

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG**

CASE NO. 21/2022

In the matter of

Petition for approval of True-up of Distribution Business for FY 2020-21

AND

Meghalaya Power Distribution Corporation Limited (the Petitioner)

Coram

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

ORDER

(Dated: 22.03.2023)

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

Commission in exercise of functions vested vide Regulation 16 of MSERC Multi Year Tariff Regulations 2014 had approved Aggregate Revenue Requirement (ARR) for MYT Control period of FY 2018-19 to FY 2020-21 in its order dated 31.03.2018.

The Regulation- 11 of MYT Regulation 2014 dt.15.09.2014 stipulates that the Commission shall under take true-up of the previous year's expenses and revenue approved with reference to Audited Statement of Accounts made available subject to prudence check including pass through of impact of uncontrollable factors if any.

MePDCL has filed petition for True-Up of Business for the FY 2020-21 along with audited statement of accounts on 31.10.2022.

Petitioner was asked to submit the additional information and data gaps in the commission's letter dated 29.11.2022, 09.12.2022 and 02.01.2023.

Petitioner has submitted the additional information along with data gaps on 22.12.2022 and 10.02.2023

Commission admitted the petition on 02.11.2022 and registered as case no. 21/2022.

Commission taking into consideration of all the facts, additional information/data and after prudence check of the claims as per the MYT Regulations, approves the true up order for FY 2020-21 in the detailed analysis attached to this order.

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

Sd/-

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

1. Truing Up for FY 2020-21

1.1 Background

While approving the ARR for FY 2020-21 in the MYT control period FY 2018-19 to FY 2020-21 vide order dated 31.03.2018 in Case No. 9/2017, and further revision order dated 25.03.2020 in Case No. 04/2020 on the same, the Commission had considered the pre-audited Statement of Accounts of FY 2016-17 and Audited Statement of Accounts of FY 2015-16. Now, since the audited Statement of Accounts for FY 2020-21 for MePDCL and MeECL are available, and as such, MePDCL is claiming the truing up of ARR of FY 2020-21 based on the actual figures as per the audited statement of Accounts with necessary justifications as required. Copy of the Audited Statement of Accounts and Statutory Audit Report of MePDCL and MeECL for FY 2020-21 are appended as Annexure-A and Annexure B respectively.

1.2 Availability of Power

Petitioner's Submission

The power availability in the state of Meghalaya is primarily from three key sources- (a) from the generating stations of MePGCL, (b) from the allocated share of central power sector generating companies like NEEPCO, NHPC and NTPC etc. and (c) from short term power purchase from IEX/bilateral trade and banking etc. The comparison of actual source wise energy availability and the approved energy availability in FY 2020-21, is provided in the table below:

Table 1 : Energy Available to MePDCL from various sources in FY 2020-21

| Sr. No. | Source | Approved availability (MUs) | Actual availability (MUs) |
|---------|---|-----------------------------|---------------------------|
| A | MePGCL | 1246.44 | 1229.06 |
| B | Outside purchase | | |
| 1 | NTPC | - | 0.00 |
| 2 | NHPC Loktak HEP | - | |
| 3 | NEEPCO | 695.20 | 573.85 |
| 4 | OTPC Pallatana GPP | 504.14 | 437.44 |
| C | Short Term (Bilateral/ Banking/ UI etc.) | | |
| | I. At NER periphery | | |
| 1 | Kreate Energy (I) Pvt Ltd - Swapping | 63.74 | 19.537 |
| 2 | Kreate Energy (I) Pvt Ltd - Bilateral | | 47.96 |
| 3 | Kreate Energy (I) Pvt Ltd - IEX | | 1.052 |
| 4 | APPCL - Swapping | 64.30 | 78.957 |
| 5 | APPCL - Bilateral | | 88.019 |
| 6 | APPCL - IEX | | 3.928 |
| | NTPC Vidut Vyapar Nigan Ltd. (NVVN) | | |

| Sr. No. | Source | Approved availability (MUs) | Actual availability (MUs) |
|----------|---------------------------------------|-----------------------------|---------------------------|
| 4 | Deviation Inter | | 14.249 |
| | II. Within the State periphery | | |
| 1 | Meghalaya Power Ltd. (MPL) – Banking | | 7.855 |
| 2 | Dalmia Cement (Bharat) Ltd (Swapping) | | 4.459 |
| 3 | Deviation Intra | | 5.153 |
| | | | |
| D | Total Availability | 2573.82 | 2511.52 |

It may be observed from the above table that the actual power availability from MePGCL, NEEPCO and OTPC Pallatana GPP was less than the approved figures. However, most of the long term generating sources for the discom are hydro in nature and as a result, MePDCL had to resort to short term power purchase on bilateral basis/banking/day ahead market etc. to meet the demand in lean seasons.

Therefore, a difference has arisen between the power availability as approved in the tariff order, and the actual power availability as ascertained as per actuals. Therefore, in exercise of powers under the Regulations referred to herein above, the difference is required to be subjected to truing up of expenses and revenue during FY 2020-21.

Commission's Analysis

The petitioner has been asked to furnish the source wise Energy under banking and swapping arrangements with the balances reconciled from the vendors. But the information is not forthcoming from the petitioner till date.

Commission Considers Power availability as projected for FY 2020-21.

1.3 Energy Sales and Revenue from Consumers of MePDCL

1.3.1 Energy sold to the consumers of MePDCL.

Petitioner's Submission

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

Table 2 : Comparison of Energy Sales to inside consumers in FY 2020-21 (in MU)

| Sl. No. | Consumer Category | Approved in TO dt 25.03.2020 | MePDCL Actual |
|---------|--|------------------------------|---------------|
| | LT Category | | |
| 1 | Domestic (DLT) (Including MeECL Establishments). | 436.62 | 394.92 |
| 2 | Commercial (CLT) | 67.42 | 61.40 |
| 3 | Industrial (ILT) | 5.06 | 4.55 |
| 4 | Agriculture (AP) | 0.10 | 0.14 |
| 5 | Public Lighting (PL) | 1.02 | 0.55 |
| 6 | Water Supply (WSLT) | 14.04 | 10.83 |

| Sl. No. | Consumer Category | Approved in TO dt 25.03.2020 | MePDCL Actual |
|---------|---------------------------------|------------------------------|----------------|
| 7 | General Purpose | 29.71 | 15.03 |
| 8 | BPL | 34.03 | 87.70 |
| 9 | Crematorium | 0.21 | 0.16 |
| | HT Category | | |
| 10 | Industrial (HT) | 89.30 | 65.81 |
| 11 | Water Supply (WS HT) | 24.07 | 28.11 |
| 12 | Domestic (DHT) | 20.68 | 17.39 |
| 13 | Commercial (CHT) | 31.60 | 20.03 |
| 14 | Bulk Supply (HT) including ASEB | 82.50 | 69.01 |
| 15 | Ferro alloy | 52.35 | 61.94 |
| | EHT Category | | |
| | EHT Category | | |
| 16 | Industrial (EHT) | 49.72 | 43.64 |
| 17 | Ferro alloy | 123.92 | 363.01 |
| 18 | Special Tariff (HT + EHT) | - | 82.23 |
| | Total | 1062.34 | 1326.45 |

The overall actual sales in FY 2020-21 is more than the approved sales by about 264.11 MUs. Therefore, the difference between the actual sales and the approved sales in the Tariff order is liable to be subjected to exercise in terms of the extant Regulations.

Commission's Analysis

It is observed that the petitioner has not achieved approved sales in the LT categories. However Kutir Jyoti (BPL) sales reported at 87.70 MU as against 34.03 MU approved. Revenue realization computed at Rs.3.75 Ps/Kwh is not segregated in the accounts vide note no.24 of SoA. Petitioner has reported the sales in respect of Kutir Jyoti (BPL) consumers at 87.70 MU which is 53.67 MU excess over the approved level for which the Revenue as applicable for Domestic Category Tariff rates should have been computed.

The approved Tariffs for FY 2020-21 vide para 1.1.2 of Tariff order specifies that in case Kutir Jyoti consumers consumes more than 30 Units per month, then the billing of Excess units shall be done on the Tariff prescribed for Normal Domestic consumers at appropriate slab rates.

Petitioner has reported total domestic sales at 482.62 MU including Kutir Jyoti for FY 2020-21. But the Revenue realization has not been segregated for Kutir Jyoti consumers.

Commission considers the excess sales of Kutir Jyoti (BPL) for 53.67 MU reported for True up shall be assessed for the difference in the Tariff rates of Kutir Jyoti and Domestic Consumers at corresponding slab rates. Thus the difference rate of domestic first slab at Rs.1.55 Ps/Kwh (5.20 – 3.65) shall be assessed for excess kutir jyoti sales of

53.67 MU for True up of FY 2020-21 and accordingly the Revenue from operations shall be increased.

Petitioner has submitted in their letter dated 22.12.2022 for a query from the Commission:-

“The difference between the Revenue assessed and the actual revenue is due to the reason, that difference of projected MU for sale against the actual sale. The projection was done in the year 2017 based on the CAGR formula.

As stated in your letter, the projected sale for Domestic was 435.62 MU whereas the actual sale is 394.92 MU.

However, the projected MU for sale of Kutir Jyoti/BPL consumers was less than the actual sale because the projected sale was based on the CAGR formula, but due to the launching of SAUBHAGHYA scheme, the number of consumers under this category grew exponentially and thus the increase in energy consumption.

MePDCL has been billing the consumers under Kutir Jyoti as per the approved rates of MSERC. Whenever the monthly units consumption is more than 30 units, the excess units is billed under the rates prescribed under Domestic consumers.

The analyzed excess consumption of 53.74 MU to be billed under Domestic category rates is not correct, since those consumers who had been given connections in the earlier periods were being billed during this time.

The Revenue for Domestic sales and Kutir Jyoti sales is clubbed together due to the fact that there is no separate account code for denoting billing and collection from Kutir jyoti category of consumers in fact, this has been a continuing process from the earlier periods.”

Commission felt that the petitioner has failed to implement and execute the Tariff Orders passed by the Commission.

Commission had approved the Kutir jyoti sales at 34.03 MU for 86,779 Kutir Jyoti consumers to be billed at Rs.3.65 Ps/Kwh for FY 2020-21. Licensee has not reported no. of consumers increased on account of launching of SAUBHAGHYA scheme.

It may be drawn from approved Business plan for FY 2020-21 that 2,26,477 consumers estimated to be served in the FY 2020-21, with the above data, 1,39,698 more

consumers were to be brought into the Kutir Jyoti category for billing at 30 units per month.

Therefore the sales to these 2,26,477 consumers shall be considered at 81.53 MU and the remaining 6.17 MU should have been billed under applicable domestic category Tariff at Rs.5.20 Ps/Kwh which earns Revenue to Discom at Rs.3.21 Crore for FY 2020-21.

Licensee has not segregated/classified the Energy sales in respect of HT/EHT Special Tariff industries whose Tariff was approved at Rs.4.90 Ps/Kwh. This has been resulted substantial under assessment of Revenue as per the tripartite MoU by not computing 68% load factor Energy condition and penal charges if any for failure to achieve threshold level of load factor energy.

In the absence of segregated sales data for HT/EHT special tariff, assessment of Revenue for sales reported at 82.23 MU, the connected load as approved for FY 2021-22 is considered for computation of fixed charges (4/2020 to 10/2020), and Energy charges are computed at the Approved Tariff rates to assess the Revenue for November 2020 to March 2021 considered for True up of FY 2020-21 (ie., date of special tariff made applicable).

Commission considers Energy Sales at 1326.45 MU with the above variations for True up of FY 2020-21.

1.3.2 Energy sold to Others

Petitioner's Submission

The Energy sales to others both inside and outside the State in FY 2020-21 is shown below:

Table 3 : Energy Sales to Others in FY 2020-21

(in MU)

| Sl. No. | Particulars | MePDCL Actual |
|---------|---|----------------|
| | Sale at NER/ NER_ER periphery | |
| 1 | Kreate Energy (I) Pvt Ltd - IEX | 238.357 |
| 2 | Kreate Energy (I) Pvt Ltd -Swapping | 118.001 |
| 3 | Kreate Energy (I) Pvt Ltd -RE power (Non solar) | 0.967 |
| 4 | APPCPL - IEX | 0.288 |
| 5 | APPCPL - Swapping | 116.053 |
| 6 | APPCPL - RE power (Non solar) | 20.076 |
| 7 | DSM Inter | 60.981 |
| | Sub Total | 554.723 |

| | | |
|----|--------------------------------|----------------|
| | Sale at State periphery | |
| 8 | MPL - Swapping | 26.785 |
| 9 | Dalmia (P) Ltd- Swapping | 13.434 |
| 10 | DSM Intra | |
| | Sub Total | 40.219 |
| | Total | 594.942 |

Commission's Analysis

The Energy sold outside the state is reported at 554.723 MU in the audited SOA for FY 2020-21 vide note no. 24.3, while reporting the sale of 40.22 MU shown as Intra state swapping account in the note no.24.1 of SOA. Thus Surplus Energy has been accounted for at 594.94 MU.

Commission considers Sale of Surplus power at 594.94 MU for True up of FY 2020-21.

1.3.3 Total Energy Sales

Petitioner's Submission

The total Energy sales in FY 2020-21 is shown below:

Table 4 : Total Energy Sales in FY 2020-21 (in MU)

| Sl. No. | Particulars | MePDCL Actual |
|---------|--|----------------|
| 1 | Energy sale to inside the state Consumers | 1326.45 |
| 2 | Energy sale to others both outside and inside the State at State periphery | 594.94 |
| 3 | Total Energy sales | 1921.39 |

Commission's Analysis

Commission considers the breakup of Energy sales projected as above for True up of FY 2020-21.

1.4 Distribution losses and Energy Balance

1.4.1 Distribution losses

Petitioner's Submission

The actual Distribution losses in FY 2020-21 is shown in the table below:

Table 5 : Computation of Distribution Losses for FY 2020-21 (Projected)

| Sl. No. | Particulars | Calculation | Amount |
|---------|--|--------------|---------|
| 1 | Energy purchase from Eastern Region (ER) | A | 0 |
| 2 | Inter-State Transmission Loss in ER | B | 1.80% |
| 3 | Net Power purchased from ER | $C=A(1-B\%)$ | 0 |
| 4 | Power purchase from CGS including Pallatana North Eastern Region (NER) | D | 1011.29 |
| 5 | Total Power at NER | $E=C+D$ | 1011.29 |

| | | | |
|----|---|---------------|---------|
| 6 | Inter-State Transmission Loss in NER | F | 3% |
| 7 | Net Power available at state bus from external sources on longterm | $G=E*(1-F\%)$ | 980.95 |
| 8 | Power purchase from MePGCL | H | 1229.06 |
| 9 | Power purchase from other sources (both from outside & within the State) (incl.swap/UI/bilateral) | I | 271.17 |
| 10 | Power sold to others (both outside & inside the State) (incl.swap/UI/bilateral) | J | 594.94 |
| 11 | Net power available at State Bus for sale of power within the state | $K=G+H+I-J$ | 1886.24 |
| 12 | State Transmission Loss % | L | 4.00% |
| 13 | State Transmission Loss MU | $M=K*L$ | 75.45 |
| 14 | Net power available of Discom for sale of power within the state | $N=K-M$ | 1810.79 |
| 15 | Power sold to consumers within the state | O | 1326.44 |
| 16 | Distribution Losses | $P=N-O$ | 484.35 |
| 17 | Distribution Losses (%) | $Q=P/N$ | 26.75% |

It is requested that the Commission to approve 26.75% as Distribution loss for FY 2020-21. It is submitted that every effort has been made to bring down the Distribution losses.

Commission's Analysis

Commission had approved T&D losses at 12% in the ARR and Tariff Order for FY 2020-21. Whereas the Licensee has claimed Distribution losses at 26.75 % for the FY 2020-21 for which the utility has not furnished the reasons for deficiency in the achievement of T&D losses.

Commission considers T&D losses at 26.75% as claimed for True up of FY 2020-21.

1.4.2 Energy Balance

Petitioner's Submission

Based on the above computation of Distribution loss of 26.75%, the computation of Energy Balance is as shown below.

Table 6 : Computation of Energy Balance for FY 2020-21 (Projected)

| Sl. No. | Particulars | Calculation | Amount |
|---------|--|---------------|---------|
| 1 | Energy purchase from Eastern Region (ER) | A | 0 |
| 2 | Inter-State Transmission Loss in ER | B | 1.80% |
| 3 | Net Power purchased from ER | $C=A(1-B\%)$ | 0 |
| 4 | Power purchase from CGS including Pallatana North Eastern Region (NER) | D | 1011.29 |
| 5 | Total Power at NER | $E=C+D$ | 1011.29 |
| 6 | Inter-State Transmission Loss in NER | F | 3% |
| 7 | Net Power available at state bus from external sources on long term | $G=E*(1-F\%)$ | 980.95 |
| 8 | Power purchase from State generating stations within the state | H | 1229.06 |

| Sl. No. | Particulars | Calculation | Amount |
|---------|---|-------------|---------|
| 9 | Power purchase from other sources (both from outside & within the State) | I | 271.17 |
| 10 | Net power available at State Bus for sale of power within the state | J=G+H+I | 2481.18 |
| 11 | Power sold to consumers within the state | K | 1326.44 |
| 12 | Distribution Losses (%) | L | 26.75% |
| 13 | Distribution Losses MU | M = N - K | 484.35 |
| 14 | Energy Requirement for sale by Discom within state | N = K/(1-L) | 1810.79 |
| 15 | Energy Requirement for sale within state at State Bus | O=N/(1-4%) | 1886.24 |
| 16 | Surplus Energy at State Bus | P = J-O | 594.94 |
| 17 | Power sold to others (both outside & inside the State)(incl.swap/UI/bilateral) at State Bus | Q | 594.94 |
| 18 | Unaccounted Energy (MU) | R = P - Q | 0.00 |

Commission's Analysis

Licensee has reported the surplus energy sold outside the state under swapping, DSM, exchange and Non Solar for 554.72 MU vide note no.24.3 of SoA as detailed below.

| Particulars | In MU |
|--------------|---------------|
| Swapping | 234.05 |
| DSM | 60.98 |
| Exchange | 238.64 |
| Non Solar | 21.04 |
| Total | 554.72 |

Licensee has projected 40.22 MU as Intra state Swapping vide note no.24.1 of SOA. Thus total surplus Energy sold within the state and outside the state amounted to 594.94 MU as claimed in the Energy balance table.

Commission considers computation of Energy balance as depicted in the Table below.

Table 7 : Approved Energy Balance for True up of FY 2020-21

| Sl. No. | Particulars | Calculation | MU |
|---------|---|---------------|----------------|
| 1 | Power purchased from the Eastern Region (ER) | A | 0 |
| 2 | Inter-state transmission loss for ER | B | 1.80% |
| 3 | Net power purchased from the ER | C=A*(1-B) | 0 |
| 4 | Power purchased from the North -Eastern Region(NER) | D | 1011.29 |
| 5 | Inter-state transmission loss for NER | E | 3.00% |
| 6 | NER Regional Loss | (1011.29*3%) | 980.95 |
| 7 | Net power available at state bus from external sources on long term | F=(C+D)*(1-E) | 980.95 |
| 8 | Power purchased from generating stations within the state | G | 1229.06 |
| 9 | Power purchased from other sources | H | 271.17 |
| 10 | Total Energy Available in the State periphery for sale | I=F+G+H | 2481.18 |
| 11 | Net Energy Available for sale by Discom | K | 2481.18 |
| 12 | Power sold to consumers | L | 1326.44 |
| 13 | Approved Energy Sales within the state | M | 1326.44 |

| Sl. No. | Particulars | Calculation | MU |
|-----------|---|--------------|----------------|
| 14 | Distribution Losses (%) | N | 26.75% |
| 15 | Distribution Losses in terms of MU | O | 484.35 |
| 16 | Energy Requirement for sale by Discom within state | P=M+O | 1810.79 |
| 17 | Energy Requirement for sale within the state at state bus | Q=P/0.96 | 1886.24 |
| 18 | Surplus Energy | R=K-Q | 594.94 |
| 19 | Surplus Energy Sold within the State and Outside State | S | 594.94 |

Commission considers Energy balance as computed above for True up of FY 2020-21.

2. Determination of Components of Annual Revenue Requirement (ARR) FY 2020-21

2.1 Power Purchase Cost

Petitioner's Submission

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

A comparison of source wise power purchase cost as per the actuals and approved Power Purchase Cost as per the Tariff Order for FY 2020-21 is shown in the following table.

Table 8 : Source wise Power Purchase Cost for FY 2020-21 (Projected)

| Station | MSERC Approved | | | MePDCL Actuals | | |
|-----------------|----------------|--------------------|---------------|----------------|--------------------|---------------|
| | Energy (MU) | Total Cost (Rs Cr) | Unit cost/kWh | Energy (MU) | Total Cost (Rs Cr) | Unit cost/kWh |
| NTPC | | | | | | |
| Farakka | | | | | | |
| Kahalgaon I | | | | | | |
| Khalgaon II | | | | | | |
| Talcher | | | | | | |
| Bongaigoan | | | | | | |
| Total for NTPC | | 198.00 | | | 211.86 | |
| OTPC | | | | | | |
| OTPC Pallatana | 504.14 | 171.86 | 3.41 | 437.44 | 177.66 | 4.06 |
| | | | | | | |
| NEEPCO | | | | | | |
| Kopili Stage-I | | | | | 0.30 | |
| Kopili Stage-II | | | | | 0.01 | |
| Khandong HEP | | | | 6.94 | 1.93 | 2.78 |
| Ranganadi HEP | | | | 158.97 | 35.58 | 2.24 |

| Station | MSERC Approved | | | MePDCL Actuals | | |
|--------------------------------------|----------------|--------------------|---------------|----------------|--------------------|---------------|
| | Energy (MU) | Total Cost (Rs Cr) | Unit cost/kWh | Energy (MU) | Total Cost (Rs Cr) | Unit cost/kWh |
| Doyang HEP | | | | 22.39 | 12.40 | 5.54 |
| AGBPP | | | | 169.45 | 59.26 | 3.50 |
| AGTCCPP | | | | 108.77 | 42.22 | 3.88 |
| Pare HEP | | | | 68.85 | 36.91 | 5.36 |
| Kameng HEP | | | | 34.63 | 13.87 | 4.01 |
| NEEPCO Surcharge | | | | | 48.74 | |
| Free Power | | | | 3.86 | | |
| Total for NEEPCO | 695.20 | 191.18 | 2.75 | 573.86 | 251.22 | 4.38 |
| NHPC | | | | | | |
| NHPC Loktak | | 1.90 | | | 0.00 | |
| MePGCL | | | | | | |
| Umiam Stage-I HEP | 116.29 | 9.72 | 0.83 | 148.53 | 20.54 | 1.38 |
| Umiam State-II HEP | 45.51 | 5.40 | 1.18 | 75.68 | 13.36 | 1.77 |
| Umiam State-III HEP | 139.40 | 16.21 | 1.16 | 162.79 | 32.59 | 2.00 |
| Umiam State-IV HEP | 207.50 | 10.01 | 0.78 | 187.14 | 28.61 | 1.53 |
| MyntduLeshka HEP | 486.23 | 34.06 | .070 | 416.99 | 58.68 | 1.41 |
| New Umtru | 235.00 | 78.55 | 1.70 | 228.32 | 19.78 | 0.87 |
| Sonapani | 5.50 | 0.41 | 0.21 | 6.02 | 0.79 | 1.31 |
| Lakroh | 11.01 | 0.41 | 0.37 | 3.64 | 0.50 | 1.37 |
| Total for MePGCL | 1246.44 | 171.78 | 1.37 | 1229.11 | 174.85 | 1.42 |
| Short Term | | | | | | |
| Kreate Energy (I) Pvt Ltd -Swapping | 128.04 | 2.14 | | 10.54 | | |
| Kreate Energy (I) Pvt Ltd -IEX | | 0.10 | | 1.05 | | |
| Kreate Energy (I) Pvt Ltd -Bilateral | | | | 47.96 | | |
| Sub Total | | | | 68.55 | 16.81 | 2.45 |
| APPCL - Swapping | | | | 78.96 | | |
| APPCL - IEX | | | | 3.93 | | |
| APPCL - Bilateral | | | | 88.02 | | |
| Sub Total | | | | 170.91 | 34.25 | 2.00 |
| Dalmia (P) Ltd (Swapping) | | | | 4.46 | | |
| Meghalaya Power Ltd.(MPL) - Banking | | | | 7.85 | | |
| Deviation Inter | | | | 14.25 | 3.82 | 3.62 |
| Deviation Intra | | | | 5.15 | 0.00 | 0.00 |
| POSOCO | | | | | 0.83 | |
| VAR Charges | | | | | 0.00 | |
| Powergrid | | 58.98 | | | 103.55 | |
| MePTCL | | 52.45 | | | 52.45 | |
| Total | 2573.82 | 848.39 | 3.30 | 2511.58 | 1027.20 | 4.09 |

Details of Power Purchase invoices for FY 2020-21 have been attached as Annexure D. On the above power purchase cost, MePDCL has availed rebate amounting to Rs 14.04 Cr and it is shown in Table 22: Other Income. MePDCL therefore, requests the Commission not to deduct any further rebate amount from the power purchase cost. A comparison of the actual and approved transmission charges of FY 2020-21 is given below:

Table 9 : Comparison of Transmission Charges for FY 2020-21

| Sr. No. | Particulars | Approved in TO Dated 31.03.2018 | Actuals |
|---------|--|---------------------------------|---------------|
| 1 | Inter-state transmission charges (Rs.Cr) | 58.98 | 103.55 |
| 2 | Intra state transmission charges (Rs.Cr) | 52.45 | 52.45 |
| | TOTAL | 111.43 | 156.00 |

Commission's Analysis

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

NTPC

The petitioner has claimed Power purchase cost for True up of FY 2020-21 at Rs.211.86 Crore which includes Rs.59.18 Crore LPSC and adjustment of RRAS at Rs.3.08 Crore and also credit bills for Rs.0.64 Crore. The power purchase cost is considered excluding the LPSC, RRAS and credit bills after deducting 1% rebate as per Regulations.

| Particulars | Gross (Rs.Cr) | 1% Rebate (Rs.Cr) | Net Admissible (Rs.Cr) |
|------------------------------------|---------------|-------------------|------------------------|
| Power Purchase cost for FY 2020-21 | 156.29 | 1.56 | 154.73 |
| LPSC | 59.18 | - | - |
| TCS (Tax collection at source) | 0.10 | - | 0.10 |
| RRAS Adjustment | - 3.08 | - | -3.08 |
| Credit Bills | - 0.64 | - | -0.64 |
| Net Admissible | 211.85 | - | 151.11 |

Commission considers Power purchase cost for NTPC at Rs.151.11 Crore for True up of FY 2020-21.

OTPC

The licensee has claimed power purchase cost at Rs.177.66 Crore including Rs.14.14 Crore surcharge which shall not be considered for determination of Tariff. The claim includes supplementary bills for Rs.0.03 Crore and Credit bills for Rs.3.15 Crore.

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2020-21.

| Particulars | Gross | 1%rebate | Net Admissible |
|------------------------------------|---------------|----------|----------------|
| Power Purchase cost for FY 2020-21 | 166.63 | 1.67 | 164.96 |
| Surcharge claim | 14.14 | - | - |
| Debit note | 0.03 | - | 0.03 |
| Credit note | - 3.15 | - | - 3.15 |
| Net Admissible | 177.65 | | 161.84 |

Commission considers power purchase cost at Rs. 161.84 crore for True up of FY 2020-21.

NEEPCO

The licensee has claimed power purchase cost at Rs.251.22 Crore which includes Rs.48.74 Crore surcharge. Surcharge claim shall not be considered for determination of Tariff.

The power purchase cost includes Rs.12.30 Crore supplementary bills and Rs.0.64 Crore Credit bills.

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2020-21.

| Particulars | Gross Claim (Rs.Cr) | 1%rebate | Net Admissible (Rs.Cr) |
|------------------------------------|----------------------------|-----------------|-------------------------------|
| Power Purchase cost for FY 2020-21 | 190.83 | 1.91 | 188.92 |
| Supplementary bills | 12.30 | 0.12 | 12.18 |
| Surcharge claim | 48.74 | - | - |
| Credit Bills | -0.64 | - | -0.64 |
| Net Admissible | 251.23 | - | 200.46 |

Commission considers power purchase cost at Rs. 200.46 Crore for True up of FY 2020-21.

MePGCL

The Licensee has claimed power purchase cost of MePGCL at Rs.174.85 Crore for True up of FY 2020-21.

The claim is admitted for Rs.173.10 Crore after adjustment of 1% rebate for Rs.1.75 Crore for True up as per the project wise month wise breakup attached to this order.

Table 10 : Power Purchase Bills Claimed by MePGCL for FY 2020-21

| Months | Umiam -I | Umiam -II | Umiam -III | Umiam IV | Umtru Power station | Sonapani Mini Power Station | MLHEP | NUHEP | Lakroh Mini HEP | Total |
|------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|-----------------------------|--------------------|-------------------|-------------------|-------------------|
| Apr-20 | 8914957 | 5294957 | 16736827 | 15047085 | -47736 | 565770 | 34428335 | 11039981 | 347587 | 92327763 |
| May-20 | 12038212 | 7612919 | 24573247 | 21186780 | -50676 | 724501 | 50375170 | 14794697 | 474520 | 131729370 |
| Jun-20 | 14563478 | 9296320 | 26756459 | 23439996 | 51864 | 777160 | 80156770 | 17577917 | 411093 | 173031057 |
| Jul-20 | 27594150 | 18711960 | 27346851 | 28380991 | 52554 | 730915 | 79213904 | 20989353 | 566072 | 203586750 |
| Aug-20 | 25523093 | 17268342 | 31773682 | 28266517 | -51966 | 753161 | 66247023 | 20955225 | 581010 | 191316087 |
| Sep-20 | 18671122 | 12078475 | 31614013 | 27624749 | 0 | 743053 | 63920983 | 20361091 | 449740 | 175463226 |
| Oct-20 | 22725755 | 15042747 | 31127773 | 27374741 | 0 | 693026 | 64312830 | 21010315 | 391923 | 182679110 |
| Nov-20 | 15554368 | 9866037 | 31587573 | 27332715 | 0 | 642735 | 36062997 | 17754904 | 388270 | 139189599 |
| Dec-20 | 16487332 | 10549804 | 30086114 | 25120043 | 0 | 657850 | 29304741 | 15511792 | 376206 | 128093882 |
| Jan-21 | 15642728 | 10087956 | 27421824 | 22775099 | 0 | 607611 | 27997593 | 13865964 | 359991 | 118758766 |
| Feb-21 | 15154629 | 9824158 | 25583840 | 21201409 | 0 | 525095 | 27136696 | 12578020 | 335468 | 112339315 |
| Mar-21 | 12557636 | 7982336 | 21267090 | 18347726 | 0 | 486657 | 27666909 | 11403642 | 324368 | 100036364 |
| | | | | | | | | | | 1748551289 |
| Total | 205427460 | 133616011 | 325875293 | 286097851 | -45960 | 7907534 | 586823951 | 197842901 | 5006248 | 1748551289 |
| Less: 1% Rebate | 2054274.6 | 1336160.11 | 3258752.93 | 2860978.51 | -459.6 | 79075.34 | 5868239.51 | 1978429.01 | 50062.48 | 17485513 |
| Net | 203373185.4 | 132279850.9 | 322616540.1 | 283236872.5 | -45500.4 | 7828459 | 580955711.5 | 195864472 | 4956185.52 | 1731065776 |

Kreate Energy Private Limited (MPPL):

Licensee has claimed power purchase cost for bilateral and IEX procurement including swapping for 59.55 MU at Rs.16.81 Crore for True up of FY 2020-21.

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2020-21.

| Particulars | Amount in Cr |
|------------------------------------|---------------------|
| Power Purchase cost for FY 2020-21 | 16.81 |
| Less: 1% rebate | 0.17 |
| Net Admissible | 16.64 |

Commission considers the claim and admitted for Rs.16.64 Crore after adjusting 1% rebate for Rs.0.17 Crore for True up of FY 2020-21.

APPCL:

Licensee has claimed power purchase cost for bilateral and IEX procurement including swapping of 170.91 MU at Rs.34.25 Crore for True up of FY 2020-21.

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2020-21.

| Particulars | Amount in Cr |
|------------------------------------|---------------------|
| Power Purchase cost for FY 2020-21 | 34.25 |
| Less: 1% rebate | 0.34 |
| Net Admissible | 33.91 |

Commission considers the claim and admitted for Rs.33.91 Crore after adjusting 1% rebate for Rs.0.34 Crore for True up of FY 2020-21.

Dalmia (P) Ltd (Swapping)

Licensee has procured 4.46 MU under swapping arrangement from Dalmia (P) Ltd without monetary value.

Meghalaya Power Ltd (MPL) – Banking

Licensee has procured 7.85 MU under Banking arrangement from Meghalaya Power Ltd (MPL) without monetary value.

Deviation (Inter)

Licensee has claimed power purchase cost under Deviation (Inter state) at Rs.3.82 Crore for 14.25 MU.

Whereas weekly schedule of Deviation Interstate amounted at Rs.3.77 Crore only.

The claim of surcharge for deviation inter at Rs.0.05 Crore is not considered.

Commission considers Deviation Interstate power purchase cost at Rs.3.77 Crore for True up of FY 2020-21.

Deviation (Intra)

Licensee has projected power procurement of 5.15 MU without monetary value under deviation (intra state) for True up of FY 2020-21.

POSOCO

Licensee has claimed point of connection charges of POSOCO at Rs.0.83 Crore for True up of FY 2020-21.

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2020-21.

| Particulars | Amount in Cr |
|--|---------------------|
| Point of Connection charges for FY 2020-21 | 0.83 |
| Less: 1% rebate | 0.01 |
| Net Admissible | 0.82 |

Commission considers the claim and admitted for Rs.0.82 Crore after adjusting 1% rebate for Rs.0.01 Crore for True up of FY 2020-21.

Transmission Charges

PGCIL

Licensee has claimed PGCIL Transmission charges for Rs.103.55 Crore including SCADA EMS and Supplementary bills towards deferred tax liability from FY 2014-15 to FY 2019-20. Whereas detailed verification of invoices it is observed that the invoices included with surcharge and credit bills for Rs.6.83 Crore and Rs.2.14 Crore respectively. The surcharge shall not be admissible for determination of Tariff.

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2020-21.

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

| Particulars | Projected Gross Value | Actual Value (Rs.Cr) | 1% rebate | Net Admissible (Rs.Cr) |
|---|-----------------------|----------------------|-----------|------------------------|
| PGCIL Transmission charges for FY 2020-21 incl. Supplementary bills | 98.23 | 98.86 | 0.99 | 97.87 |
| Surcharge claim | 5.33 | 6.83 | - | - |
| Credit Bills | - | 2.14 | - | - 2.14 |
| Net Admissible | 103.55 | 107.83 | | 95.73 |

Commission considers PGCIL Transmission charges at Rs.95.73 Crore for True up of FY 2020-21.

MePTCL

The Licensee has claimed Transmission charges at Rs.52.45 Crore for True up of FY 2020-21

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2020-21

| Particulars | Amount in Cr |
|-----------------------|--------------|
| Transmission charges | 52.45 |
| Less: 1% rebate | 0.52 |
| Net Admissible | 51.93 |

Commission considers the Transmission charges for Rs.51.93 Crore after adjusting 1% rebate for Rs.0.52 Crore for True up of FY 2020-21.

Table 11 : Source wise Power Purchase Cost approved for True up of FY 2020-21

| Station | MePDCL Actuals | | | Approved for True up of FY 2020-21 | | |
|------------------|----------------|--------------------|---------------|------------------------------------|--------------------|---------------|
| | Energy (MU) | Total Cost (Rs Cr) | Unit cost/kWh | Energy (MU) | Total Cost (Rs Cr) | Unit cost/kWh |
| NTPC | | | | | | |
| Farakka | | | | | | |
| Kahalgaon I | | | | | | |
| Khalgaon II | | | | | | |
| Talcher | | | | | | |
| Bongaigoan | | | | | | |
| Total for NTPC | | 211.86 | | | 151.11 | |
| OTPC | | | | | | |
| OTPC Pallatana | 437.44 | 177.66 | 4.06 | 437.44 | 161.84 | 3.70 |
| NEEPCO | | | | | | |
| Kopili Stage-I | | 0.30 | | | | |
| Kopili Stage-II | | 0.01 | | | | |
| Khandong HEP | 6.94 | 1.93 | 2.78 | 6.94 | | |
| Ranganadi HEP | 158.97 | 35.58 | 2.24 | 158.97 | | |
| Doyang HEP | 22.39 | 12.40 | 5.54 | 22.39 | | |
| AGBPP | 169.45 | 59.26 | 3.50 | 169.45 | | |
| AGTCCPP | 108.77 | 42.22 | 3.88 | 108.77 | | |
| Pare HEP | 68.85 | 36.91 | 5.36 | 68.85 | | |
| Kameng HEP | 34.63 | 13.87 | 4.01 | 34.63 | | |
| NEEPCO Surcharge | | 48.74 | | | | |

| Station | MePDCL Actuals | | | Approved for True up of FY 2020-21 | | |
|---------------------------------------|----------------|--------------------|---------------|------------------------------------|--------------------|---------------|
| | Energy (MU) | Total Cost (Rs Cr) | Unit cost/kWh | Energy (MU) | Total Cost (Rs Cr) | Unit cost/kWh |
| Free Power | 3.86 | | | 3.86 | | |
| Total for NEEPCO | 573.86 | 251.22 | 4.38 | 573.86 | 200.46 | 3.49 |
| NHPC | | | | | | |
| NHPC Loktak | | 0.00 | | | 0.00 | |
| MePGCL | | | | | | |
| Umiyam Stage-I HEP | 148.53 | 20.54 | 1.38 | 148.53 | | |
| Umiyam State-II HEP | 75.68 | 13.36 | 1.77 | 75.68 | | |
| Umiyam State-III HEP | 162.79 | 32.59 | 2.00 | 162.79 | | |
| Umiyam State-IV HEP | 187.14 | 28.61 | 1.53 | 187.14 | | |
| MyntduLeshka HEP | 416.99 | 58.68 | 1.41 | 416.99 | | |
| New Umtru | 228.32 | 19.78 | 0.87 | 228.32 | | |
| Sonapani | 6.02 | 0.79 | 1.31 | 6.02 | | |
| Lakroh | 3.64 | 0.50 | 1.37 | 3.64 | | |
| Total for MePGCL | 1229.11 | 174.85 | 1.42 | 1229.11 | 173.11 | |
| Short Term | | | | | | |
| Kreate Energy (I) Pvt Ltd - Swapping | 10.54 | | | 19.54* | | |
| Kreate Energy (I) Pvt Ltd – IEX | 1.05 | | | 1.05 | | |
| Kreate Energy (I) Pvt Ltd - Bilateral | 47.96 | | | 47.96 | | |
| Sub Total | 68.55 | 16.81 | 2.45 | 68.55 | 16.64 | |
| APPCL - Swapping | 78.96 | | | 78.96 | | |
| APPCL IEX | 3.93 | | | 3.93 | | |
| APPCL Bilateral | 88.02 | | | 88.02 | | |
| Sub Total | 170.91 | 34.25 | 2.00 | 170.91 | 33.91 | |
| Dalmia (P) | 4.46 | | | 4.46 | | |
| Meghalaya Power Ltd (MPL) Banking | 7.85 | | | 7.85 | | |
| Deviation Inter | 14.25 | 3.82 | 3.62 | 14.25 | 3.77 | |
| Deviation Intra | 5.15 | 0.00 | 0.00 | 5.15 | | |
| POSOCO | | 0.83 | | | 0.82 | |
| VAR charges | | 0.00 | | | | |
| Power Grid | | 103.55 | | | 95.73 | |
| MePTCL | | 52.45 | | | 51.93 | |
| Total | 2511.58 | 1027.20 | 4.09 | 2511.58 | 889.32 | 3.54 |

* Petitioner in their letter dated 22.12.2022 stated that Quantum of Swapping Energy Claimed against Kreate Energy (I) Pvt Ltd was 19.54 MU. The same was typed as 10.54 MU by mistake in the petition vide table no.07. This can be confirmed from the audited accounts vide note no.26.5.

The typing mistake is found considerable.

Table 12 : Approved Power Purchase Cost for True up of FY 2020-21

| Sl. no | Name of the Generator/Source | Energy Drawn in MU | MePDCL Actuals (in Rs Cr) | Approved for True up (Rs Cr) |
|--------|-----------------------------------|--------------------|---------------------------|------------------------------|
| 1 | NTPC | 0 | 211.86 | 151.11 |
| 2 | OTPC | 437.44 | 177.66 | 161.84 |
| 3 | NEEPCO | 573.86 | 251.22 | 200.46 |
| 4 | NHPC | 0 | 0 | 0 |
| 5 | Kreate Energy (MPPL) | 59.55 | 16.81 | 16.64 |
| 6 | APPCL | 170.91 | 34.25 | 33.91 |
| 7 | Dalmia (P) Ltd (Swapping) | 4.46 | 0 | 0 |
| 8 | Meghalaya Power Ltd (MPL) Banking | 7.85 | 0 | 0 |
| 9 | Deviation Inter | 14.25 | 3.82 | 3.77 |
| 11 | Deviation Intra | 5.15 | 0.00 | 0 |
| 12 | POSOCO | 0 | 0.83 | 0.82 |
| 13 | VAR Charges | 0 | 0 | 0 |
| 14 | MePGCL | 1229.11 | 174.85 | 173.11 |
| | Sub-Total (A) | 2511.58 | 871.3 | 741.66 |
| | Transmission Charges | | | |
| 15 | PGCIL | | 103.55 | 95.73 |
| 16 | MePTCL | | 52.45 | 51.93 |
| | Sub Total (B) | | 156.00 | 147.66 |
| | Total (A+B) | 2511.58 | 1027.20 | 889.32 |

Commission approves Power Purchase cost at Rs.889.32 Crore for True up of FY 2020-21.

1.5.1 RPO Compliance

Petitioner's Submission

Regarding the RPO compliance, it is submitted that MePDCL has not purchased any power from solar and wind sources during FY 2020-21. It has also procured enough surplus from other renewable sources (basically small hydro) to meet the total RPO requirement and as such, it requests Commission to waive of the remaining RPO compliance for solar. The details of purchase of energy along with RPO target vis-à-vis achieved are given below:

Table 13 : Renewable Purchase Obligation Approved & Achieved

| Year | Consumed | Target | | | | Achieved | | | |
|---------|----------|--------|-----------|-------|-------|----------|-----------|---------------|-------|
| | | Solar | Non solar | Total | | Solar | Non-Solar | Total RPO Met | |
| | | % | % | % | MUs | MUs | MUs | MUs | % |
| 2020-21 | 1,326.45 | 1.25% | 4.75% | 6.00% | 79.59 | 0.00 | 85.34 | 85.34 | 6.78% |

Table 14 : Power Purchase from Small Hydro

| Details of Small Hydro for RPO Compliance | | |
|---|-------------------------|---------------------|
| Small Hydro ElectricPlant | Installed Capacity (MW) | Power Procured (MU) |
| Kopili Stage-II | 25 | 0.00 |
| Sonapani | 1.5 | 6.02 |
| Umiam Stage-II | 20 | 75.68 |
| Lakroh | 1.5 | 3.64 |
| Total | | 85.34 |

Commission's Analysis

The licensee has procured Energy from small hydro projects of 25 MW and below during the FY 2020-21 as claimed for True up at 85.34 MU.

The target level of RPO as notified for FY 2020-21 was at 6% of the Energy sales within the state.

The petitioner has achieved Energy sales in FY 2020-21 at 1326.45 MU and RPO requirement at 6% would be 79.59 MU as against which actual procurement amounted to 85.34 MU.

Commission considers the petitioner has complied with the RPO obligation for the FY 2020-21.

2.2 O&M Expenses

Petitioner's Submission

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

- Repairs and Maintenance expenses: Repairs and Maintenance Expenses are incurred for the day to day upkeep of the assets of MePDCL and form an integral part of the Company's efforts towards reliable & quality power supply and reduction of losses in the system.
- Employee Expenses: Employee expenses comprise of salaries, dearness allowance, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.
- Administrative and General Expenses: Administrative expenses mainly comprises of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

Commission's Analysis

As per Regulation 94.1 of MSERC MYT Regulations 2014

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

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

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

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

2.2.1 Repairs and Maintenance Expenses (R & M expenses)

Petitioner's Submission

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

Table 15 : R&M expenses for FY 2020-21 (Projected)

| | (Rs. Cr) |
|--|---------------|
| R&M Expense | MePDCL |
| Buildings | 0.30 |
| Plant and Equipment | 0.45 |
| Civil Works | 0.11 |
| Lines & Cables | 4.93 |
| Vehicles | 0.15 |
| Furniture and Fixtures | 0.01 |
| Office equipment | 0.17 |
| R&M Expenses incurred by MePDCL (actuals) (1) | 6.12 |
| R&M Expenses of MeECL Apportioned (actuals) (2) | 0.03 |
| Net Actual R&M Expense for True up (1+2) | 6.15 |

MePDCL requests the Commission to allow the actual R&M expenses of Rs 6.15 Crores for true up of FY 2020-21.

Commission's Analysis

R&M expenses at Rs.6.11 Crore as reported in the note no. 30 of audited statement of accounts and 1/3rd of MeECL R&M expenses considered at Rs.0.03 Crore apportionable for True up of FY 2020-21 as claimed by the licensee.

Commission Considers R&M expenses at Rs.6.14 Crore for True up of FY 2020-21.

2.2.2 Employee Expenses

Petitioner's Submission

The employee expenses incurred by MePDCL and the share of MeECL to be borne in FY 2020-21 as per the audited Statement of Accounts are as shown below:

Table 16 : Employee expenses for FY 2020-21 (Projected)

| Particulars | (Rs. Crore) |
|---|---------------|
| Salaries and wages | 141.05 |
| Contributions to provident and other funds | 2.50 |
| Staff welfare expenses | - |
| Apportionment of Employee Benefit Expenses (from Holding Company) | |
| (a) Salaries and wages | 13.11 |
| (b) Staff welfare expenses, insurance etc. | 0.02 |
| (c) Contribution to CPS (Corporation Contribution) | 0.08 |
| (d) Ex-Gratia Expenses | - |
| (e) DCRG, Pension, Pension contribution to Deputations | 53.18 |
| Sub Total | 66.39 |
| Total Employee Expense of MePDCL | 209.94 |
| Employee Expenses of MeECL Apportioned (actuals) | 7.44 |
| Net Actual Employee Expense for True up | 217.38 |

The summary of the comparison of the actual Employee Expenses for FY 2020-21 vis-à-vis the expenses approved by the Commission has been given in the table below:

Table 17 : True up of Employee Expenses for FY 2020-21 (Projected)

(Rs. Cr)

| Particulars | Approved in TO Dated 25.03.2020 | Actuals |
|---------------|---------------------------------|---------|
| Employee Cost | 120.13 | 217.38 |

MePDCL requests the Commission to allow the actual employee expense of Rs 217.38 Crores for true up of FY 2020-21.

Commission's Analysis

The licensee has claimed employee expenses at Rs.217.38 Crore which includes salaries and wages of MeECL for Rs.13.21 Crore and Rs.53.18 Crore towards pension gratuity, DCRG, pension contribution to Deputationist. The claim includes Rs.7.44 Crore being 1/3rd MeECL Employee Expenses apportioned.

MePDCL has included Rs.7.44 Crore towards Employee expenses of MeECL apportioned (Actuals) apart from apportionment of employee benefit expenses for Rs.13.21 Crore without breakup for Rs.7.44 Crore exhibited in the audited accounts of MeECL nor in the audited accounts of MePDCL. This appears to be a claim of Employee benefit expenses twice.

MePDCL was asked to furnish the breakup of the apportionable Employee benefit expenses of MeECL for Rs.7.44 Crore. MePDCL in their letter dated 22.12.2022 furnished the breakup for Rs.22.31 Crore apportionable MeECL Employee expenses (actual) which includes Rs.17.73 Crore towards DCRG pension and pension contributions of Deputationists which has to be met from Trust Funds.

Thus remainder of Rs.22.31 Crore for Rs.4.58 Crore has to be shared among three subsidiaries at Rs.1.53 Crore for True up of FY 2020-21.

MePDCL shall meet the claim of Rs.53.18 Crore and Rs.17.73 Crore out of Rs.22.31 Crore towards pension and other pension related expenses from the Trust funds as already notified in the previous true up orders.

Table 18 : Approved Employee Expenses for True up of FY 2020-21

| Particulars | Rs. Cr |
|---|---------------|
| Salaries and wages | 141.05 |
| Contributions to provident and other funds | 2.50 |
| Apportionment of Employee Benefit Expenses (from Holding Company) | |
| (a) Salaries and wages of Deputationists | 13.11 |
| (b) Staff welfare expenses, insurance etc. | 0.02 |
| (c) Contribution to CPS (Corporation Contribution) | 0.08 |
| Total Employee Expenses | 156.76 |
| Employee Expenses of MeECL Apportioned (actuals) MeECL | 1.53 |
| Net Actual Employee Expense for True up | 158.29 |

Commission considers admissible Employee expenses at Rs.158.29 Crore for True up of FY 2020-21.

2.2.3 Administration and General Expenses (A & G Expenses)

Petitioner's Submission

The A & G expenses incurred by MePDCL and the share of MeECL to be borne in FY 2020-21 as per the audited Statement of Accounts is as shown below:

Table 19 : A&G Expenses for FY 2020-21 (Projected)

| Particulars | Amount (in Rs. Cr.) |
|--|----------------------------|
| Insurance Charges | 0.02 |
| Bad debts written off | 8.09 |
| Rent, Rates and Taxes | 0.05 |
| Telegram, Postage, Telegraph and Telex charges | 4.14 |
| Training, conveyance and vehicle running expenses | 6.76 |
| Printing and stationery expenses | 0.27 |
| Auditors' remuneration | 0.06 |
| Consultancy Charges | 0.00 |
| License and Registration Charges | 0.01 |
| Technical fees | 0.00 |
| Books & Periodicals | 0.00 |
| Fees and subscription expenses | 0.00 |
| Advertisement charges | 0.14 |
| Legal and professional charges | 1.37 |
| Meghalaya State Electricity Regulatory Commission (MSERC) Fees | 0.15 |
| Electricity and Water Charges | 0.56 |
| Meter Reading expenses | 0.10 |
| Franchisee Commission | 0.95 |
| Franchisee Transmission Loss | 0.78 |
| Discount allowed | 0.27 |
| Bank Charges | 0.17 |
| Entertainment expenses | 0.00 |
| Miscellaneous expenses | 0.31 |
| A&G Expenses incurred by MePDCL (actuals) | 24.20 |
| A&G Expenses of MeECL Apportioned (actuals) | 3.10 |
| Net Actual A&G Expense for True up | 27.30 |

The summary of the comparison of the actual A&G Expenses for FY 2020-21 vis-à-vis the expenses approved by the Commission has been given in the Table below:

Table 20 : True up of A&G Expenses for FY 2020-21 (Projected)

| Particulars | Approved in TO Dated 25.03.2020 | Actuals |
|-----------------------|--|----------------|
| A&G Expenses (Rs. Cr) | 14.19 | 27.30 |

MePDCL requests Commission to allow the actual A & G expense of Rs 27.30 Crores for true up of FY 2020-21.

Commission's Analysis

Petitioner has claimed Administration General expenses at Rs.27.30 Crore which includes Rs.8.09 Crore towards bad debts written off and Rs.3.10 crore being 1/3rd Adm & General expenses of MeECL for True up of FY 2020-21.

The writing off of bad debts is not an item of expenditure, the transaction may be accounted for in the receivables of the Discom.

The bad debts written off for Rs.8.09 Crore are not considered for True up of FY 2020-21.

Commission considers Adm & General expenses at Rs.19.21 Crore after disallowing bad debts written off for Rs.8.09 Crore for True up of FY 2020-21.

Total O&M expenses for FY 2020-21

As per the above analysis the O&M expenses of MePDCL are approved as detailed below including 1/3rd share of MeECL apportionable O&M expenses for True up of FY 2020-21.

Table 21 : Approved O&M expenses for True up of FY 2020-21

(Rs.Cr)

| Particulars | MePDCL Claimed | Approved for True up (incl. 1/3 rd of MeECL) |
|-------------------|----------------|---|
| R&M | 6.15 | 6.14 |
| Employee expenses | 217.38 | 158.29 |
| A&G Exp | 27.30 | 19.21 |
| Total | 250.83 | 183.64 |

Commission approves O&M expenses at Rs. 183.64 Crore for True up of FY 2020-21.

2.3 Depreciation

Petitioner's Submission

Depreciation as booked in the Statement of Accounts for FY 2020-21 for MePDCL (Note 2 of MePDCL Accounts) (without IND AS Adjustment) and the apportioned amount of MeECL (Note 2 of MeECL Accounts) (without IND AS Adjustment) for various classes of assets is shown below.

Table 22 : Depreciation for FY 2020-21 (Projected)

(Rs. Cr)

| Asset Class | MePDCL |
|-------------------------------------|--------------|
| Land | 0.00 |
| Buildings | 0.43 |
| Plant and Equipment | 3.39 |
| Furniture and Fixtures | 0.02 |
| Vehicles | 0.03 |
| Office equipment | 0.09 |
| Others: | |
| Hydraulic Works | 0.00 |
| Other Civil Works | 0.10 |
| Lines and Cable Network | 24.91 |
| Assets under lease | 0.00 |
| Total Depreciation MePDCL | 28.97 |
| Apportioned Depreciation from MeECL | 0.87 |
| Total | 29.84 |

The adjustment of amortization has been done in other income i.e. Section 2.3.12 of the petition. Following table shows the comparison of the actual Depreciation vis-à-vis the Depreciation approved by the Commission in its various tariff orders for FY 2020-21.

Table 23 : True up of Depreciation for FY 2020-21 (Projected)

| (Rs. Cr) | | |
|--------------|---------------------------------|---------|
| Particulars | Approved in TO Dated 25.03.2020 | Actuals |
| Depreciation | 13.20 | 29.84 |

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

MePDCL requests the Commission to allow the depreciation of Rs 29.84 Crores for true up of FY 2020-21.

Commission's Analysis

As per the Regulation 33 of MSERC Regulations 2014:

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

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

The petitioner has claimed Depreciation at Rs.29.84 Crore which includes Rs.0.87 Crore depreciation on MeECL assets for True up of FY 2020-21.

The Govt. Grants and contributions are available with the licensee for Rs.964.36 Crore after amortization of Rs.28.05 Crore during the year as reported vide note 17.1 of audited accounts.

The depreciation is computed in the table below as per the GFA details reported vide table no.02 of audited SOA.

Table 24 : Approved Depreciation for True up of FY 2020-21**(Rs.Cr)**

| Particulars | Opening GFA | Additions | Retire ments | Closing GFA | 90% of GFA | % of Depr | Amount of Depreciation |
|--|--------------------|------------------|---------------------|--------------------|-------------------|------------------|-------------------------------|
| Land | 1.70 | 0.30 | | 2.00 | 1.67 | - | - |
| Buildings | 13.60 | - | | 13.60 | 12.24 | 3.34% | 0.41 |
| Plant and Equipment | 54.63 | 51.53 | | 106.16 | 72.35 | 5.28% | 3.82 |
| Furniture and Fixtures | 0.99 | 0.00 | | 0.99 | 0.89 | 6.33% | 0.06 |
| Vehicles | 0.69 | 0.00 | | 0.69 | 0.62 | 9.50% | 0.06 |
| Office Equipment | 1.86 | 0.17 | | 2.03 | 1.75 | 6.33% | 0.11 |
| Hydraulic works | 0.09 | 0.00 | | 0.09 | 0.08 | 5.28% | 0.004 |
| Other Civil works | 3.04 | 0.00 | | 3.04 | 2.74 | 3.34% | 0.09 |
| Lines and Cable Network | 404.55 | 474.25 | | 878.80 | 577.51 | 5.28% | 30.49 |
| Total | 481.15 | 526.25 | | 1007.40 | 669.85 | | 35.04 |
| Average assets | | | | 744.27 | | 4.71% | |
| Less : Depreciation on Avg Grants and contributions | | | | 964.36 | | | 45.42 |
| Net Dep for Discom | | | | | | | (-) 10.38 |
| (+) 1/3rd Dep on MeECL assets | | | | | | | 0.09 |
| Total depreciation | | | | | | | (-) 10.29 |

Commission considers Depreciation as -NIL- for True up of FY 2020-21.

2.4 Interest and Finance Charges

Petitioner's Submission

The following table shows the summary of the actual Interest and Finance Charges for FY 2020-21 as per audited statement of accounts (Note 28)

Table 25 : True up of Interest and Finance Charges for FY 2020-21 (Projected)

| Particulars | Amount (in Rs. Cr.) |
|--|----------------------------|
| Interest on Loans | |
| To related party (Meghalaya Energy Corporation Limited, i.e., Holding Company) | 5.55 |
| To Others | 74.13 |
| Other Interest | 0.00 |
| Bank Charges and guarantee charges | 8.46 |
| Other Charges | 0.02 |
| Total Finance Charges (MePDCL) (1+2) | 88.16 |
| Apportioned Finance Charges from MeECL | 13.50 |
| Net Interest and Finance Charges | 101.66 |

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

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

Commission's Analysis

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

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

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

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

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

Licensee has claimed Interest and Finance charges at Rs.101.66 Crore which includes apportioned interest and finance charges of MeECL. The details of interest on other loans claimed for Rs.74.13 Crore are not made available.

The interest on loans projected against MeECL borrowings shall not be considered for determination of Tariff.

The interest on loans borrowed for payment of power purchase bills shall not be considered for determination of Tariff.

Licensee has claimed outstanding loan as on 01.04.2020 at Rs.80.27 Crore as against Rs.65.84 Crore as closing balance stood at 31.03.2020.

It is stated vide note no.16.2 of audited accounts that *“Consequent to the Notification of RBI dated 27th March 2020. w.e.f. 1st March 2020 up to 31st August, 2020, and as per the moratorium agreement signed with the PFC Ltd. & REC Ltd., the dues of principal, interest, penal interest and overdue interest have been added back to the principal amount of the loan and the repayment of which has been deferred to the end tenure of the loan.”*

As per Regulation 32.3, "The refinance of loan shall be admissible as long as it results in net savings on interest cost."

Deemed Repayment is considered wherever maturity was due in the FY 2020-21.

The loan schedule as per the Regulation 32.1 is drawn in the statement below for computation of Interest and Finance charges for True up of FY 2020-21.

Table 26 : Approved Interest and finance charges for True up of FY 2020-21

| (Rs.Cr) | | | | | | |
|---------|------------------------------|-----------------|----------------------|--------------|---------------|---------------|
| Sl. No | Particulars | Opening balance | Add. during the Year | Re payment | Closing Loan | Interest |
| | | (1) | (2) | (3) | (4) | (5) |
| 1 | Opening balance | | | | | |
| | a) 8% restructured REC loan | 20.34 | - | 3.34 | 17.00 | 1.49 |
| | b) 9% PFC loan R-APDRP-A | 39.97 | - | 6.08 | 33.89 | 3.32 |
| | c) 9% PFC loan R-APDRP-B | 65.84 | - | 6.58 | 59.26 | 5.63 |
| | d)10.90% PFC Loan IPD Scheme | 5.30 | 0.27 | 0.54 | 5.03 | 0.56 |
| 2 | Total | 131.45 | 0.27 | 16.54 | 115.18 | 11.00 |
| 3 | Average loan | | | | 123.31 | 8.92 % |
| 4 | Interest and Finance charges | | | | | 11.00 |

Commission approves Interest and finance charges at Rs. 11.00 Crore for True up of FY 2020-21.

2.5 Interest on Working Capital

Petitioner's Submission

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

Table 27 : Computation of Interest on Working Capital for FY 2020-21 (Projected)

| Particulars | Amount (Rs Cr) |
|---|----------------|
| O&M for 1 Months (250.83/12) | 20.90 |
| Maintenance Spares (Average Asset of MePDCL and MeECL for the year *1%with escalation of 6%) | 7.99 |
| Receivables for 2 Months (792.25)/6 | 132.04 |
| Total | 160.93 |
| Interest Rate (%) (SBI PLR as on 01.04.2019) | 12.90% |
| Interest on Working Capital | 20.76 |

MePDCL requests the Commission to allow the Interest on Working Capital of Rs 20.76 Crores for true up of FY 2020-21.

Commission's Analysis

As per Regulation 34.3 of MYT MSERC Regulations 2014,

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

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

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

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

Table 28 : Approved Interest on Working Capital for true up of FY 2020-21

| Particulars | Rs.in Cr |
|--|---------------|
| O&M expenses for 1 Month excl. MeECL cost (165.78/12) | 13.82 |
| Maintenance Spares at *1% of escalation at 6% (GFA 481.15*1%*6%) | 5.10 |
| Receivables for 2 Months (792.25*2/12) | 132.04 |
| Total | 150.96 |
| Interest Rate (%) (SBIAR as on 01.04.2020) | 12.90% |
| Interest on Working Capital | 19.47 |

Commission considers Interest on working capital at Rs.19.47 Crore for True up of FY 2020-21.

2.6 Exceptional Expenses

Petitioner's Submission

The following table provides the details of the Exceptional Expenses for FY 2020-21 as per Note 31 of SOA of MePDCL.

Table 29 : Exceptional Expenses for FY 2020-21 (Projected)

| Particulars | Amount (Rs Cr) |
|---|----------------|
| Expenses | |
| Compensation to Staff for injuries, death and/or damages | 0.00 |
| Compensation to others for injuries, death and/or damages | 0.06 |
| One Rime Settlement (OTS) | 27.79 |
| Total Expenses | 27.85 |

It is therefore requests the Commission to approve the Exceptional Expenses of Rs 27.85 Crore for true up of FY 2020-21.

Commission's Analysis

Licensee has projected exceptional expense at Rs.27.85 Crore which includes Rs.0.06 Crore towards compensation to others for injuries, death/damages for True up of FY 2020-21.

Commission had not considered any exceptional expense in the ARR and Tariff order for FY 2020-21.

Licensee has stated vide note 31.1 of audited SOA – “One time Settlement (OTS) scheme for settlement of consumers dues. The One Time Settlement Scheme – 2020, passed by the Board through circulation vide No. MePDCL/CS/CR/2013/41 dated 3rd Nov 2020 and noted by the Board vide Resolution No. 3(B) Dated 07.12.2020.

Note 31.2:- The impact of the above OTS on the Trade Receivables is under reconciliation and shall be disclosed in the accounts of FY 2021-22.

Since the exceptional expense projected towards OTS Scheme for Rs.27.85 Crore is under reconciliation and shall be disclosed in the accounts of FY 2021-22, Commission does not consider the claim in the True up for FY 2020-21.

The Compensation to others for injuries, death/damages for Rs.0.06 Crore shall be claimed as Administration and General expenses by obtaining necessary award of the compensation for injuries, death/damages from the competent authority.

2.7 Return on Equity

Petitioner's Submission

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

Table 30 : True up of Return on Equity for FY 2020-21 (Projected)

(Rs. Cr)

| Sr. No. | Particulars | Actuals |
|---------|---|---------------|
| 1 | Opening Equity 31.03.2020 (Shareholders Eq. +Pending Allotment) | 850.22 |
| 2 | Closing Equity 31.03.2020 (Shareholders Eq. +Pending Allotment) | 858.39 |
| 3 | Average Equity for RoE | 854.31 |
| 4 | Equity Capital considered for RoE Computation | 854.31 |
| 5 | RoE (%) | 14% |
| 6 | Return on Equity | 119.60 |

The prevalent regulations do not restrict allowing of return on equity on equity capital pending allotment. The actual closing equity component (paid up capital + equity share pending allotment) as per the audited accounts of MePDCL for FY 2020-21 is Rs. 858.39Cr (846.86+11.53). Similarly, the opening equity capital as per audited accounts for FY 2020-21 is Rs. 850.22Cr (844.24+5.98) crores. As such, the average equity capital for FY 2020-21, for calculation of RoE, works out to be Rs. 854.31 crores.

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

The issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC: APTEL Case no 46 of 2016) is still under subjudice. The Utility is reiterating the fact that the approved value of Commission for Return on Equity (is not in line with the Regulations. In sake of brevity, MePDCL is not reiterating the grounds and the justification for the claim here since the matter is already under subjudice. Hence, the utility would like to retain its methodology as per the past petitions & stand on equity base determination as per the earlier petitions which is in line with MSERC Regulations and Transfer Notification Scheme.

It is therefore requests the Commission to approve the Return on Equity of Rs 119.60 Crore for true up of FY 2020-21 as computed above.

Commission's Analysis

According to Regulation 31 of MSERC MYT Regulations 2014 -

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

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

Licensee has claimed Return on Equity projecting average equity Rs.854.31 Crore which has no relevance to the Regulation and books of accounts.

Commission has considered opening GFA at Rs.481.15 Crore and closing GFA at Rs.1007.40 Crore as per the note no.02 of audited accounts for FY 2020-21.

Commission considering the average GFA for FY 2020-21 at Rs.744.28 Crore, the return on equity is calculated after adjusting the Govt. Grants and contributions as per Regulations as shown in the table below.

Table 31 : Approved Return on Equity for True up FY 2020-21

| Sl.No | Particulars | (Rs. in Crore) |
|-------|---|-----------------|
| 1 | GFA as on 31.03.2020 | 481.15 |
| 2 | Addition during year | 526.25 |
| 3 | GFA as on 31.03.2021 | 1007.40 |
| 4 | Average Assets (1+3)/2 | 744.28 |
| 5 | Less: Grants and contributions as per note 17.1 of SOA | 964.36 |
| 6 | Net Capital cost for ROE | - 220.08 |
| 7 | Opening Equity | -85.48 |
| 8 | Closing Equity Capital (-220.08*30%) | -66.02 |
| 9 | Avg Equity (-85.48+ -66.02)/2 | -75.75 |
| 10 | ROE at 14% (-75.75*14%) | -10.61 |

Commission considers Return on Equity as -NIL- for True up of FY 2020-21.

2.8 Non Tariff and Other Income

Petitioner's Submission

A summary of the other income as per Audited Accounts of MePDCL for FY 2020-21 has been given in the table below:

Table 32 : Non Tariff and Other Income in FY 2020-21 (Projected)

| Sl | Particulars | Actuals in Cr |
|----------|--|---------------|
| A | Other Income | |
| | Interest Income: (Note 25 of MePDCL Accounts) | |
| | From Banks | 3.90 |
| | From Others | 0.00 |
| | Other non-operating income: | - |
| | Rental and Hiring Income | 0.06 |
| | Fees and Penalties | 0.00 |
| | Sale of scrap, tender forms and others | 0.06 |
| | Miscellaneous receipts | 7.26 |
| | Amortization of Grants and Subsidies | 25.15 |
| | Amortization of Consumer Contributions | 2.89 |
| B | Revenue Subsidies and Grant | |
| | R.E. Subsidies | - |
| | Revenue Grants for Other Expenditures | 17.79 |
| C | Other operating revenues- | |
| | Meter Rent | 6.21 |
| | Margin Money from Regulated Power | 0 |
| | Reconnection Fees | 0.01 |
| | DPS collected from Consumers | 1.87 |
| | Rebates on Purchase of Energy | 14.04 |
| | Other Charges From Consumers | 15.42 |
| | Cross Subsidy Surcharge | 17.27 |
| D | Apportioned Other Income from MeECL | 6.86 |
| | Total Other Income (A + B + C+D) | 118.79 |

Note:

Amortization of Grants and Subsidies of Rs. 25.15 crore and Amortization of Consumer Contributions of Rs 2.89 Crore are linked to the Depreciation depicted in above Table.

Any variation in the methodology of calculating the Depreciation, these amounts are liable for non inclusion in the Other Income.

Considering claim of depreciation of Rs 29.84 Crores above, MePDCL therefore requests the Commission to approve the Other Income as Rs 118.79 Crore for true up of FY 2020-21 as computed above.

Commission's Analysis

Licensee has reported Non Tariff, Other income and Cross subsidy surcharge vide note no. 24, 24.2 and 25 of audited accounts to a tune of Rs.111.95 Crore.

1/3rd Other income of MeECL as reported in Note no. 21 of audited accounts amounted for Rs.6.86 Crore.

The details are as shown in the table below considered for True up of FY 2020-21.

Table 33 : Approved Non Tariff and Other Income for True up of FY 2020-21

(Rs. Cr)

| Sl.No | Particulars | For the Year ended 31 st March 2021 |
|-------|--|--|
| | Non Tariff Income (Note no.24) | |
| 1 | Meter Rent | 6,21,45,212.19 |
| 2 | Margin Payment Charges collected from consumers | - |
| 3 | Reconnection fees | 1,33,950.00 |
| 4 | DPS Collected from Consumers | 1,87,00,960.30 |
| 5 | Rebates on Purchase of Energy | 14,03,52,188.00 |
| 6 | Other charges from Consumers | 15,41,63,461.49 |
| | Sub Total | 37,54,95,771.98 |
| 1 | Cross Subsidy Surcharge (Note no.24.2) | 17,27,32,481.00 |
| | Sub Total- (A) | 54,82,28,252.98 |
| | Other Income (Note no.25) | |
| 1 | Interest on Deposits from Banks | 3,90,10,449.85 |
| 2 | From Others | 32,031.00 |
| 3 | Rental and Hiring Income | 6,43,451.00 |
| 4 | Fees and Penalties | 51,699.68 |
| 5 | Sale of scrap, tender forms and others | 6,06,660.00 |
| 6 | Miscellaneous receipts | 7,25,27,200.79 |
| 7 | Amortization of Grants and subsidies | 25,15,49,561.52 |
| 8 | Amortization of Consumer Contributions | 2,89,32,682.35 |
| 9 | Revenue Grants for Other Expenditure | 17,78,89,000.00 |
| | Sub Total- (B) | 57,12,42,736.19 |
| 1 | NEEPCO RRAS (C) | 17,29,519.00 |
| 2 | The Other Income from MeECL apportioned share reported in note no.21 of audited accounts (D) (Rs. 13131002.7 + Rs.5,55,15,143.00) | 6,86,461,45.70 |
| | Total (A+B+C+D) | 118,98,46,653.87 |

Commission considers Non tariff and Other income at Rs.118.98 Crore for True up of FY 2020-21.

2.9 Revenue from Sale power

Petitioner's Submission

A summary of the revenue from sale of power as per Audited Accounts of MePDCL for FY 2020-21 has been given in the table below:

Table 34 : Revenue from sale of power in FY 2020-21 (Projected)

| Particulars | Approved inTO Dated 25.03.2020 | Actuals |
|---|-----------------------------------|---------|
| Revenue from sale of power within state (Rs inCr) | 703.76 | 792.25 |
| Revenue from sale of short-term surplus poweroutside state (Rs in Cr) | 325.33 | 84.56 |
| TOTAL (Rs in Cr) | 1029.09 | 876.81 |
| Energy Account | | |
| Units sold within state (MU) | 1062.34 | 1326.45 |
| Units sold to others (MU). | 1137.51 | 594.94 |

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

Commission's Analysis

Licensee has reported Revenue from sale of power for FY 2020-21 at Rs.876.81 Crore which includes Revenue from surplus power outside the state for Rs.81.31 Crore and Rs.3.25 Crore representing NTPC and NEEPCO refund towards RRAS.

Thus the Revenue reported as within the state sales shall be Rs.792.25 Crore for FY 2020-21.

The licensee has reported Revenue from Sale of power vide note no.24 of audited accounts for Rs.894.08 Crore which includes UI sales, Interstate sales to MPPL, APPCL, HPPC, Cross Subsidy surcharge and NTPC and NEEPCO, RRAS excluding Electricity duty is (for Rs.5.20 Crore) as depicted in the table below.

| Particulars | Amount in INR | Revenue from Sale of Power |
|---|---------------|----------------------------|
| Revenue from Operations within the state | | 792,24,59,480 |
| Revenue from Interstate sales | | |
| UI sales Revenue (Surplus Power) | 173071542 | 81,30,97,871 |
| Interstate billing on sale of power to MPPL, APPCL and HPPC (Surplus Power) | 640026329 | |
| Cross Subsidy Surcharge | | 17,27,32,481 |
| NTPC and NEEPCO, RRAS | | 3,24,91,486 |
| Total Revenue | | 894,07,81,318 |

The Revenue reported for Rs.3.25 Crore as NTPC and NEEPCO RRAS vide note no.24 of SOA has been adjusted from the power purchase bills of NTPC for Rs.3.08 Crore and remaining Rs.0.17 Crore is considered as Other income, since a Cross Reference of credit invoice as part of Income submitted by the licensee in their letter dated 22.12.2022 was not found.

Commission had assessed Average Cost of supply to be realized at (ABR) Rs.6.62 Ps/Kwh for approved Energy sales of 1062.34 MU for FY 2020-21.

Whereas Licensee has reported Energy sales at 1326.45 MU for which Revenue at the approved tariffs should have been earned at Rs.878.11 Crore for FY 2020-21. But the Revenue has been reported to be Rs.792.25 Crore whose calculated ABR works out at Rs.5.97 Ps/Kwh only as per the audited statement of Accounts for FY 2020-21.

Considering the Analysis vide paragraph 1.3, Revenue for Kutir Jyoti sales has been computed at the Domestic First Slab Tariff for the Sales in excess of 30 units per month. The computation of Revenue at Existing Tariffs for 1326.45 MU works out to be Rs.817.93 Crore as given in the table below.

Table 35 : Computation of Revenue at Existing Tariffs for True up of FY 2020-21

| Sl. No | Category | No. of Consumers | Connected Load (MVA) | KWH/ KVA | Energy (MU) | Total Revenue (Rs. Cr.) | Avg. Rate (Rs. Unit) |
|-----------|---|------------------|----------------------|---------------|----------------|-------------------------|----------------------|
| A) | LT Category | | | | | 344.42 | |
| 1 | Kutir jyoti (KJT) | | | | | | |
| | Metered upto 30 units | 226477 | 56.62 | 50957.33 | 81.53 | 29.76 | 3.65 |
| | Excess over 30 units | | 1.22 | 1098 | 6.17 | 3.21 | 5.20 |
| | Total Kutir Jyoti | | 57.84 | 52056 | 87.70 | 32.97 | 3.76 |
| 2 | Domestic(DLT) | 423589 | 457.62 | 411858 | 394.92 | 231.08 | 5.85 |
| 3 | Commercial (CLT) | 28170 | 85.7 | 77130 | 61.40 | 54.85 | 8.93 |
| 4 | Industrial LT (ILT) | 839 | 12.38 | 11142 | 4.55 | 4.33 | 9.53 |
| 5 | Public Lighting (PL) | 57 | 0.39 | 351 | 0.55 | 0.41 | 7.42 |
| 6 | Water supply (WSLT) | 369 | 7.88 | 7092 | 10.83 | 8.28 | 7.64 |
| 7 | General Purpose(GP) | 2481 | 15.38 | 13842 | 15.03 | 12.36 | 8.23 |
| 8 | Agriculture (Ape) | 23 | 0.28 | 252 | 0.14 | 0.07 | 5.16 |
| 9 | Crematorium (CRM) | 1 | 0.14 | 126 | 0.16 | 0.07 | 4.63 |
| B) | HT Category | | | | | 247.10 | |
| 1 | Domestic (HT) | 87 | 21.15 | 21150 | 17.39 | 16.62 | 9.56 |
| 2 | water supply | 32 | 7.80 | 7800 | 28.11 | 20.42 | 7.27 |
| 3 | Bulk Supply | 169 | 44.88 | 44880 | 69.01 | 55.17 | 7.99 |
| 4 | Commercial (HT) | 250 | 33.62 | 33620 | 20.03 | 22.50 | 11.23 |
| 5 | Industrial (HT) | 126 | 86.20 | 86200 | 65.81 | 67.23 | 10.22 |
| 6 | Ferro Alloys | 3 | 9.93 | 9930 | 61.94 | 30.01 | 4.84 |
| 7 | Special Tariff HT April 2020 to October 2020 | | 42.80 | 42800 | 27.98 | 25.36 | 9.06 |
| | Special Tariff HT Nov 2020 to March 2021 | | | | 19.99 | 9.79 | 4.90 |
| C) | EHT Category | | | | | 226.39 | |
| 1 | Industrial | 2 | 32.25 | 32250 | 43.64 | 35.96 | 8.24 |
| 2 | Ferro Alloys | 4 | 36.45 | 36450 | 363.01 | 167.02 | 4.60 |
| 3 | Special Tariff EHT April 2020 to October 2020 | | 25 | 25000 | 19.99 | 16.42 | 8.21 |
| | Special Tariff EHT Nov 2020 to March 2021 | | | | 14.27 | 6.99 | 4.90 |
| | Grand Total | 682672 | 977.69 | 934329 | 1326.45 | 817.93 | 6.17 |

Commission determines the Revenue from Sale of Power at Rs.817.93 Crore for True up of FY 2020-21.

Commission considers Revenue from sale of power within the state at Rs.817.93 Crore as analyzed in the above table for True up of FY 2020-21.

Sale of Surplus Power:

Commission approved Energy balance vide table no.07 of this order for which the breakup of sales under swapping and banking and sale outside the state is given below.

| Particulars | In MU's | In MU's |
|---|---------|---------------|
| Sale of Surplus power reported vide note no.24.1 & 24.3 (40.22 + 554.72) | | 594.94 |
| Intra State Swapping | 40.22 | 274.27 |
| Out Side State Swapping | 234.05 | |
| Surplus Energy sold in UI (DSM), IEX exchange and Non solar | | 320.67 |

Commission had determined the Rate of sale of surplus energy at weighted average cost of power purchase at Rs.3.30 Ps/Kwh in the approved ARR for FY 2020-21.

Now the weighted average cost of purchase has been approved at Rs.3.54 Ps/Kwh for True up vide table no. 11 of this order.

Thus the cost of surplus energy shall be priced at Rs.3.54 Ps/kwh for 320.67 MU sold in UI (DSM), IEX exchange and Non Solar which works out to Rs.113.52 Crore as against projected Revenue at Rs.81.31 Crore in the petition for True up.

Table 36 : Computation of Sale of Surplus Energy for True up of FY 2020-21

| Particulars | In MU's | Revenue Reported (In Rs.Cr) | Revenue Assessed (in Rs.Cr) |
|---|---------------|-----------------------------|-----------------------------|
| Surplus Energy as reported vide note no.24.1 & 24.3 (40.22 + 554.72) | 594.94 | | |
| Intra State Swapping (40.22) | 274.27 | | |
| Out Side State Swapping (234.05) | | | |
| Surplus Energy sold in UI (DSM), IEX exchange and Non solar | 320.67 | 81.31 | 113.52 |

Commission considers Revenue from Sale of Surplus Power at Rs.113.52 Crore for True up of FY 2020-21.

2.10 Aggregate Technical & Commercial (AT & C) Losses

Petitioner's Submission

The total revenue billed for sale of power within the state is Rs. 792.25 crores, which excludes the Electricity Duty billed and the revenue from sale of power outside state.

The revenue collected and AT&C loss for FY 2020-21 is calculated as shown below.

Table 37 : AT&C Loss for FY 2020-21 (Projected)

| Particulars | Amount |
|---|----------------|
| Opening balance of receivables from sale of power within the state* | 396.86 |
| Revenue from sale of power within the state in FY 2020-21 | 792.25 |
| Total | 1189.10 |
| Less: Closing balance of receivables from sale of power within the state* | 392.46 |
| Revenue realized in FY 2020-21 from sale of power within the state | 796.64 |
| Collection Efficiency | 100.00% |
| Distribution loss | 26.75% |
| AT&C Losses | 26.75% |

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

AT&C loss shows a reduction of 5.32% from 32.07% approved for truing up for the FY 2019-20. MePDCL requests Commission to approve AT&C Loss at 26.75%.

Commission's Analysis

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

Commission considers AT&C loss for FY 2020-21 based on the above stated data and Distribution Losses at 26.75 % as approved in the Energy balance.

Information regarding Distribution Loss and AT & C Loss of Licensee FY 2020-21

| Sl. No | Particulars | Calculation | Unit | Previous Years 2019-20 (Actuals) | Current Year 2020-21 (R.E) |
|--------|---|-------------------|-------|----------------------------------|----------------------------|
| 1 | Generation (own as well as any other connected generation, net after deducting auxiliary consumption) within area of supply of DISCOM | A | MU | 2350.50 | 2481.18 |
| 2 | Input energy (metered import) received at interface points of DISCOM network | B | MU | 2350.50 | 2481.18 |
| 3 | Input Energy (metered Export) by the DISCOM at interface point of DISCOM network including balance surplus energy | C | MU | 554.56 | 594.94 |
| 4 | Total energy available for sale within the licensed area to the consumers of the DISCOM | D=B-C | MU | 1795.75 | 1886.24 |
| 5 | Energy billed to metered consumers within the licensed area of the DISCOM | E | MU | 1259.18 | 1326.45 |
| 6 | Energy billed to unmetered consumers within the licenses area of the DISCOM | F | MU | - | - |
| 7 | Total Energy billed | G=E+F | MU | 1259.18 | 1326.45 |
| 8 | Amount billed to consumer within the licensed area of DISCOM | H | Rs.Cr | 709.87 | 792.25 |
| 9 | Amount realized by the DISCOM out of the amount Billed at H# | I | Rs.Cr | 687.65 | 796.65 |
| 10 | Collection efficiency (%) (=Revenue realized Amount billed) | J=(I/H)X100 | % | 96.87% | 100% |
| 11 | Energy realized by the DISCOM | K= GxJ | MU | 1219.76 | 1326.45 |
| 12 | Distribution Loss (%) | L={{(D -G)/D}x100 | % | 29.88% | 29.67% |
| 13 | AT&C Loss (%) | M={{(D-K)/D}x100 | % | 32.07% | 29.67% |

Table 38 : Approved AT&C Loss for True up of FY 2020-21

(Rs.Cr)

| Particulars (MePDCL) | Amount |
|---|----------------|
| Opening balance of receivables as projected as on 31.03.2020 | 396.86 |
| Revenue from sale of power within the state in FY 2020-21 | 821.20 |
| Total | 1218.06 |
| Less: Closing balance of receivables as at Note no. 7.3 of SOA | 392.46 |
| Revenue realized in FY 2020-21 from sale of power within the state | 825.60 |
| Collection Efficiency (%) | 100% |
| Distribution losses (%) | 29.67% |
| AT&C Losses (%) | 29.67% |

AT&C Loss Penalty

Regulation 83.1 of MSERC MYT Regulations specifies that

“ (a) The licensee shall provide complete information of the total AT & C Losses during the previous year and that projected for the year for which the application is being

made, including the basis on which such losses have been worked out.

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

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

Table 39 : Calculation of AT&C Loss Penalty for FY 2020-21

| | | |
|---|--|---------|
| 1 | Actual AT&C loss for FY 2019-20 | 34.27 % |
| 2 | Target level for FY 2020-21 | 31.27% |
| 3 | Actual AT&C loss for FY 2020-21 as per the Format D2(A) | 29.67 % |
| 4 | Short fall over the Targeted Level | 0.00 |
| 5 | Total AT&C loss for FY 2020-21 | 29.67% |
| 6 | Average Unit cost of sale of power as per Reg.83.1 | - |
| 7 | Penalty to be levied on the short fall of AT&C loss energy | - |

Commission considers that the Licensee has achieved target AT&C loss levels in the FY 2020-21, as such no penalty shall be applicable.

3. Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2020-21

Petitioner's Submission

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

It may be mentioned that total revenue of Rs 711.71 crores shown in SOA of MePDCL for FY 2020-21 is not only against the expenses for FY 2020-21 but also against the recovery of actuals for the earlier financial years as detailed below:

| Period | Amount in Cr |
|--|---------------------|
| Add: Revenue Gap for 2015-16 | 15.00 |
| Add: Revenue Gap for 2016-17 | 173.44 |
| Less: Revenue Surplus for 2014-15 | (12.96) |
| Total | 175.48 |

Therefore, the actual revenue for FY 2020-21 against expenses of FY 2020-21 is Rs. (711.71 – 175.48)= Rs 526.23 crore.

MePDCL has also submitted the justification of each component being controllable or uncontrollable on part of MePDCL. Based on the above clause, the table below summarizes the Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2020-21 over and above the figures approved by the Honorable Commission in the Tariff order dated 25.03.2020.

Table 40 : Aggregate Revenue Requirement & Revenue Gap/ (Surplus) for FY 2020-21 (Projected)

| Particulars | (Rs. Cr) | | |
|---|-----------------|---|-----------------|
| | MePDCL Actuals | Approved in Tariff Order dated 25.03.2020 | Loss/ (Gain) |
| Power Purchase Cost | 871.20 | 736.96 | 134.24 |
| Transmission Charges (PGCIL) | 103.55 | 58.98 | 44.57 |
| Transmission Charges (MePTCL) | 52.45 | 52.45 | |
| Employee Expenses | 217.38 | 120.13 | 97.25 |
| Repair & Maintenance Expenses | 6.15 | 11.48 | (5.33) |
| Administration & General Expenses (Including Bad Debt) | 27.30 | 14.19 | 13.11 |
| Depreciation | 29.84 | 13.20 | 16.64 |
| Interest and Finance Charges | 101.66 | 6.58 | 95.08 |
| Interest on Working Capital | 20.76 | 17.83 | 2.93 |
| Exceptional Expense | 27.85 | - | 27.85 |
| Return on Equity | 119.60 | 13.77 | 105.83 |
| Total Expenses (A) | 1,577.74 | 1,045.57 | 532.17 |
| Less: Non-Tariff Income | 118.79 | 71.60 | 47.19 |
| Less: Sale of Surplus Power including Cross Subsidy Surcharge | 84.56 | 325.33 | (240.77) |
| Sub Total (B) | 203.35 | 396.93 | (193.58) |
| Net ARR (C = A – B) | 1,374.39 | 648.64 | 725.75 |
| Add: Revenue Gap for 2015-16 | 15.00 | 15.00 | |
| Add: Revenue Gap for 2016-17 | 173.44 | 173.44 | |
| Less: Revenue Surplus for 2014-15 | (12.96) | (12.96) | |
| Net ARR after Adjustment (D) | 1,549.87 | 824.12 | 725.75 |
| Less: Revenue from Sale of Power | 711.71 | 824.12 | (112.41) |
| Net Gap / (Surplus) | 838.16 | - | 838.16 |

MePDCL requests the Commission to pass through gap of Rs. 838.16 Crore under the truing up of FY 2020-21.

Commission's Analysis

True up petition filed by MePDCL has been scrutinized after taking into account of Additional information/data, Audited accounts with reference to the MSERC MYT Regulations 2014, and admissible expenses have been for True up of FY 2020-21 as depicted in table below.

Table 41 : Approved Aggregate Revenue Requirement for True up of FY 2020-21

| (Rs.Cr) | | | | |
|---------|---|---|-----------------|----------------------|
| Sl. No | Particulars | Approved in Tariff Order dated 25.03.2020 | MePDCL Actuals | Approved for True up |
| 1 | Power Purchase Cost | 736.96 | 871.20 | 741.66 |
| 2 | Transmission Charges (PGCIL) | 58.98 | 103.55 | 95.73 |
| 3 | Transmission Charges (MePTCL) | 52.45 | 52.45 | 51.93 |
| 4 | Employee Expenses | 120.13 | 217.38 | 158.29 |
| 5 | Repair & Maintenance Expenses | 11.48 | 6.15 | 6.14 |
| 6 | Administration & General Expenses | 14.19 | 27.30 | 19.21 |
| 7 | Depreciation | 13.20 | 29.84 | 0.00 |
| 8 | Interest and Finance Charges | 6.58 | 101.66 | 11.00 |
| 9 | Interest on Working Capital | 17.83 | 20.76 | 19.47 |
| 10 | Exceptional Expense | - | 27.85 | 0.00 |
| 11 | Return on Equity | 13.77 | 119.60 | 0.00 |
| | Total Expenses (A) | 1,045.57 | 1,577.74 | 1103.43 |
| 12 | Less: Non-Tariff and Other income incl. Cross subsidy Surcharge, NEEPCO RRAS and Revenue Grant for Other Expenditure | 71.60 | 118.79 | 118.98 |
| 13 | Less: Revenue from Sale of Surplus Power | 325.33 | 84.56 | 113.52 |
| | Sub Total (B) | 396.93 | 203.35 | 232.50 |
| | Net ARR (C = A – B) | 648.64 | 1,374.39 | 870.93 |
| 14 | Add: Revenue Gap for 2015-16 | 15.00 | 15.00 | 15.00 |
| 15 | Add: Revenue Gap for 2016-17 | 173.44 | 173.44 | 173.44 |
| 16 | Revenue Surplus for 2014-15 | (12.96) | (12.96) | (12.96) |
| | Total ARR | 824.12 | 1,549.87 | 1046.41 |
| 17 | Less: Revenue from Sale of Power | 824.12 | 711.71 | 817.93 |
| | Net Gap / (Surplus) | - | 838.16 | 228.48 |

Commission approves Net Gap at Rs. 228.48 Crore for True up of FY 2020-21 and shall be appropriated in the ensuing Tariff Order.

Sd/-
Secretary
MSERC