

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG**

CASE NO. 5 /2023

In the matter of Review of ARR and Tariff Order for FY 2023-24 dated 30.03.2023

AND

Meghalaya Power Generation Corporation Limited (the Petitioner)

Coram

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

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

ORDER

(Dated: 27. 09. 2023)

1. MePGCL has filed the Petition for Revision of Generation Tariff for FY 2023-24.
2. A petition for Review of Tariff can be admitted by the Commission under following Conditions
 - a) the review petition is filed within sixty days for the date of the tariff order, and / or
 - b) there is an error apparent on the face of the record.
3. Commission has issued Generation Tariff for FY 2023-24 on 30.03.2023.
4. Commission has admitted the Review petition of Generation Tariff Order for FY 2023-24 on 30th May 2023 and registered as Case No. 5 of 2023.
5. As per Regulation 23.1 *“No tariff or part of any tariff may be ordinarily amended, more frequently than once in any financial year”*.
6. The petitioner has sought for Revision of Generation Tariff for FY 2023-24 including the Generation of power from Umiam Stage III project which was not projected in the petition filed for approval of ARR and Tariff for FY 2023-24.
7. Commission analysed the petition with reference to the material record of MSERC MYT Regulations 2014 and passed the orders annexed

Sd/-

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

(Member)

Sd/-

P.W. Ingty, IAS (Retd)

(Chairman)

1 Introduction

Petitioner's Submission

The present petition is being filed as per clause 22 of MSERC (Multi Year Tariff) Regulations 2014, which is reproduced below:

“22 Review of Tariff Order

All applications for the review of tariff shall be in the form of petition accompanied by the prescribed fee. A petition for review of tariff can be admitted by the Commission under the following conditions:

- a) the review petition is filed within sixty days for the date of the tariff order, and / or
- b) there is an error apparent on the face of the record

On being satisfied that there is a need to review the tariff of any generating company or the licensee, the Commission may on its own initiate process of review of the tariff of any generating company or the licensee. The Commission may also, in its own motion review any tariff order to correct any clerical error or any error apparent of the face of the record”

In addition to the above, clause 21 of MSERC (Conduct of Business) Regulations 2007, is also important for filing of review petitions, which is reproduced below:

“A person aggrieved by a decision or order of the Commission from which no appeal is preferred, or is not allowed to be preferred, can seek a review of the order if new and important facts which, after the exercise of due diligence, were not within his knowledge or could not be produced by him at the time when the order was passed or on account of some mistake or error apparent on the face of record or for any other sufficient reason, by making an application within 60 days of the date of the order.”

As such, the MSERC (Multi Year Tariff) Regulations 2014 and MSERC (Conduct of Business) Regulations 2007, provide for the petitioner or any other person aggrieved by an order of the Commission to file a review petition based on new facts and information, which was/were not considered during the time of issue of order or on account of apparent errors or mistakes. MePGCL, in this petition request the Commission to review certain costs which were disallowed in view of the latest facts

and information submitted in this petition or in view of apparent errors observed, as detailed in subsequent sections. At the outset, MePGCL would like to submit that for FY 2023-24, the Commission while considering for the financial year in the impugned order, has considered the ARR of FY 2023-24 from the actual figures submitted by MePGCL as per audited accounts without giving due justification for the same and also on account of errors apparent in the order. Also, some error apparent in the order for revision of Generation tariff for FY 2023-24 passed by Commission on 30th March, 2023. As such, MePGCL requests the Commission to kindly review the impugned order and consider the submissions made by MePGCL in this review petition.

Further, as per the above clauses, the timeline specified by MSERC for submission of review petition is within 60 days from the date of the order of the Commission, which is 30th March, 2023. MePGCL would like to submit that it is filing the review petition within the allowed timeline and as such, the Commission is prayed to admit the same.

It may be mentioned that MePGCL has filed the petition station wise separately and the tariff proposed based on ARR allocated in station wise. But the Commission has allocated the AFC of each power station based on the total AFC.

Commission's Analysis

Commission considers the Review petition for Revision of ARR & Tariff Order for FY 2023-24 which is filed as per Regulation 22 of MSERC MYT Regulations 2014 and within the prescribed 60 days from the date of order.

MePGCL has not projected gross energy generation from Umiam Stage III project for FY 2022-23 and FY 2023-24 in the Business plan for MYT control period FY 2021-22 to FY 2023-24.

Commission did not consider power availability from the Umiam Stage III project for ARR and Generation for FY 2023-24.

1.1. Generation of Umiam-Umtru Stage-III HEPP

Petitioner's Submission

The Commission in the tariff order for FY2023-24, table 7.1: Consolidated Annual Fixed Charges for MePGCL as a whole for FY 2023-24, the generation from Umiam-Umtru Stage-III HEPP has not been projected for FY 2023-24 and shown as NIL even though it is still generating. This will have an impact from the revenue point of view.

It may be informed that the renovation and modernization work of the Power Station could not be carried out as per schedule of the Business Plan due to non-participation of the bidders and which has to be extended, thus delaying the tendering process. Eventually, as there was only one bidder and in order not to delay further, approval for financial bid evaluation result for Package-I was sought from JICA for which a concurrence/no objection was received from them on 23.12.2022.

After executing the Contract Agreement, the Firm has prepared a work schedule which indicates that total shutdown of the Power Station will start from the month of June, 2025. A copy of the work schedule, as shared by the Firm, is enclosed herewith at Annexure-B.

The generation from Umiam-Umtru Stage-III HEPP for FY 2023-24 as mentioned in the order (table 7.1) may be consider with the corrected data as given as below since the power station is still generating for the FY 2023-24.

Table 1 : Projected Generation of Umiam-Umtru Stage-III HEPP for FY 2023-24

Name of power station	Gross Generation (MU)	Aux. Cons (%)	Transformation loss (%)	Aux+Trans losses (MU)	Net Generation (MU)
Umiam-Umtru Stage-III HEP	139	0.7	0.5	1.67	137.33

MePGCL requests the Commission to kindly consider the Net generation of Umiam-Umtru Stage-III HEP as shown in table above. It also requested to consider the Energy charge of the power station as per the projected generation shown in table above.

Commission's Analysis

MePGCL has submitted in their Business plan for FY 2021-22 to FY 2023-24 that -

The Umiam-Umtru Stage-III Power station and hydraulic structures being very old, some of the components need to be augmented and improved. The system augmentation & improvement projects that would be taken up during FY 2020-21 and the third control period (FY 2021-22 to FY 2023-24)

The plant is already past its useful life and has deteriorated for obvious reasons of aging. The generation of energy has been declining in recent years and forced shutdown has become the order of the day.

MePGCL has not projected gross energy generation from Umiam Stage III project for FY 2022-23 and FY 2023-24 in the Business plan for MYT control period FY 2021-22 to FY 2023-24.

MePDCL has also not projected power availability from Umiam Stage III in their petition for ARR and Tariff for FY 2023-24.

Commission does not consider power availability from the Umiam Stage III project for ARR and Generation Tariff for FY 2023-24.

2 Review of Tariff Order dated.30.03.2023 on revision of tariff for FY 2023-24 for MLHEP, NUHEP, LAKROH& OLD STATIONS including SONAPANI

Petitioner's Submission

The Tariff Order for revision of Generation tariff for FY 2023-24 has been issued by Commission on 30th March, 2023. It may be pointed out that the ARR of MLHEP, NUHEP, Lakroh MHP and Old Stations (including Sonapani) for FY 2023-24 at table 7.1 of the order is not equal with their AFC given at table 7.2 of the order. Therefore, MePGCL requests the Commission to kindly consider the AFC adjusted in this Review Petition for FY 2023-24 calculated in the table below.

In view of the above, the Gap/Surplus from the review of the orders of true up for FY 2018-19, FY 2019-20& FY 2020-21 are adjusted in the revision of generation tariff for FY 2023-24 in station-wise.

Commission's Analysis

Commission had notified net Generation from Umiam Stage III project vide table no.7.1 and table no.7.2 of the Tariff Order as NIL. However the fixed costs are allowed at Rs.14.97 Crore in the Tariff Order against Umiam stage III project. With a footnote on table no.7.1 as "MePGCL has not projected Generation from Umiam Stage III project for FY 2023-24,Annual Fixed charges are allocated as claimed in the petition."

The Project wise Annual Fixed charges has been allocated as per the Regulation 57 & 57.2 of MSERC MYT Regulations 2014 out of the approved ARR for FY 2023-24.

2.1 Review of revision of generation tariff for MLHEP for FY 2023-24

2.1.1 Capacity Charge and Energy Charge for Myntdu Leshka HEP

Petitioner's Submission

The Commission in its tariff order dated 25th March, 2021 had approved the ARR for MYT for FY 2021-22 to FY 2023-24 and Generation Tariff for FY 2023-24 as Rs.156.12 Cr. Commission in its order dated 30th March 2023 page 71 (table 6.18) had approved AFC of Rs.302.40 Cr. and at page76 (table7.2) had approved the AFC as Rs.196.73 Cr for Generation Tariff for FY 2023-24for MLHEP.

In the review orders on the true up for FY 2018-19, FY 2019-20, the Commission has approved a revenue gap of Rs.24.95Cr., Rs.13.85 Cr., respectively. And, revenue gap in True up order for FY 2020-21 (pg.71) the Commission approved of Rs.107.48 Cr.

Based on the Gap/Surplus calculated in the review orders on true up for FY 2018-19, FY 2019-20, True up order for FY 2020-21 as approved in the order dated.30.03.2023 & Gap in the review petition on true up order for FY 2020-21 the revised AFC for FY 2023-24 is adjusted which comes to Rs.338.98 crores. The Company requests the Commission to allow the revised ARR for FY 2023-24 for MLHEP and to kindly approve the additional gap of Rs.36.58 Cr. as shown below:

Table 2 : Annual Fixed Charges for FY 2023-24 – Myntdu Leshka HEP

(Rs. Cr)

Particulars	As approved by MSERC	As per review petition
Annual Fixed Cost Approved by MSERC for FY 2022-23 (Rs. Cr.) (a)	156.12	156.12
Add: Gap Claim as per review order for True up of FY 2018-19 (b)	(+)24.95	(+)24.95
Add: Gap Claim as per review order for True up of FY 2019-20 (c)	(+) 13.85	(+) 13.85
Add: Gap Claim as per order approved by MSERC for True up of FY 2020-21 (d)	(+)107.48	(+)107.48
Add: Gap Claim as per review petition for True up of FY 2020-21(e)		(+) 36.58
Net AFC for Computation of Tariff (f=a+b+c+d+e)	302.40	338.98

Commission's Analysis

The Review petition on the True up orders of FY 2020-21 for the additional claim of Rs.36.58 Crore against the MLHEP project is still under process.

Commission considers any further Gap to be adjusted in the Review orders of FY 2020-21 shall be appropriated in the next Tariff order to be issued.

2.2 Review of revision of generation tariff for NUHEP for FY 2023-24

2.2.1 Capacity Charge and Energy Charge for NUHEP

Petitioner's Submission

Commission in its Tariff Order dated 25th March, 2021 had approved the ARR for FY 2023-24 as Rs.69.46 Cr. Commission in its order dated 30th March 2023 had approved the AFC for Generation Tariff for FY 2023-24 for NUHEP as Rs. 292.71 Cr. page 71(table 6.18) and Rs.62.45 Cr. at page 76(table 7.2).

In the review orders on the true up for FY 2018-19, FY 2019-20, the Commission has approved a revenue gap of Rs.74.40Cr., Rs.73.77 Cr., respectively. And, the revenue gap in the True up order FY 2020-21 (pg.71) the Commission had approved of Rs.75.08 Cr.

Based on the Gap/Surplus calculated in the review orders on true up for FY 2018-19, FY 2019-20, True up order for FY 2020-21 as approved in the order dated.30.03.2023 & Gap in the review petition on true up order for FY 2020-21 the revised AFC for FY 2023-24 is adjusted which comes to Rs.298.90 crores. The Company requests the Commission to allow the revised ARR for FY 2023-24 for MLHEP and to kindly approved the additional gap of Rs.6.19 Cr

MePGCL requests the Commission to kindly consider the true up gaps and additional claims as per petition filed for review of the orders of true up which may be adjusted in the review order for revision of tariff for FY 2023-24. Therefore, MePGCL requests the Commission to kindly allow the revised ARR for FY 2023-24 for NUHEP filed in the review petition as shown below:

Table 3 : Annual Fixed Cost for FY 2023-24 of NUHEP (Rs.Cr)

Particulars	As approved in true up order	Review petition
Annual Fixed Cost Approved by MSERC for FY 2023-24 (Rs. Cr.) (a)	69.46	69.46
Add: Additional Claim as per order for True up of FY 2018-19(b)	74.40	74.40
Add: Additional Claim as per order approved for True up of FY 2019-20(c)	73.17	73.17
Add: Additional Claim as per order for True up of FY 2020-21(d)	75.08	75.08
Add: Additional Claim as per review petition of True up order for FY 2020-21(d)		6.19
Net AFC for Computation of Tariff (d=a+b+c)	292.71	298.90

Commission's Analysis

The Review petition on the True up orders of FY 2020-21 for the additional claim of Rs.6.19 Crore against NUHEP project is still under process.

Commission considers any further Gap to be adjusted in the Review orders of FY 2020-21 shall be appropriated in the next Tariff order to be issued.

2.3 Review of revision of generation tariff for LAKROH MHP for FY 2023-24

2.3.1 Capacity Charge and Energy Charge for NUHEP

Petitioner's Submission

Commission in its MYT order dated 25th March, 2021 had approved the ARR for FY 2023-24 as Rs. 2.08 Cr. and the Commission in its order dated 30th March, 2023 had approved the AFC for Generation Tariff for FY 2023-24for Lakroh MHP as Rs. 4.97 Cr. at page 71 (table 71 and at Rs.2.34 Cr. at page 76 (table 7.2).

In the review orders on the true up for FY 2019-20, Commission has approved a revenue gap of Rs.1.53Cr. In the True up order FY 2020-21 (pg.71) the Commission approved the revenue gap of Rs.1.36 Cr.

Based on the Gap/Surplus calculated in the review orders on true up for FY 2018-19, FY 2019-20, True up order for FY 2020-21 as approved in the order dated 30.03.2023 & Gap in the review petition on true up order for FY 2020-21 the revised AFC for FY 2023-24 is adjusted which comes to Rs.5.97 crores. The Company requests the Commission to allow the revised ARR for FY 2023-24 for MLHEP and to kindly approved the additional gap of Rs.1.0 Cr.

The true up gap and additional claim as per the review orders on the true up for FY 2018-19, FY 2019-20, gap as per true up order for FY 2020-21 and additional claim as per review petition of true up order for FY 2020-21 is adjusted for calculation of the revised AFC for FY 2023-24 and, therefore, the MePGCL requests the Commission to allow the revised AFC for FY 2023-24 for Lakroh MHP as shown below:

Table 4 : Annual Fixed Cost for FY 2023-24 of Lakroh MHP

Particulars	(Rs.Cr)	
	As approved in true up order	Review petition
Annual Fixed Cost Approved by MSERC for FY 2023-24 (Rs. Cr.) (a)	2.08	2.08
Add: Additional Claim as per review of True up order of FY 2018-19(b)	-	-
Add: Additional Claim as per review of True up order of FY 2019-20(c)	1.53	1.53
Add: Additional Claim as per True up order of FY 2020-21(d)	1.36	1.36
Add: Additional Claim as per review petition on True up order of FY 2020-21(e)		1.0
Net AFC for Computation of Tariff (d=a+b+c)	4.97	5.97

Commission's Analysis

The Review petition on the True up orders of FY 2020-21 for the additional claim of Rs.1.00 Crore against the Lakroh MHP project is still under process.

Commission considers any further Gap to be adjusted in the Review orders of FY 2020-21 shall be appropriated in the next Tariff order to be issued.

2.4 Review of generation tariff for Old Stations (including Sonapani) for FY 2023-24

Petitioner's Submission

Commission in the tariff order for FY2023-24, table 7.1: Consolidated Annual Fixed Charges for MePGCL as a whole for FY 2023-24, the generation from Umiam-Umtru Stage-III HEPP has not been projected for FY 2023-24 and shown as NIL even though it is still generating. This will have an impact from the revenue point of view. MePGCL request the Commission to kindly review the tariff of Umiam Stage-III HEPP, since the generation from this power station is not "0" (zero) as mentioned in the table 7.1 of the order. The details on this matter is explained in the earlier chapter "Introduction".

The generation from Umiam-Umtru Stage-III HEPP for FY 2023-24 as mentioned in the order (table 7.1) may be considered with the corrected data as given as below since the power station is still generating for the FY 2023-24.

Table 5 : Projected Generation of Umiam-Umtru Stage-III HEPP for FY 2023-24

Name of power station	Gross Generation (MU)	Aux. Cons (%)	Transformation loss (%)	Aux+Trans losses (MU)	Net Generation (MU)
Umiam-Umtru Stage-III HEP	139	0.7	0.5	1.67	137.33

MePGCL request the Commission to kindly consider the net generation of Umiam-Umtru Stage-III HEP as shown in table above. It also requested to kindly consider the Energy charge of the power station as per the projected generation shown in table 7 above.

Commission in its order dated 30.03.2023, the Total ARR for MePGCL old projects including Sonapani for FY 2023-24 page 70(table 6.17) is (-)Rs.61.42 Cr. after adjustment of the revenue surplus as per True up FY 2020-21 of Rs.144.62 Cr. which is erroneous and this needs to be corrected. Based on facts and actuals, the Review Petition of True up order issued by the Commission Dated 22.03.2023, the Gap/Surplus is calculated and is adjusted in the review petition of True Up order for FY 2020-21. The review petition of true up order for FY 2020-21 is submitted to the Commission.

In the review orders on the true up for FY 2018-19 & FY 2019-20, the Commission has approved a revenue gap of Rs.3.08 Cr.& Rs. 2.83 Cr., respectively, and the revenue

surplus in the True up order FY 2020-21 (pg.71), the Commission had approved of (Rs.144.62 Cr).

Based on the Gap/Surplus calculated in the review orders on true up for FY 2018-19, FY 2019-20, True up order for FY 2020-21 as approved in the order dated.30.03.2023 & surplus in the review petition on true up order for FY 2020-21 the revised AFC for FY 2023-24 is adjusted which comes to Rs.5.97 crores. The Company requests the Commission to allow the revised ARR for FY 2023-24 for MLHEP and to kindly approved the additional gap of Rs.1.0 Cr.

MePGCL submit the Gap/Surplus of the review petition of the true up order and adjusted in the review for FY 2023-24.

Commission's Analysis

MePGCL has submitted in their Business plan for FY 2021-22 to FY 2023-24 that -

The Umiam-Umtru Stage-III Power station and hydraulic structures being very old, some of the components need to be augmented and improved. The system augmentation & improvement projects that would be taken up during FY 2020-21 and the third control period (FY 2021-22 to FY 2023-24)

The plant is already past its useful life and has deteriorated for obvious reasons of aging. The generation of energy has been declining in recent years and forced shutdown has become the order of the day.

MePGCL has not projected gross energy generation from Umiam Stage III project for FY 2022-23 and FY 2023-24 in the Business plan for MYT control period FY 2021-22 to FY 2023-24.

MePDCL has also not projected power availability from Umiam Stage III in their petition for ARR and Tariff for FY 2023-24.

MePGCL has now submitted that Umiam Stage III project shall be kept shut down for undertaking renovation and modernization works from the month of June 2025 vide their letter no. MePGCL/CE:GEN/T-90 (Pt-I)/2023-24/104 dated 04th May 2023.

MePGCL submitted that Umiam stage III project is generating power during the FY 2023-24

As per Regulation 23.1 “No tariff or part of any tariff may be ordinarily amended, more frequently than once in any financial year”.

In view of the above status, Commission had not considered power Generation from Umiam Stage III for FY 2023-24.

Commission shall consider Regulation of power generated from Umiam Stage III project in the True up process for FY 2023-24.

2.4.1 Capacity Charge and Energy Charge for Old Station including Sonapani

Petitioner’s Submission

Commission in its order dated 25thMarch, 2021 had approved the ARR for MYT of FY 2021-22 to FY 2023-24 and Generation Tariff for FY 2023-24 at Rs. 84.41 Cr. And the Commission in its order dated 30thMarch, 2023 had approved the ARR for Generation Tariff for FY 2023-24 as Rs.-61.42 Cr.(table 6.17) for Old Station including Sonapani.

Based on the review petition of true up order for FY 2020-21 with revenue Gap of Rs. 4.9 Cr. and after deduction of Rs. 82.26 Cr. which is the revenue already considered by the Commission in FY 2017-18, MePGCL request the Commission to kindly considered the Net AFC of Rs. 25.74 Cr. in the review petition for tariff for FY 2023-24.

The true up gap and additional claim as per the review orders of the true up for FY 2018-19 & FY 2019-20 and gap as per the true up order for FY 2020-21is adjusted for computation of the review petition for tariff order for FY 2023-24 as shown below:

Table 6 : Annual Fixed Cost for old plants &Sonapani FY 2023-24

(Rs. Cr.)

Particulars	As approved in true up order	Review petition
Annual Fixed Cost Approved by MSERC for FY 2023-24 (Rs. Cr.) (a)	77.29	77.29
Add: Additional Claim as per review order for True up of FY 2018-19 (b)	3.08	3.08
Add: Additional Claim as per review order for True up of FY 2019-20 (c)	2.83	2.83
Add: Additional Claim as per True up order for FY 2020-21 (d)	(144.62)	(144.62)
Less: Revenue of Rs.82.26 Cr. already adjusted by the Commission in FY2017-18 (e)		82.26
Add: Net Gap as per review petition of true up order for FY 2020-21(f)		4.9
Net AFC for Computation of Tariff (f=a+b+c-d+e)	(61.42)	25.74

Commission's Analysis

The Review petition on the True up orders of FY 2020-21 for the additional claim of Rs.82.26 Crore and Rs.4.90 Crore against the MePGCL Old projects is still under process.

Commission considers any further Gap to be adjusted in the Review orders of FY 2020-21 shall be appropriated in the next Tariff order to be issued.

Conclusion

Commission do not consider Revision of Generation Tariff for FY 2023-24 for the reasons notified against each claim of the petition and the power Generation from Umiam Stage III project if any shall be regulated in True up process for FY 2023-24.

Sd/-

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

Sd/-

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