic consumption, which includes consumption.

a. In a private dwelling house for lighting, heating, cooling, fans and other house hold appliances.
b. In temples, churches, mosques, gurudwaras and other places of religious worship:
c. In hospitals, dispensaries, health centers, including those run by Central Government or by charitable, religious or social organizations on a no - profit or non-commercial basis.
d. In schools, colleges, hostels boarding houses for students run by Government or by charitable, religious or social organizations on a no-profit or non-commercial basis: and
e. In ashrams, dharamshalas, community halls and institutions run by recognized welfare organizations.
f. MeECL offices and its employee's residences.

1.1 Kutir Jyoti/ BPL

Kutir Jyoti connections have been covered under Domestic category with metered and unmetered sub categories.

Metered Kutir Jyoti

The MePDCL has proposed tariff of metered Kutir Jyoti consumers at Rs. 4.75 per unit for monthly consumption within 0-30 units. They have also proposed that if the monthly consumption in any month exceeds the limits of 30 units then their excess consumption over and above 30 units shall be done on the Tariff as prescribed for normal domestic consumers. The Commission has allowed Rs. 3.65 per unit for BPL metered category up to consumption of 30 units. In case, they consumes more than 30 Units then the billing of excess units shall be done on the Tariff prescribed for normal domestic consumers at appropriate slab rates.

Tariff for Kutir Jyoti/BPL (Metered) for FY 2022-23

Category	Existing Tariff (Rs./kWh)	Proposed Tariff (Rs. /kWh)	Approved Tariff (Rs. /kWh)
Kutir Jyoti (upto 30 units PM) Rs. Per/conn.	170	220	170
Metered above 30 units applicable for Domestic category appropriate slab	3.65	4.75	3.65

1.2 Domestic Consumers

The existing tariff is two part Tariff. The fixed charge is levied on the basis of kW load per month and energy charges are applicable in 3 slabs with different rates for each slab. The Commission has not made any changes in the structure and approve the same. The revised rates for each slab and the fixed charges per KW are given below in the Tariff.

Fixed Charges

Fixed charges for Domestic Consumers for FY 2022-23

Category	Existing Tariff (Rs. /kW/month)	Proposed Tariff (Rs./kW/month)	Approved Tariff (Rs. /kW/month)
Domestic (DLT)	60	80	60

Energy Charges

Energy charges for Domestic Consumers for FY 2022-23

Category	Slabs	Existing Tariff (Rs./kWh)	Proposed Tariff (Rs./kWh)	Approved Tariff (Rs./kWh)
Domestic (DLT)	First 100 units	4.00	5.20	4.10
	Next 100 units	4.40	5.70	4.50
	Above 200 units	6.00	7.80	6.10

2. Non-Domestic (Low Tension)

The existing Tariff has a structure of 2 part Tariff. The fixed charges are levied on the basis of KW load per month and energy charges are applicable for two slabs with different rates for each slab. The Commission has not made any changes in the structure and approved the same. The approved rate for each slab and the fixed charges per KW are given below in the Tariff.

Fixed Charges

Fixed charges for Non- Domestic consumers for FY 2022-23

Category	Existing Tariff (Rs. /kW/month)	Proposed Tariff (Rs./kW/month)	Approved Tariff (Rs. /kW/month)
Non- Domestic (CLT)	120	155	120

Energy Charges

Energy charges for Non- Domestic consumers for FY 2022-23

Category	Slabs	Existing Tariff (Rs./kWh)	Proposed Tariff (Rs./kWh)	Slabs	Approved Tariff (Rs./kWh)
Non Domestic (CLT)	First 100 units	6.30	8.20	First 100 Units	6.50
	Above 100 Units	7.30	9.50	Above 100 Units	7.50

3. Low Tension Industrial

This category is applicable for small and medium industrial consumer who is given supply on low tension wires. The Commission has approved the following two parts without changing the structure of the current tariff keeping in view the present cross subsidy adjustment.

Fixed Charges

Fixed charges for Industrial (LT) consumer for FY 2022-23

Category	Existing Tariff (Rs. /kVA/Month)	Proposed Tariff (Rs./kVA/Month)	Approved Tariff (Rs. /kVA/Month)
Industrial (ILT)	120	155	120

Energy Charges

Energy charges for Industrial (LT) consumer for FY 2022-23

Category	Existing Tariff (Rs. / kVAh)	Proposed Tariff (Rs./ kVAh)	Approved Tariff (Rs. /kVAh)
Industrial (ILT)	6.20	8.05	6.50

4. Public Lighting Low Tension

This category comes under Public Lighting Connection given supply through LT lines. The public lamps are generally unmetered and their Tariff is based on the fixed charges per KW per month. However, since no connection under the Act can be given without meters, the Licensee is required to install meters on all new connections and shall also progressively fix meters on the existing connections. The Commission approves Tariff for metered connections only for the FY 2022-23. All the existing street light fixtures shall be replaced immediately with LED fixtures and 100% fixtures shall be metered.

5. Public Lighting (Metered)

Fixed Charges

Fixed charges for Public Lighting (Metered) for FY 2022-23

Category	Existing Tariff (Rs. /kW/Month)	Proposed Tariff (Rs./kW/Month)	Approved Tariff (Rs. /kW/Month)
Public Lighting (Metered)	120	155	120

Energy Charges

Energy charges for Public Lighting (Metered) for FY 2022-23

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Lighting (PL)	6.50	8.45	6.80

Public Lighting (Unmetered)

All the public lighting fitting and fixtures should be invariably metered and the existing fittings should be phased out immediately with metered LED fittings and fixtures.

6. Public Water Supply /Sewage Treatment Plants

This category is related to Public Water Supply and Sewage Treatment plants and comes under public consumption. The following rates are approved for water supply and sewage treatment plants. These rates are decided keeping their nature of use and cross subsidy level.

Fixed Charges

Fixed charges for Public Water Supply for 2022-23

Category	Existing Tariff (Rs/kW/ Month)	Proposed Tariff (Rs/kW/ Month)	Approved Tariff (Rs/kW/ Month)
Public Water Supply (WSLT)/ Sewage Treatment Plants	120	155	120

Energy Charges

Energy charges for Public Water Supply for FY 2022-23

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Water Supply (WSLT)/ Sewage Treatment Plants	6.80	8.85	7.10

7. General Purpose

This Tariff made for Government connections which are not covered under any other category of Public connections. The approved Tariff for this category is as follows:

Fixed Charges

Fixed charges for General purpose for FY 2022-23

Category	Existing Tariff (Rs/kW/ Month)	Proposed Tariff (Rs/kW/ Month)	Approved Tariff (Rs/kW/ Month)
General purpose (GP)	120	155	120

Energy Charges

Energy charges for General purpose for FY 2022-23

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
General Purpose (GP)	7.10	9.25	7.40

8. Agriculture

This category is meant for agriculture where there are only few consumers in the State.

Fixed Charges

Fixed charges for Agriculture for FY 2022-23

Category	Existing Tariff (Rs/kW/HP/ Month)	Proposed Tariff (Rs/kW/HP/ Month)	Approved Tariff (Rs/kW/HP/Month)
Agriculture (AP)	110	145	110

Energy Charges

Energy charges for Agriculture for FY 2022-23

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Agriculture (AP)	3.00	3.90	3.00

9. Crematorium

This category is meant for crematorium using electricity for day to day operations. As per the proposal there is only one consumer in this category. In the last Tariff Order the Commission has considered the nature and purpose of this crematorium which is meant for service to the society and operating on no profit no loss basis. The commission held that on the basis of their nature of activity the rates are considered on par with first slab of domestic category. The similar treatment

has been given this year to this category with fixed charges on per connection basis and energy charges on metered consumption.

Fixed Charges

Fixed charges for Crematorium for FY 2022-23

Category	Existing Tariff (Rs/conn/Month)	Proposed Tariff (Rs/conn/Month)	Approved Tariff (Rs/conn/Month)
Crematorium (CRM)	7000	9100	7000

Energy Charges

Energy charges for Crematorium for FY 2022-23

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Crematorium (CRM)	4.10	5.35	4.10

10. Electric Vehicle Charging Stations

Commission shall notify the tariff rates after receipt of status report from the licensee.

Fixed Charges

Fixed charges for Electric Vehicle Charging Stations for FY 2022-23

Category	Existing Tariff (Rs/conn/Month)	Proposed Tariff (Rs/conn/Month)	Approved Tariff (Rs/conn/Month)
Electric Vehicle Charging stations	120	155	120

Energy Charges

Energy charges for Electric Vehicle Charging Stations for FY 2022-23

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Electric Vehicle Charging stations	9.70	9.70	9.70

B. High Tension Tariffs

As per the supply code this category is meant for those consumers who get supply from HT wires. The billing of this type of consumers is being done on the basis of provisions of supply code.

11. Domestic High Tension

This tariff is applicable to domestic consumers having supply from HT system of the licensee. The tariff is approved as follows.

Fixed Charges

Fixed charges for Domestic (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Domestic HT (DHT)	230	300	230

Energy Charges

Energy charges for Domestic (HT) for FY 2022-23

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kVAh)
Domestic HT (DHT)	6.50	8.45	6.75

12. Non Domestic High Tension/Commercial High Tension

This tariff is applicable to Commercial consumer having supply from HT system of the licensee. Their tariff is revised keeping in view of their present level of cross subsidy and its suitable correction. The Commission has approved their tariff as follows:-

Fixed Charges

Fixed charges for Non Domestic (HT) FY 2022-23

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Non Domestic HT (CHT)	230	300	230

Energy Charges

Energy charges for Non Domestic (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Non Domestic HT (CHT)	6.90	8.95	7.20

13. High Tension Industrial

These are industrial consumers taking supply on HT. These consumers are charged on kvah basis. The tariff was introduced so as to improve the power factor in the system. This Tariff cares for the power factor of the industries and reward those perform efficiently. However, in case of leading power factor suitable correction should be made.

The Tariff is fixed as follows.

Fixed Charges

Fixed charges for Industrial (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial High Tension	230	300	230

Energy Charges

Energy charges for Industrial (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial High Tension	6.80	8.85	7.10

Energy Charges for Time of Day Tariff (ToD) for Industrial (HT)

Time of Day	Peak/off-peak	Energy Charges (Rs./kVAh)
0600-1700 hrs	Normal	As Approved
1700-2300 hrs	Peak	+20% of Normal
2300-0600 hrs	Off-Peak	- 15% of Normal

(a) Ferro Alloys (HT)

Fixed Charges

Fixed charges for Ferro Alloys (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial High Tension	200	Merged with Indl.	200

Energy Charges

Energy charges for Ferro Alloys (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial High Tension	4.50	Merged with Indl.	4.70

14. Special Tariff (HT)

The Industrial consumer who are the members of the BIA are considered special Tariff consumers in terms of the MoU entered into by Director MePDCL and BIA president on behalf of Industrial consumers.

Energy Charges

Energy charges for Special Tariff Industrial Consumers BIA (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Special Tariff (HT)	4.90	No Change	No Change

The special Tariff shall be applicable subject to a minimum of 68% of load factor consumption to be computed half yearly for billing (Review: April – September and October –March).

Failure to achieve 68% load factor consumption, the penal charge at Rs.1.20/Kvah for HT and Rs.1.00/Kvah for EHT consumers shall be billed.

15. General Purpose Bulk Supply

Fixed Charges

Fixed charges for General Purpose Bulk (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
General Purpose Bulk Supply (BS)	230	300	230

Energy Charges

Energy charges for General Purpose Bulk (HT) for FY 2022-23

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/KVAh)	Approved Tariff (Rs/kWh)
General Purpose/ Bulk Supply	6.50	8.45	6.80

16. Public Water supply/ Sewage Treatment Plant

Fixed Charges

Fixed charges for Public Water Supply (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Public Water supply	230	300	230

Energy Charges

Energy charges for Public Water Supply (HT) for FY 2022-23

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Public Water Supply	6.70	8.70	7.00

17. Electric Vehicle Charging Stations (HT)

Commission shall notify the tariff rates after receipt of status report from the licensee.

Fixed Charges

Fixed charges for Electric Vehicle Charging Stations for FY 2022-23

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Electric Vehicle Charging stations	230	300	230

Energy Charges

Energy charges for Electric Vehicle Charging Stations for FY 2022-23

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Electric Vehicle Charging stations	9.90	9.90	9.90

C. Extra High Tension

18. Extra High Tension Industrial

Fixed Charges

Fixed charges for Industrial (EHT) for FY 2022-23

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	230	300	230

Energy Charges

Energy charges for Industrial (EHT) for FY 2022-23

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	6.50	8.45	6.80

19. Extra High Tension Ferro Alloys Industries

Fixed Charges

Fixed charges for Ferro Alloys (EHT) for 2022-23

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	200	Merged with Indl.	200

Energy Charges

Energy charges for Ferro Alloys (EHT) for 2022-23

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	4.40	Merged with Indl.	4.60

20. Special Tariff (EHT)

The Industrial consumer who are the members of the BIA are considered special Tariff consumers in terms of the MoU entered into by Director MePDCL and BIA president on behalf of Industrial consumers.

Energy Charges

Energy charges for Special Tariff Industrial Consumers BIA (EHT) for FY 2022-23

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Special Tariff (EHT)	4.90	No Change	No change

The special Tariff shall be applicable subject to a minimum of 68% of load factor consumption to be computed half yearly for billing (Review: April – September and October –March).

Failure to achieve 68% load factor consumption, the penal charge at Rs.1.20/Kvah for HT and Rs.1.00/Kvah for EHT consumers shall be billed.

21. TIME OF DAY TARIFF

Energy Charges for Time of Day Tariff (ToD) for Industrial (HT/EHT)

Time of Day	Peak/off-peak	Energy Charges (Rs./kVAh)
0600-1700 hrs	Normal	As Approved
1700-2300 hrs	Peak	+20% of Normal
2300-0600 hrs	Off-Peak	- 15% of Normal

D. Others

22. Temporary Supply

MePDCL has proposed to continue the existing arrangement where the fixed and energy charges shall continue to be double of the normal applicable rates for all categories.

The Commission directs MePDCL to release temporary connections only through pre-paid metering limiting to maximum of 3 (three) months period as per existing terms and conditions of the tariffs.

Annexure-I

RECORD NOTE OF THE STATE ADVISORY COMMITTEE MEETING HELD ON 17.03.2022 at State Convention Centre, Shillong. Time:13:00 Hours

Members Present in the Meeting

1. **Shri. P W Ingty, IAS (Retd.),**
   Chairman Meghalaya Sate Electricity Regulatory Commission Shillong.
2. **Shri. Roland Keishing,**
   Member (Law) Meghalaya State Electricity Regulatory Commission Shillong.
3. **Smti. M.S.N.Marak, Joint. Secretary,**
   Civil Supplies and Consumer Affairs, Government of Meghalaya.
4. **Mr. Ronald Rikman Sangma,**
   Circular Road, Tura Bazar, Tura- 794001, West Garo Hills, Meghalaya.
5. **Dr. Vanessa Kharmawphlang,**
   'Vanee Villa', Lumbasuk, Upper Nongthymmai, Shillong 793014..
6. **Shri. Shyam Sunder Agarwal,**
   CMD (Pioneer Carbide Pvt. Ltd.), Byrnihat, Ri-Bhoi District, Meghalaya.
7. **Shri. O.R. Challam, (Rtd. Professor, Kiang Nongbah Government College), ,**
   Panaliar, Jowai-793150, West Jaintia Hills District, Meghalaya.
8. **Mr. Gaurav Pal, IEX,**
   4th Floor, TDI Centre, Jasela, IEX, New Delhi-110025.
9. **Shri. Eswoll Slong,**
   Secretary MSERC, Convenor

Minutes

The Hon'ble Chairman MSERC, welcomed all members to the 24th meeting of State Advisory Committee meeting and thanked all members for their presence. Thereafter, Hon'ble Chairperson has briefly explained the purpose of the meeting as envisaged in the Electricity Act 2003.

Agenda: Power Point Presentation on the tariff proposal for FY 2022-23 by MePDCL.

A Power Point Presentation was made by SE (Regulatory Affairs) MePDCL, Shri. Synran Kharmih on the Tariff Petition filed by MePDCL for FY 2022-23.

Views and suggestions of the Members.

The Chairman invited suggestions from the participants on the ARR. Members of the SAC raised the following issues:

1. **Mr. Ronald Rikman Sangma**

The Member stated that the objective of SAUBHAGYA scheme is to provide electricity connections to all un-electrified households but till date some of the villages in Garo Hills namely Sanjanpara, Wadagre, Arakgitim, Naronggre Songgitcham of South West Garo Hills were not electrified. It was also raised that whether temporary connections may be given or not to the household till such time the new connection is being provided by the DISCOM.

The member further raised the issue regarding functioning of CGRF cell in Garo Hills, as most of the consumers had to go through the concerned SDO to file a complaint. In this regard it is suggested an Ombudsman may be appointed for a particular area in Garo Hills.

The Chairman briefed that as per the Regulations every state has to appoint only one Ombudsman. As far as CGRF is concerned till date there is only one CGRF cell in Shillong. Commission will take up the matter for setting up of CGRF cell in every region.

The member also raised that, online bill payment should be made functional for prepaid meter.

The member also suggests that MeECL should maintain the clearance of overhead HT lines from the residential area and also accurate meter is to be provided to the consumers.

It was also advised that MeECL should look into the regular transfer of officers as per the Meghalaya Service Rules.

2. Shri. Shyam Sunder Agarwal, CMD (Pioneer Carbide Pvt. Ltd.), Byrnihat, Ri-Bhoi District, Meghalaya.

The Member raised that audited account filed by MePDCL reveal that the revenue from sale of Surplus power is on a declining trend. The average sale price per unit during FY 2018-19, FY 2019-20 and FY 2020-21 was at Rs. 2.74/kWh, Rs. 1.66/kWh and Rs. 1.52/kWh respectively which is a matter of grave concern. In this regard, it is suggested that surplus power may be offered to the industries in Meghalaya well in advance to the highest bidder or can be sold in IEX at the market rates.

Further, the member suggested that monitoring of energy swapping should be done by the energy management department, along with details of the swapping arrangement to be made available to MSERC and on MeECL website. The surplus energy can be carried over to the next year swapping transactions and cost of surplus power should not be below average power purchase cost. The details of which should be provided at the time of truing up.

It is also suggested that Load Factor based Industrial consumers should be made compulsory to be equipped with ABT meters, as in case of Open Access Consumers for the purpose of proper monitoring of Load Factor based tariffs.

The Member also objected that the T&D losses of DISCOM is to a tune of 36.20%, 29.88% and 29.04% during FY 2018-19, FY 2019-20 and FY 2020-21 respectively instead of 16.56%, 12.19% and 12% as approved by the Commission in the respective tariff order. The MePDCL must come forward with a comprehensive execution plan to reduce the T&D losses. It is advised to publish in the local newspapers and MeECL website, area wise and substation wise losses data to increase awareness among the people of Meghalaya. It is also suggested that load shedding should be done only in those areas where T&D losses are high.

3. Dr. Vanessa Kharmawphlang.

The member raised an issue regarding ways and means of DISCOM to lighten the financial burden on the domestic consumers as most of the electricity bills received by domestic consumers keeps on increasing.

MePDCL informed the Committee that in Shillong area billing is done through SAP which is not a problem. The variation in the electricity bills depends on the consumption of electricity by the consumers.

4. Shri. O.R. Challam.

The member suggested that consumers should be informed in writing regarding increase of tariff. Also, an awareness should be given to the consumers on smart meter and prepaid meter before installing in their premises.

The member also proposed to submit a written comments to the Commission on the tariff proposed by MePDCL.

The Commission informed that once the tariff is notified by the Commission, DISCOM should find ways and means to reach the information to the consumers. MePDCL suggest that a direction may be given from the Commission for issuing a tariff leaflet to the consumers through meter readers.

5. Smti. M. S. N. Marak, Joint. Secretary Food Civil Supplies and Consumer Affairs, Government of Meghalaya.

The member raised whether the tariff hike will affect the BPL consumers. MePDCL informed that BPL consumers falls under the category of Kurtir Jyoti (KJ) which is being charged at the lowest tariff compared to other categories of consumers.

6. Mr. Gaurav Pal.

The member informed the Committee that a written comments/ suggestion on the Petition filed by MePDCL and MePTCL will be submitted to the Commission for

consideration while computing the ARR. The Commission took note of the submission.

7. Shri. Roland Keishing, Member (Law) Meghalaya State Electricity Regulatory Commission Shillong.

The Member deliberated that all the suggestions and advices proposed by the Members/participants will be shared in the Tariff Orders. The Member also welcomed the corporation and good advices suggested for best welfare of the licensee and consumers at large.

The Member MSERC has conveyed thanks to the members/participants for their views and suggestions and declared State Advisory committee meeting concluded.

Sd/-

Secretary

MSERC

Annexure-II

List of Participants in the Public Hearing on the Petition filed by MeECL/MePDCL for ARR & Retail Tariff for FY 2022-23

Date:15.03.2022| Venue: State Convention Centre, Shillong. | Time: 13:00 Hours

Present:

1. Mr. P. W, Ingty, IAS (Retd.), Chairman, MSERC.
2. Mr. R. Keishing, Member (Law) MSERC.
3. Mr. E. Slong, Secretary, MSERC.

MeECL/MePDCL

1. Shri. S.S Kharmih, Superintending Engineer (RA), MePDCL
2. Shri. G.S. Mukherjee, Company Secretary, MePDCL
3. Shri. G.A. Dkhar, Law Officer, MeECL
4. Shri. R. Warjri, CAO, MeECL
5. Shri. B.K. Nongkhaw, AO, MeECL
6. Shri. E. Kharbuki. AO, MeECL
7. Shri. Adhitya Pandey, Advocate, MePDCL
8. Smti. Rekha Bakshi, Advocate, MePDCL
9. Shri. H. Jymti, SE (EM), MePDCL
10. Shri. P. Sahkhar,CE (D), EZ, MePDCL
11. Shri. M.B. Kurbah, CE (Projects), MePDCL

Meghalaya Pensioners Association (MPA)

1. Shri. O.L. Warjri ,Vice President.
2. Shri. Robin Diengdoh, IT Secretary.
3. Shri. Elias Lyngdoh, MPA

Byrnihat Industries Association (BIA)

1. Shri. Shyam Sundar Agarwal, Secretary, BIA.
2. Shri. S. Asati, Consultant, BIA.
3. Shri. K Paul, BIA
4. Shri. S. Chanda, BIA
5. Shri. Bhajrang Lohia, BIA
6. Shri. Suman Kumar Patra, BIA
7. Shri. Mohit Goyal, Mercados, BIA.

Others

1. Shri. Utkarsh Agarwal, ED, Pioneer.
2. Shri. Pankaj Jah, DGM, Green Valley Industries
3. Shri. P. K Mishra, Director (O), Maithan Alloys ltd.
4. Shri. Surender Kumar Mittal, Pawan Castings (Meghalaya) Pvt. ltd
5. Shri. Aman Mittal, Pawan Castings (Meghalaya) Pvt. ltd