

**BEFORE THE MEGHALAYASTATEELECTRICITYREGULATORYCOMMISSION
SHILLONG**

CASE No. 8/2018

In the matter of Petition for Review of MYT ARR for the Control PeriodFY 2018-19 to FY
2020-21& Tariff Order for FY 2018-19.

AND

Meghalaya Power Transmission Corporation Limited (the Petitioner)

Coram

WMS Pariat IAS (Retd.)

Chairman

(Date of Order:26.10.2018)

1. The MePTCL is a deemed Licensee in terms of Section14 of the Electricity Act 2003 (Here in after referred to as the Act). As per Regulation 22 of MSERC Regulation 2014 MePTCL has filed petition on the 30th May 2018 for Review of MYT ARR for the FY 2018-19 to FY 2020-21 and Tariff Order for FY 2018-19.The same was provisionally admitted on the 31st August 2018.

Regulation 22 of MYT Regulation 2014 specifies that the Commission can undertake the review of ARR for the FY 2018-19 considering the terms & Conditions laid down there in.

Commission taking into consideration all the facts and after undertaking prudence check as per the Regulations, passed review order for the FY 2018-19.

Sd/-

W.M.S Pariat, IAS (Retd.)
Chairman.

Review:

1 Introduction

Commission had in the Tariff Order for 2018-19 chapter 4 "Approach of the Commission", mentioned that validation of projections were not done due to the absence of audited records upto FY 2016-17. Commission had considered the projections as approved in the Business Plan for the MYT control period FY 2018-19 to FY 2020-21 and computed the ARR as found reasonable and determined the Tariff as appropriate.

- 1.1** Regulation 22.1 of the MSERC (Multi Year Tariff) Regulations 2014 provides for the petitioner or any other person aggrieved by an order of the Commission to file a review petition subject to two conditions, first that is filed within 60 days of Tariff Order, and second if there is an error apparent on the face of the record. MePTCL, in this petition is requesting the Hon'ble Commission to review certain costs which were disallowed in the Tariff Order, but has not indicated in its petition that there is "error apparent on the face of the record".

In view of the specific provisions of the Regulations, Commission is of the view that no apparent error on the face of the order is found as the ARR and Tariff has been computed in the absence of audited actuals upto FY 2016-17 and taking into considerations the approved business plan for the control period.

- 1.2** MePTCL has further submitted that the present petition is also being filed as per clause 21 of MSERC (Conduct of Business) Regulations 2006, 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."

- 1.3** MePTCL has similarly submitted that clause 22 (1) of MSERC Tariff Regulations 2011 as well MSERC MYT Regulations 2014, also allows the petitioner to file a review

petition on the order issued by the Hon'ble Commission within 60 days of issue of the order.

- 1.4** MePTCL has submitted that Further, as per the above clauses, the timeline specified by MSERC for submission of review petition is within 60 days of the date of the order of the Commission. It is also submitted in this context that MePTCL received a copy of the order only on 12th April, 2018. MePTCL would like to submit that it is filing the review petition within the allowed timeline and as such, the Hon'ble Commission is requested to admit the same.

This is a matter of regulations, and the Commission observes that the petition has been filed within the time lines.

TRUING UP OF ARR FY 2014-15 AND FY 2015-16

Clause 1.4 of MSERC MYT Regulations 2014, states that, *"They shall be applicable for the determination of tariff effective from April 1, 2015 in all cases covered under these Regulations. Provided that for the purpose of review or of truing up of revenues and expenses pertaining to FYs prior to 2015-16, the provisions under MSERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 shall apply."*

It is the matter of Regulations and Commission's orders passed in the Tariff Order for FY 2017-18 that a petition for final true up with C&AG audit report shall be filed for FY 2014-15.

Commission had approved provisional true up order for FY 2014-15 and years prior to FY 2014-15 on provisional figures in compliance with the Directions of Hon'ble APTEL in Appeal No.146 Dt.01.12.2015.

- 2.1.1** MePTCL has submitted that, the provisions in MSERC Tariff Regulations 2011 require the licensee to file the true up petitions based on audited statement of accounts audited either by a statutory auditor approved by C&AG or by C&AG itself. As such, the regulations clearly provide truing up based on accounts audited by statutory auditor and there is no provision for separately carrying out the true up based on C&AG accounts. It is pertinent to note that the tariff regulations in other states also have similar provisions to carry out true-up based on account statements audited by

a statutory auditor and the submission of C&AG comments on audited accounts for true-up is not required.

Commission's Analysis

Regulation 11.3 of the MSERC(MYT) Regulations, 2014 specifies as follows: *“Provided that the Generation Company or Transmission Licensee or Distribution Licensee , as the case may be, shall submit to the Commission information in such form as may be prescribe by the Commission, together with the Audited Accounts including audit report by C&AG, extracts of books of accounts and such other details as the Commission may require to assesses the reasons for and extent of any variations in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges”*:.....

It is clear from the above that the licensee is required to submit to the Commission, the audited accounts including audit report by C&AG, extracts of books of accounts and such other details as may be required.

Commission issued provisional true up order for FY 2014-15 on a provisional basis, in compliance with APTEL directions without the audit report of C&AG. Thus a final true up along with C&AG audit observations required to be taken into account in the final true up, and appropriate adjustments were to be carried out.

2.1 True Up of ARR FY 2015-16

The Licensee filed the true up petition for FY 2015-16 via letter no. MePTCL/DT/T-21(Pt-V)/2017-18/22 dated 2nd January, 2018. It is submitted by the licensee that the C&AG audit is a time taking process and beyond the control of Licensee. However, C&AG Report on the audited statement of accounts for FY 2015-16 was received on 13 Feb', 2018 and the same was sent to the Commission vide letter No. MePTCL/DT/T-21(Pt-V)/2017-18/42 dated 13th February, 2018. The Licensee complied with all the applicable MSERC Regulations for filing of true up.

Commission's Analysis

Licensee has filed petition belatedly for true up for FY 2015-16. Commission shall pass true up order in due course.

2.2.1 MePTCL has submitted that, the present tariff order has not taken into account the true up petition, as a result of which the ARR approved for FY 2018-19 is excluding

the true up gap for FY 2015-16. If the truing up order is delayed, it may result in additional burden on consumers for passing through of legitimate cost on account of carrying cost of the gap. Hence, the Licensee requests the Commission to pass the order on true up as early as possible. Also, it is requested that if there is a delay in recovery of gap beyond FY 2018-19, then an appropriate holding cost may also be allowed to be recovered by MePTCL.

Commission's Analysis

Regulation 11.2 of MYT Regulation 2014 specifies that licensee shall file an application for truing up of previous year together with petition for determination of Tariff of ensuing year within a specified time limit. Thus the Licensee was to file true up petition for the FY 2015-16 by September 2016, whereas the licensee has filed the True up petition in February 2018 and the C&AG report was filed in March 2018. Therefore holding cost for the delay if any shall be to the account of the Licensee.

2 Multi-Year ARR of MePTCL for FY 2018-19 to FY 2020-21

It is submitted that the specific grounds on which the review is being sought have been identified against each aspect of the Order, and review is being sought.

3.1 Gross Fixed Assets (GFA)

Petitioner's Submission

MePTCL has submitted that, while reviewing GFA for FY 2018-19 in the order, the Hon'ble Commission has not taken into consideration the assets of MeECL for calculating the opening balance, and hence there is a discrepancy between the petitioner's claim and the approved figures of GFA. The GFA should have been calculated by considering the actual asset base of MePTCL and one third of asset base of MeECL as per the accounts. Further, the Commission has also stated in its order that the figures for FY 2015-16 are provisional and as such, it cannot be approved. However, the C&AG comments on the audited statement of accounts for FY 2015-16 have already been submitted and as such, the figures of FY 2015-16 should be considered as final audited figures.

The approved figures of GFA as per the Tariff Order for FY 2018-19 has been given in the table below:

Table 1: Approved GFA for FY 2016-17 to FY 2020-21

Particulars	(In Rs Cr)				
	FY 2016-17 (Actual)	FY 2017-18 (Estimated)	FY 2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
Opening GFA	422.95	427.30	567.32	740.09	1449.67
Additions during the year	4.35	140.03	172.76	709.58	390.14
Retirements during the year	0.06				
Closing GFA	427.30	567.33	740.09	1449.67	1839.81

If the correct opening balance is considered after addition of 1/3rd of MeECL assets, the licensee claims that the corrected figures of GFA shall be as given below:

Table 2: Revised GFA for FY 2016-17 to FY 2020-21 as per Petition.

Particulars	(In Rs Cr)				
	FY 2016-17 (Actual)	FY 2017-18 (Estimated)	FY 2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
Opening GFA	434.49	438.82	578.85	751.61	1461.19
Additions during the year	4.39	140.03	172.76	709.58	390.14
Retirements during the year	0.06				
Closing GFA	438.82	578.85	751.61	1461.19	1851.33

The GFA as shown above based on the revised capitalization schedule has been used for computation of tariff components accordingly. Hence, the Licensee requests the Hon'ble Commission to approve the GFA schedule based on corrected figures as mentioned in the Table 2 above.

Commission's Analysis

Commission had processed ARR for transmission activity for the FY 2018-19 to FY 2020-21. Commission considered the GFA of MePTCL based on which Annual transmission charges is fixed as per the norms.

Commission considers that Transmission licensee would retain the gains proportionately in the event of efficiency and proportion would also be shared with MePDCL to reduce ARR, which in turn would reduce retail tariffs. However, licensee shall not share the gains with the MeECL.

Therefore Commission does not consider the GFA of MeECL to be factored for Computation of ARR elements of Transmission charges.

Commission do not consider Review of GFA.

3.2 Return On Equity

Petitioner's Submission

MePTCL has claimed Return On Equity as per the provisions of Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014.

As such, MePTCL had claimed RoE based on the provisions in the MSERC Tariff Regulations. Further, MePTCL has also filed an appeal with the Hon'ble APTEL against the tariff order for FY 2017-18 dtd 31.03.2017 w.r.t to equity and as such the matter is sub-judice.

As per the above provisions of Tariff Regulations, the calculation arrived is given below:

Table 3: Return on Equity for Control Period

Particulars	(In Rs Cr)		
	FY2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
Opening Equity	463.80	690.83	836.49
Addition of Equity	227.03	145.66	117.04
Closing Equity	690.83	836.49	953.53
Equity Base	577.31	763.66	895.01
RoE (%)	14%	14%	14%
Return on Equity	80.82	106.91	125.30

Table 4: Claim for Return on Equity

Sl. No.	Particulars	Amount in INR Cr.
1	Return on Equity claimed by MePTCL for FY 2018-19 in the Petition	80.82
2	Return on Equity allowed by MSERC for FY 2018-19	23.28
	Additional Return on Equity to be allowed in the review petition (=2-1)	57.54

The Petitioner now humbly requests Hon'ble Commission to review the Return on Equity and allow additional claims of INR 57.54 Cr. on Return on Equity.

Commission's Analysis

Commission had considered the ROE as per the Regulations for Tariff determination for FY 2018-19 at Rs.23.28 Crore.

Since an appealed on this matter has been filed with Hon'ble APTEL, variation of ROE shall be considered, if any, after Hon'ble APTEL Judgment is pronounced and audited actuals are filed as per the Regulations and impact shall be appropriated in the next Tariff orders.

3.3 Interest on Loan Capital

Petitioner's Submission

The Licensee has furnished the purpose of existing loans of FY 2016-17 in **Annexure A** which were not considered by the Commission. In addition to the existing loans commitment, **the Licensee had also included the new loans to be taken during the control period for the approved capital expenditure, which has also not been considered by the Commission.** It may be noted that the new loans may be taken from different sources (other than State Government), which needs to be tied up. In the business plan order, the Commission had approved the funding break-up of the capital expenditure which included a portion of capital expenditure to be funded through loans. As such, it is not justified for the Commission not to consider the approved value of new loans in calculation of interest and finance charges.

Based on the above submissions, MePTCL is requesting the Hon'ble Commission to review the Interest and Finance charge calculation as shown below:

Table 5: Claim for Interest on Loan

Particulars	(In Rs Cr)		
	FY 2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
Interest on Loan	11.72	13.57	18.93

Table 6: Claim for Interest and Finance Charges on Loan

Sr. No.	Particulars	Amount in INR Cr.
1	Interest and Finance Charges on Loan Capital claimed by MePTCL for FY 2018-19 in the Petition	11.72
2	Interest and Finance Charges on Loan allowed by MSERC for FY 2018-19	0.59
3	Additional Interest and Finance Charges on Loan to be allowed in the review petition (1-2)	11.13

The Petitioner now requests Hon'ble Commission to allow additional claim of INR 11.13 Cr. over and above the approved INR 0.59 Cr. as Interest and Finance Charges on Loan.

Commission's Analysis

Commission had considered Interest on Loan Capital as per the Regulation 32 of MSERC MYT Regulation 2014. The audited results upto FY 2016-17 are not made

available for the projections. Commissions analysis vide Para 5.8 is self illustrative. Variations if any, shall be considered in the true up at actuals as per the Regulations.

Commission do not consider review of Interest element for the present.

3.4 Operation and Maintenance (O&M) Expenses

Petitioner's Submission

MePTCL has submitted that The Hon'ble Commission on the other hand has calculated the O&M expenses based on voltage wise number of bays and circuit kilometers based on the norms provided in CERC Regulations 2014. However, the data for number of bays and circuit kilometers used by the Commission to compute the O&M expense is not correct and as such the computed O&M expenses are much less than the projected O&M expenses of the licensee. The correct data for number of bays and circuit kilometer has been provided in the following table:

Table 7: Year Wise No. of Bays and Total Circuit Kilometers

Particulars	FY 2016-17 (Actual)	FY 2017-18 (Estimated)	FY 2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
No. of Bays					
400 KV	6	6	6	6	6
220 KV	12	12	12	26	28
132 KV	87	90	103	118	120
Total ckm					
400 KV	4.428	4.428	4.428	4.428	4.428
220 KV	226.84	226.84	226.84	470.84	470.84
132 KV	997.34	1021.680	1156.4	1353.55	1353.55

Instead, while reviewing the O&M Expenses for FY 2018-19 in the order, the Hon'ble Commission has considered the actual O&M expenses for FY 2013-14(audited) and has increased it with the inflation rates as notified by GoI, to arrive at the O&M Expenses for the control period. However, the Commission in doing so has ignored the impact of Revision of Pay 2015, which has been considered and approved in the case of the generation and distribution tariff. In this context, it is also important to note that the Commission has not considered the actual audited figures of FY 2014-15 and FY 2015-16 as per the account statements even though the Commission has carried out truing up of FY 2014-15 and the truing up petition of FY 2015-16 is also pending with the Commission.

At the same time, the Commissions has considered the figures of FY 2016-17 statement of accounts as base for computation of components like Non-tariff income, Gross fixed asset and grants (in depreciation part). Clearly, there is an inconsistency on the Commission side in taking base for various key components of tariff. Keeping FY 2016-17 as base, O&M expenses for the control period with 5% escalation as considered by Commission is given below:

Table 8: O&M Expenses

(In Rs Cr)						
Sl. No.	Particulars	FY 2016-17 (Provisional)	FY 2017-18 (Estimated)	FY 2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
1	O&M Expense (escalated at 5% year-on-year from base year FY 2016-17)	70.22	73.73	77.42	81.29	85.35

Based on the above submission, MePTCL is requesting the Hon'ble Commission to review the O&M expense calculation as shown below:

Table 9: Claim for O&M Expenses

Sr. No.	Particulars	Amount in INR Cr.
1	Operation and Maintenance (O&M) Expenses claimed by MePTCL for FY 2018-19 in the Petition	91.91
3	Operation and Maintenance (O&M) Expenses allowed by MSERC for FY 2018-19	62
3	Additional Operation and Maintenance (O&M) Expenses on Loan to be allowed in the review petition (1-2)	29.91

The Petitioner now requests Hon'ble Commission to allow additional claim of INR 29.91 Cr. over and above the approved INR 62 Cr. as O&M Expenses for FY 2018-19.

Commission's Analysis

The Commission had considered the Regulation 29(3) (a) of CERC Regulations 2014 for Computation of O&M expenses of Transmission system based on the network data as on 31.03.2017 and projections for FY 2017-18 and FY 2018-19 furnished by the Licensee for determination of Tariff for FY 2018-19.

The network data furnished by the Licensee along with the Tariff petition vide Annexure-A page 1 to 6 thereof has been considered for Computation of O&M expenses based on the CERC norms.

The Network data furnished in the review petition is found to vary with the data filed with Tariff Petition. The Commission's analysis at para 5.9 vide page No.53 to 57 of Tariff orders clarifies the norms adopted for Computation of O&M expenses for the FY 2018-19 to FY 2020-21.

The O&M Expense is a controllable element and Commission shall consider the transmission network data as per the regulation 69.3 and 69.4 of MYT Regulation 2014 for computation of O&M expenses and determination of Tariff.

The MSERC MYT Regulation 2014 have been notified on 15.09.2014, and O&M expenses were to be fixed with effect from FY 2015-16.

The norms of O&M expenses based on Network data made applicable by CERC is adopted for the Tariff determination from 01.04.2014 to 31.03.2019. The base year actuals were to be considered for FY 2012-13, but not FY 2016-17 as claimed by the Licensee.

The re-structuring of MeSEBhas been taken effect from 01.04.2013, as such Commission had considered base year actuals of FY 2013-14 (audited)rather than FY 2012-13.

Regulation 69.5 specifies that, Increase in O&M Expenses due to natural calamities or insurgency or other factors not within its control, if any, may be approved by the Commission.

The MYT Regulations 2014 for Distribution Licensee does not specify any norms to fix O&M expense for Generation & Transmission Licensee.

The Licensee shall file petition with specific reasons for increase in O&M expenses with details of actuals. Commission shall take a view in the true up process if required as per the norms and MYT Regulations 2014.

Commission would also like to clarify once again the submission by the licensee that "the Commission has carried out true-up for 2014-15" is not correct, as the true up under the directions of APTEL were a provisional True Up only.

Commission do not consider review of O&M expenses for the present.

3.5 Depreciation

Petitioner's Submission

MePTCL has submitted that, the methodology used for computation by Licensee is in line with the MSERC Regulations. However, the Hon'ble Commission in the order has taken an average depreciation rate of 4.67% without giving any justification of how it arrived at the figure. Moreover, this average rate is different from the average rate of 5.13% considered by Hon'ble Commission in FY 2015-16 tariff order which clearly shows an inconsistency in Commission's approach. Also, the methodology used by the Hon'ble Commission is not in line with MSERC (Multi Year Tariff) Regulations, 2014. There is a sharp decrease in depreciation in the present order from the actual figures as well as the approved figures of past years which is not justified.

Even if the methodology of Hon'ble Commission to compute the depreciation based on an average rate is to be accepted, the average depreciation rates to be considered should be 5.38% based on the depreciation schedule in FY 2018-19 to FY 2020-21 as shown in the table below. The asset value of land has been excluded and grants contribution is included the calculation to arrive at the average rate (**assets considered for depreciation is not inclusive of grants capitalization, here grants contribution has been included to arrive at the average rate of depreciation only**).

Table 10: Computation of Average Depreciation Rate

Year	Opening Balance of Assets A	Closing Balance of Assets B	Depreciation in the Year C	Average Depreciation Rate C/(Average of A,B)
FY 2018-19	571.10	743.86	35.36	5.38%
FY 2019-20	743.86	1453.44	59.09	5.38%
FY 2020-21	1453.44	1843.58	88.66	5.38%

Depreciation computed in the methodology of Hon'ble Commission with average depreciation rates of 5.38% is given below:

Table 11: Revised Claim for Depreciation Charges

Particulars	(In Rs Cr)		
	FY 2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
Opening GFA (Excl. Land)	571.10	741.54	1441.62
Additions during the year (Excl. Land)	172.76	709.58	390.14
Retirements			
Closing GFA	741.54	1441.62	1826.54
Average GFA(Excl. Land)	656.32	1091.58	1634.08
Average rate of depreciation	5.38%	5.38%	5.38%
Depreciation allowed	35.30	58.71	87.88

Particulars	FY 2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
Less: Amortization grants as projected	0.46	16.27	47.88
Net Depreciation allowed for Tariff	34.83	42.44	40.00

Based on the above submissions, MePTCL is requesting the Hon'ble Commission to review the depreciation calculation as shown below:

Table 12: Claim for Depreciation Charges

Sr. No.	Particulars	Amount in INR Cr.
1	Depreciation claimed by MePTCL in the Petition for FY 2018-19	29.98
2	Depreciation claimed by MePTCL as per the Review of Tariff Order for FY 2018-19	34.83
3	Depreciation allowed by MSERC	8.89
	Additional depreciation to be allowed in the review petition (=2-3)	25.94

Based on the above submissions, it is requested that the Hon'ble Commission may allow an additional amount of INR 25.94 Cr. under depreciation for FY 2018-19.

Commission's Analysis

Commission had computed Depreciation for the control period as per Regulation 33 of MYT Regulation 2014 on the 90% value of GFA at the rates notified by the CERC after deducting the Amortization grants projected in the Tariff petition page 14 & 15. The rate of Depreciation at 5.81% against plant & Machinery shall not be applicable. The rate is adopted at 5.28% as notified by CERC. The variation in the average Depreciation is due to adoption by the Licensee at higher rate. Commission's analysis vide page No.59 & 60 of the Tariff Order is self-evident and self-explanatory.

The GFA of MeECL was not considered as already discussed in the para 3.1. The Depreciation of MeECL at 1/3rd shall be considered in the true up.

Commission does not consider review of Depreciation for the present.

3.6 Interest on Working Capital

Petitioner's Submission

Based on the above request for revision of components of tariff the petitioner requests the Hon'ble Commission to review the Interest on Working capital calculation as per the table given below:

Table 13: Revised Computation of Interest on Working Capital

Particulars	(In Rs Cr)		
	FY 2018-19	FY 2019-20	FY 2020-21
O&M for 1 Months	7.66	12.65	14.46
Maintenance Spares	6.65	11.06	16.56
Receivables for 2 Months	32.36	46.99	52.24
Total (INR Crore)	46.67	70.71	83.26
Interest Rate (%)	14.05	14.05	14.05
Interest on Working Capital (INR Crore)	6.56	9.93	11.70

Table 14: Revised Claim for Interest on Working Capital

Sr. No.	Particulars	Amount in INR Cr.
1	Interest on Working Capital claimed by MePTCL in the FY 2018-19 petition	7.37
2	Revised Interest on Working Capital computed by MePTCL as per the tariff order FY 2018-19	6.56
3	Interest on Working Capital allowed by MSERC	3.82
	Additional Return on Equity to be allowed in the review petition (2-3)	2.74

Based on the above submissions, it is requested that the Hon'ble Commission may allow an additional amount of INR 2.74 Cr. over and above the approved INR 3.82 Cr. under Interest on Working Capital for FY 2018-19.

Commission's Analysis

Commission had computed the Interest on working capital as per the regulation 34.2 on the approved elements of ARR.

Any variation shall be considered in the true up exercise after audited accounts with C&AG audit report filed for the FY 2018-19.

Commission do not consider review for the present.

3.7 Summary of the Claims

Petitioner's Submission

Based on the above, MePTCL requests the Hon'ble Commission to allow an additional amount of Rs. 126.46 Cr. in the approved ARR of FY 2018-19 and pass the same as regulatory asset which may be liquidated in the next year order. It is further requested that MePTCL may be allowed to take a working capital loan of the said amount as well as for the true up

gap of FY 2015-16 (to be approved) and allow the interest cost for the same in further orders. A summary of the review pleas made in the petition is tabulated below:

Table 15: Revised Claim

	Particulars	As Claimed in Review	MSERC
1	Return on Equity	57.54	-
2	Interest & Finance Charges	11.13	-
3	O&M Expenses	29.11	-
4	Depreciation	25.94	-
5	Interest on working Capital	2.74	-
	Total	126.46	-

Commission does not consider any review of the ARR elements, and the expenses allowed in the Tariff Order remain un-changed for FY 2018-19. Consequential changes, if any will be considered in the True Up exercise after submission of audited accounts with C&AG audited report for the year FY 2018-19.

3 Transmission Tariff

Petitioner's Submission

Based on the request for revision of tariff components, change in ARR and corrected energy handled by MePTCL, the petitioner is requesting the Hon'ble Commission to revise the transmission tariff for FY 2018-19 as given below:

Table 17: Revised Computation of Transmission Tariff for FY 2018-19

	MePTCL Revised Claim	MSERC Approved
ARR for the year (In Rs Cr)	194.19	66.86
Energy Handled (MUs)	1217.19	3130.81
Total MW Allocation (MWs)	729.5	758
Transmission Tariff (Paise/ Unit)	159	21
Open Access Charges (Rs / MW / Day)	7293.21	2417.00

Commission's Analysis

The Transmission loss of Intra-state energy shall be borne by Distribution utility. MePTCL shall claim the Transmission charges as approved in the Tariff. Actual power flow shall be assessed after completion of the Tariff year.

The T&D loss at 16.56% as projected by MePDCL has been considered for while arriving at the retail tariffs.

The variations shown by the licensee will not impact ARR & Transmission Tariff for FY 2018-19.

The Transmission Tariff and open Access charges approved for FY 2018-19 shall remain un-changed.

Conclusion:

Commission considers that the ARR and tariff orders are passed in the absence of audited results up to FY 2016-17. The estimates are considered based on the audited values for FY 2014-15 (Provisional) and assumed projections for the ARR and tariff for the control period as approved for the business plan. The MePTCL has not filed the relevant true up petitions along with C&AG audit report before issue of Tariff Order for FY 2018-19.

Commission shall have right to “suo-motu” under-take true up of the Business for FY 2014-15 and adjust the deficit/surplus in next Tariff orders to be issued. MePTCL has filed true up petition for FY 2015-16 along with C&AG report after issue of Transmission Tariff Order for FY 2018-19.

However the estimates have been computed for determination of Tariff for FY 2018-19 based on the Projections as approved for the Business Plan for the control period. Commission considers that there is no merit in the review petition and thus the same deserves to be set aside.

However, variations if any, after execution of the Tariff order for the FY 2018-19, shall be considered at the time of examining the True Up petitions and filing of audited accounts along with C&AG audit report as per Regulations.

The Review petition stands disposed of.

Sd/-

WMS Pariat, IAS (Retd.)

Chairman MSERC