



M S E R C

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

**MEGHALAYA STATE ELECTRICITY REGULATORY
COMMISSION SHILLONG**

Front Block Left Wing, 1st Floor, New Administrative Building,
Lower, Lachumiere, Shillong, Meghalaya 793001

Order on Case No. 32 of 2023

**Petition of the Meghalaya Power Distribution Corporation Ltd for approval of
Aggregate Revenue Requirement for the control period FY 2024-25 to FY 2026-27
& Distribution Tariff For 2024-25.**

Coram

Shri. Chandan Kumar Mondol, Chairman

Shri. Ramesh Kumar Soni, Member (Law)

Petitioner:

Meghalaya Power Distribution Corporation Ltd. (MePDCL)

Lum Jingshai, Short Round Road,
Shillong – 793 001

Order

(Dated: 24.10.2024)

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.

The Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act (EA), 2003 and all other powers enabling it in this behalf, and after taking into consideration the submissions made by MePDCL, suggestions/objections received from the stakeholders upon public consultation process, and upon considering all other

relevant material herein, has already issued Order for true-up of Distribution Business for FY 2021-22 dated 13.11.2023 and true-up of FY 2022-23 dated 18.10.2024.

Further in accordance with the applicable regulatory provisions set out vide regulation 14 of the MSERC Multi Year Tariff Regulations, 2014 being read along with its subsequent amendments specifies the following:

“The Generating Company or Transmission Licensee or Distribution Licensee shall file an Application for Truing up of the previous year and determination of tariff for the ensuing year, within the time limit specified in these Regulations.”

The Petitioner herein being MePDCL has filed petition for True-Up of Distribution Business for the FY 2022-23 & and MYT ARR for FY 2024-25 to FY 2026-27 and Distribution Tariff for FY 2024-25 on 29th November 2023.

This Commission had admitted the application provisionally on 01.12.2023, with a direction to MePDCL that an abstract of the Petition should be published in two consecutive issues in local dailies in Khasi, Jaintia, Garo and English. The Petitions were registered as under:

- MSERC Case No. 32/2023: MYT for Fourth Control Period FY 2024-25 to FY 2026-27 for MePDCL and Determination of Tariff for the FY 2024-25 of MePDCL.
- MSERC Case No. 36/2023: Truing up of Distribution Business for the FY 2022-23.

Further, the Commission taking into consideration all the facts, additional information/data and after prudence check of the claims as per the MYT Regulations, approves the ARR for FY 2024-25 to FY 2026-27 and Distribution Tariff for FY 2024-25 and the detailed analysis is presented subsequently in this order.

Sd/-

**Ramesh Kumar Soni,
Member (Law)**

Sd/-

**Chandan Kumar Mondol,
Chairman**

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1. Background and Brief History

1.1. Background

- 1.1.1. The power distribution in the state of Meghalaya is carried out by Meghalaya Electricity Power Distribution Corporation Limited (MePDCL), a wholly owned subsidiary of Meghalaya Energy Corporation Limited (MeECL).
- 1.1.2. The Power Supply Industry in the state of Meghalaya has been under the governance of erstwhile Meghalaya State Electricity board (MeSEB) since 21st January 1975. 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. After notification of amendment to the Power Sector Reforms Transfer Scheme by the State Government on 1st April 2012, the un-bundling of MeECL into MePDCL, MePGCL and MePTCL came into effect.
- 1.1.3. Accordingly, Meghalaya Power Distribution Corporation Limited (MePDCL) (*herein referred to as "Petitioner"*) has started functioning as a segregated commercial operation utility independently for power distribution in the state of Meghalaya with effect from 1st April 2013.
- 1.1.4. The Meghalaya State Electricity Regulatory Commission (*herein referred as "MSERC"/ "Commission"*) is an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, which was superseded by Electricity Act (EA), 2003. The Commission is vested with the authority of regulating the power sector in the State inter alia including determination of tariff for electricity consumers.

1.2. Facts about this Case

- 1.2.1. The Petitioner, in compliance with the Regulation 11.2 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 along with its subsequent amendments has filed its application for ARR for 4th MYT control period for FY 2024-25 to FY 2026-27 and determination of Distribution Tariff for FY 2024-25 dated 29.11.2023.
- 1.2.2. This Commission dated 01.12.2023 had admitted the Petition provisionally directing MePDCL to publish abstract of the Petition in two consecutive issues in local dailies in Khasi, Jaintia, Garo and English.
- 1.2.3. Subsequently on 07.12.2023 and 08.12.2023 abstract of the Petition were published in The Shillong Times- Shillong Edition, U Nongsain Hima and

- Salantini Janera, inviting objections/suggestions from stakeholders within 30 (thirty) days from the date of publication.
- 1.2.4. This Commission on 22.02.2024 and 23.02.2024 published notices for Public Hearing in the daily locals viz Shillong Times, Shillong & Tura Edition, Nongsain Hima and Salantini Janera.
- 1.2.5. On 20.03.2024, in compliance of the due regulatory procedures public hearing of the submitted Petition for Multi Year Tariff Aggregate Revenue Requirement for FY 2024-25 to FY 2026-27 and Distribution Tariff for FY 2024-25 dated 29.11.2023 was conducted including the Petitioner and the stakeholders.
- 1.2.6. This Commission had received objections/suggestions from BIA, during the process of evaluating the submitted Petition for Multi Year Tariff Aggregate Revenue Requirement for FY 2024-25 to FY 2026-27 and Distribution Tariff for FY 2024-25 dated 29.11.2023. The Petitioner has accordingly submitted its replies / responses to the issues raised by the stakeholders during the process which has been noted by this Commission.
- 1.2.7. Subsequently, due to the pronouncement of model code of conduct on account of the Lok Sabha Elections, issuance of Orders of the subject matter was upheld. The Commission dated 06.06.2024 issued the Order for Multi Year Tariff Aggregate Revenue Requirement for FY 2024-25 to FY 2026-27 and Distribution Tariff for FY 2024-25.
- 1.2.8. Subsequently, on 01.08.2024 in pursuant to the Order dated 23.07.2024 of the Hon'ble High Court of Meghalaya in WP(C) 218 of 2024, this Commission admitted the application of the Petitioner and notice for rehearing of the application for Multi Year Tariff Aggregate Revenue Requirement for FY 2024-25 to FY 2026-27 and Distribution Tariff for FY 2024-25 were issued.
- 1.2.9. On 23.08.2024, the Commission had recalled its earlier Multi Year Tariff Aggregate Revenue Requirement for FY 2024-25 to FY 2026-27 and Distribution Tariff for FY 2024-25.
- 1.2.10. On 03.09.2024, this Commission again issued publication of notice for rehearing of the Petition for Multi Year Tariff Aggregate Revenue Requirement for FY 2024-25 to FY 2026-27 and Distribution Tariff for FY 2024-25.
- 1.2.11. On 04.10.2024, due consultative process was followed through public hearing of the submitted Petition for Multi Year Tariff Aggregate Revenue Requirement for FY 2024-25 to FY 2026-27 and Distribution Tariff for FY 2024-25 were concluded and the Petitioner and the stakeholders were directed for submission of the objections / suggestions.
- 1.2.12. This Commission has accordingly noted all replies / responses received within due date of 09.10.2024 from the Petitioner and the Stakeholders raised during

the public consultation process. The Commission's analysis and ruling thereon are elaborated in the following sections.

- 1.2.13. Further, the apportionment of MeECL expenses shall be regulated as per the Commission's previous notifications and directives subject to prudence check.

2. Suggestions/Objections Received, Response of MePDCL

2.1. Public Hearing Process

- 2.1.1. Section 64 (2) of electricity act 2003 mandates the Distribution licensee to publish the Tariff petition in an abridged format in the leading newspapers inviting the objections/suggestions on the Tariff petition from the stakeholders.
- 2.1.2. In pursuance of the publication of the Tariff petition in the leading newspapers, M/s Byrnihat Industries Association (BIA), Jaintia Hills Cement Manufacturers' Association (JHCMA) and Meghalaya Power Limited have filed written suggestions/objections on the petition filed by the MePDCL seeking approval of ARR and Determination of Retail Tariff for FY 2024-25. The objections/suggestions filed by M/s. Byrnihat Industries Association (BIA) and others and the response of the licensee on the objections/suggestions and the Commission's views have been noted against various ARR elements as given below.

2.2. Objections/ Suggestions of Byrnihat Industries Association (BIA)

a) Energy Sales

(4-6) MePDCL has submitted the number of consumers, connected load and energy sales as per the business plan and subsequent approval of the Business Plan by Commission vide its order dated 16.11.2023. The energy sales for the Ferro Alloys consumers have been claimed separately as per the direction of the Commission dated 16.11.2023.

However, there are minor discrepancies between claimed energy sales and that allowed by this Hon'ble Commission under order dated 16.11.2023. Accordingly, it is prayed that the discrepancies may be corrected in the following manner:

Projection of consumers for industrial category for 4th Control Period

Category of Consumers	2024-25		2025-26		2026-27	
	Approved	Submitted	Approved	Submitted	Approved	Submitted
HT Industry Category	251	253	275	278	301	306
Industrial (IHT)	251	250	275	275	301	303
Ferro Alloys (HT)		3		3		3
EHT Industry Category	16	16	17	17	18	18
Industrial (EHT)		12		13		14
Ferro Alloys (EHT)	16	4	17	4	18	4

Projection of consumers for industrial category for 4th Control Period (MU)

Category of Consumers	2024-25		2025-26		2026-27	
	Approved	Submitted	Approved	Submitted	Approved	Submitted
HT Industry Category	293.24	293.24	322.57	322.57	354.82	354.82
Industrial (IHT)	293.24	161.11	322.57	177.22	354.82	194.94
Ferro Alloys (HT)		132.13		145.35		159.88
EHT Industry Category	812.84	738.95	894.13	812.85	983.54	894.12
Industrial (EHT)	812.84	289.7	894.13	318.67	983.54	350.53
Ferro Alloys (EHT)		449.25		494.18		543.59
Diff. in EHT	73.89		81.28		89.42	

Further, it is prayed that this Hon'ble Commission may continue with separate tariff categorization for Ferro Alloys consumers. It is submitted that consumers under Ferro Alloy category contribute almost 32% of the total sales. The consumption was 509 MU in FY 2022-23 by consumers under Ferro Alloy Category. The revenue contribution of these consumers is more than Rs 250 Crore i.e., ~35% of the total ARR. The said category of consumers also maintains very high load factor of 72%, thereby providing MePDCL the load requirement which is suitable for Discom to procure power at optimal rates. Therefore, it is prayed that this Commission may continue incentivizing the Ferro Alloys category of consumers and not the same with Industry. Due to the competitive tariff offered to Ferro Alloys consumers, the manufacture of Ferro Alloys has increased in the State, which in turn has increased employment and the general economic health of the State. Hence, withdrawal of competitively priced power will have wide ramifications.

MePDCL's Reply

BIA has prayed that this Hon'ble Commission should continue with separate tariff categorization for Ferro Alloys consumers. It has claimed that consumers under Ferro Alloy category contribute almost 32% of the total sales. The consumption was 509 MU in FY 2022-23 by consumers under Ferro Alloy Category. It has further claimed that the revenue contribution of these consumers is more than Rs 250 Crore i.e., 35% of the total ARR.

It has stated that its members maintain very high load factor of 72%, thereby providing MePDCL the load requirement which is suitable for Discom to procure power at optimal rates.

In this regards the Petitioner would like to submit that in the Petition it has prayed the rationalization of tariff and remove the level of cross subsidization to bring it into the permissible limit of the + 20% of ACOS as specified in the Tariff Policy 2016.

Further, with regards to the discrepancy in the projected number of consumers, the Petitioner would like to submit that there was a typographical error in the Business Plan Petition, which has been corrected in the instant Petition. However, since the number of consumers does not have any impact on the calculation of revenue of the Petitioner, it is requested to consider the number of consumers projected in the MYT Petition.

Commission's Views

Commission noted the Response of the Utility.

b) Power Purchase Cost

(7-18) The Petitioner has submitted the projection of energy availability as approved in the business plan for the fourth control period in Case No. 22/2023. The Petitioner has further explained source wise Cost of power purchase considered for estimating overall Power Purchase cost for the period FY 2024-27. The Objector is submitting the objections source wise regarding cost of power purchase as submitted by the MePDCL:

MePGCL

The cost of the power purchase from the Generating Stations of MePGCL and transmission charges of MePTCL have been considered as per the ARR filed by the two companies which are subject to approval of Hon'ble Commission on the respective ARR.

However, the Petitioner in MePGCL petition has submitted the determination of ARR for Old Station, MLHEP, NUHEP and Lakroh and does not include the power purchase cost from Ganol. Further, for Ganol HEP, the Petitioner has submitted that a separate Petition is being filed for approval of the tariff but has not provided any rationale for the estimated cost from the project. It has been observed that Power Purchase costs considered in the present petition do not reconcile with the Tariff Petition filed by MePGCL. Therefore, the following reconciliation is required:

Reconciliation of Break-up of MePGCL and MePTCL Cost (Rs. Crore)

Particulars	2024-25	2025-26	2026-27
Cost as per MePGCL petition			
MLHEP	273.24	190.70	187.16
NUHEP	391.88	100.33	97.11
LHEP	10.53	4.29	4.25
Old plants	127.66	187.39	237.96
Total	803.32	482.71	526.48
Cost as per MePDCL Petition for MePDCL			
Total cost MePGCL	803.32	501.45	526.48
Difference in cost	0.00	-18.45	
Cost as per MePTCL Petition	254.08	142.20	157.61
Cost as per MePDCL petition for MePDCL	250.08	137.13	150.43
Difference on cost	4.00	5.07	7.18

Further the Objector requests this Hon'ble Commission to consider the power purchase cost reworked as below (SLDC costs not considered either by Petitioner or Objector):

Power Procurement Cost from MePGCL and MPTCL (Rs. Crore)

Particulars	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27
	Claimed			Allowable		
MePGCL	803.32	501.45	526.48	462.25	286.54	323.64

MePTCL*	250.08	137.13	150.43	85.50	60.90	62.78
Total	1,053.40	638.58	676.91	547.75	347.44	386.43

OTHER LONG-TERM SOURCES

The Petitioner has submitted that the cost from central generating stations has been considered as per the cost data of April to October 2023 without any escalation. Also, it has submitted that the fixed charges and energy charges considered are provisional and are liable to change based on the actuals. The charges considered in the instant Petition have been considered only for the purpose of estimating the ARR. Further, since the data pertaining to Subansiri Project of NTPC is not available, the Petitioner has provisionally considered the power purchase cost from Loktak project for the purpose of estimation.

The Objector would like to submit that the Central generating companies shall continue to charge the beneficiary at the existing tariff as applicable on date until the final tariff is determined by the CERC. As the Tariff Order for the generating stations for the said control period is yet to be issued, the generating stations shall continue to charge the beneficiary (MePDCL herein) on the Tariff applicable as on date.

Since the data related to April to October 2023 is not available, the Objector has tried to analyse the actual cost of FY 2022-23 with the cost proposed for FY 2024-25 to assess the variation in the cost:

Variation in cost per unit from Central Generating Station

Particulars	2022-23			2024-25 to 2026-27			Variation
	Power Procurement	Amount	Per Unit Cost	Power Procurement	Amount	Per Unit Cost	
	MU	Rs. Cr	Rs. /kWh	MU	Rs. Cr	Rs. /kWh	
NHPC	36.87	17.04	4.62	183.36	89.10	4.86	5%
NEEPCO	646.64	402.56	6.23	788.72	401.44	5.09	-18%
OTPC	517.23	149.07	2.88	500.54	177.98	3.56	23%
Total	1200.74	568.67	4.74	1472.62	668.52	4.54	-4%

It is respectfully submitted there is a huge increase in the cost projected from OTPC for which no rationale has been provided by the Petitioner. Therefore, the Hon’ble Commission is requested to kindly allow the Tariff for these Generating stations on actuals as billed as on date and as claimed by the Petitioner and disallow any variation proposed by the Petitioner.

SOLAR AND RENEWABLE POWER

This Hon’ble Commission may also be pleased to direct the Petitioner to comply with the RPO Regulations and routinely submit the RPO fulfilment/ status during the control period FY 2024-27. In the present petition, no details have been provided by the Licensee on compliance with RPO regulations.

It is also prayed that this Hon’ble Commission may consider the rebate of 1% on the power procurement cost as per MYT Regulations 2014 while allowing the power

purchase cost. Based on the above submission, the Objector requests the Hon'ble Commission to consider the following power purchase cost while approving the ARR for 4th Control Period, subject to verification of actual bills from Central Generating Station:

Power Purchase Cost for the 4th Control Period (Rs. Crore)

Particulars	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27
	Claimed			Allowable		
MePGCL	803.32	501.45	526.48	462.25	286.54	323.64
NHPC	89.10	89.10	89.10	89.10	89.10	89.10
	Claimed			Allowable		
NEEPCO	401.44	401.44	401.44	401.44	401.44	401.44
OTPC	177.98	177.98	177.98	177.98	177.98	177.98
NTPC	295.06	295.06	295.06	295.06	295.06	295.06
Total Power Procurement Cost	1,766.90	1,465.03	1,490.06	1,425.83	1,250.12	1,287.22
MePTCL	250.08	137.13	150.43	85.50	60.90	62.78
PGCIL	116.71	116.71	116.71	116.71	116.71	116.71
POSO CO Charges	2.17	2.17	2.17	2.17	2.17	2.17
Total Transmission Cost	368.96	256.01	269.31	204.38	179.78	181.66
Less: Rebate@1%				2.04	1.80	1.82
Total Cost	2,135.86	1,721.04	1,759.37	1,628.17	1,428.10	1,467.07
Cost claimed by MePDCL	1885.78	1583.91	1608.94			
Difference	-250.08	-137.13	-150.43			
Power Procurement (MU)	3344.25	3214.92	3351.07	3344.25	3214.92	3351.07
Per Unit Cost (Rs. /kWh) - Computed	5.28	4.56	4.45	4.26	3.89	3.84
Per Unit Cost (Rs. /kWh) - Claimed by MePDCL	4.54	4.13	4.00			
Per Unit cost incl. Transmission charges and Rebate (Rs. /kWh)	6.39	5.35	5.25	4.87	4.44	4.38

As can be outlined from the above table, there is an arithmetical error in the computation of Power Purchase cost by MePDCL whereby the cost of MePTCL has not been considered resulting in lower per unit cost impact highlighted in Table 29 of the Petition.

Comparing the cost of the power procurement from the actual cost incurred for FY 2022-23, it is observed that the projection of the power procurement cost seems to be irrational and is escalated beyond the acceptance limit for which no proper justification has been provided. The detail variance in the power procurement cost per unit w.r.t. FY 2022-23 is outlined below:

Power Procurement cost per unit variance (Rs. /kWh)

Particulars	2022-23	2024-25	2025-26	2026-27	2022-23	2024-25	2025-26	2026-27
	Claimed				Allowable			
Power Procurement cost	2.92	5.28	4.56	4.45	2.87	4.26	3.89	3.84
Transmission Cost	0.61	1.10	0.80	0.80	0.61	0.61	0.56	0.54

Total Power	3.53	6.39	5.35	5.25	3.48	4.87	4.45	4.38
Procurement Cost								
% increase in Cost		81%	51%	49%		40%	28%	26%

As can be analysed from the above table, the Petitioner is claiming an irrational increase of 81% in power procurement cost from FY 2022-23 in FY 2024-25 and hence it is necessary to carry out the prudence check on the actuals as billed as on date and as claimed by the Petitioner and disallow any variation proposed by the Petitioner.

MePDCL Reply

BIA has submitted that the Petitioner in its petition has considered the cost of the power purchase from the generating stations of MePGCL and transmission charges of MePTCL as per the ARR filed by the two companies, which are subject to approval of the Hon'ble Commission. BIA has pointed out certain minor variations in the power purchase cost vis-a-vis the tariff petitions filed by MePGCL and MePTCL and the power purchase cost considered by the Petitioner herein.

In this regard it is submitted that there is slight variation as some of the changes in MePTCL and MePGCL petitions as there was time difference of one day in filing the Petitions and there might be certain minor changes in the MePGCL and MePTCL Petition which might not appear in the instant Petition. Hence, the Petitioner craves leave of this Hon'ble Commission and prays the Hon'ble Commission that the ARR allowed for MePTCL and MePGCL may be considered in the power purchase cost of MePDCL.

Further with regard to the power purchase cost from the other long-term sources, BIA has made a comparison with the power purchase expenses of 2022-23 with the projected expenses of FY 2024-25. In this regard it is submitted that when the projections are based on the data of 2023-24 comparison of rates of 2022-23 with the projected rates have no meaning. Further, the Power Purchase rates for 2023-24 can be substantiated with the power purchase bills for the first 6 months which are available with the Petitioner. Further, since there is a provision of true up where the actual rates are considered, the latest available and authenticated data would be preferable for making the comparison.

Further, Hon'ble Commission has asked for the rates of power purchase for FY 2023-24 as an additional submission which the Petitioner is in process of submitting. Hence, the Petitioner craves leave of this Hon'ble Commission to consider the rates of FY 2023-24 instead of FY 2022-23 as presented by the objector in their comparative statement.

Further with regards to the contention of the Objector that there is a substantial increase in Power Purchase cost from OTPC in comparison to the actual cost in FY 2022-23, the Petitioner would like to submit that in FY 2022-23 OTPC has provided a credit of Rs. 19.31 Crore on account of difference in the true up order of CERC. Thus, considering the same the actual power purchase cost from OTPC without the

adjustment of Rs. 19.31 Crore comes out to Rs. 3.23/kWh instead of Rs. 2.88 as projected by the Objector.

The BIA has further contended that the Hon'ble Commission may also direct the Petitioner to comply with the RPO Regulations and routinely submit the RPO fulfilment during the control period 2024-27.

In this regards the Petitioner would like to submit that the Petitioner has most of its generation from Hydro Power Projects and has been achieving the targets set under RPO Regulations. The Petitioner is ready to comply with any directions from the Hon'ble Commission in this regard.

BIA has further prayed the Hon'ble Commission to consider a normative rebate of 1% while allowing the power purchase expenses. In this regard the Petitioner submits that there is no regulatory background of the normative rebate. The 2014 Tariff Regulation mandate the generation and transmission utility to allow 1% rebate in case the payment is made within time frame however, the Regulations do not mandate the DISCOM to make payment in time to avail rebate.

The Objector has further submitted that there is an arithmetical error in computation of the average power purchase cost as the transmission cost has not been included. In this regards Petitioner would like to submit that the Objector has not read the table headings of the Average Power Purchase Cost which clearly specifies that the APPC has been computed without transmission charges.

Commission's Views

Commission noted the Response of the utility.

c) Capital Cost

(19-22) Commission vide order dated 16.11.2023 in Case No. 22/2023 has approved the business plan for Distribution business for fourth control period i.e., FY 2024-25 to FY 2026-27. By the aforementioned order, this Hon'ble Commission has also approved the capital investment plans to be undertaken by the Petitioner.

The Petitioner has proposed a Capital Investment Plan for upcoming schemes from FY 2024-25 to FY 2026-27 which was provisionally approved by the Hon'ble Commission in the said order. It could be inferred that a significant claim of the Capex and Capitalization for FY 2024 to FY 27 forms part of the RDSS scheme, and the rest of the Capex claims are due to spill over of the schemes approved for previous Control period FY 2021-24.

In the present petition, the Petitioner is seeking allowance of capital costs which is more than double of that approved by this Hon'ble Commission on 16.11.2023. The details of capital costs approved and now presently claimed are as below:

Capitalisation plan for fourth control period (Rs. Crore)

Financial Year	Approved	Claimed	Difference	Approved	Claimed	Difference
	Capitalization			Grant		
2023-24*	1,347.96	598.72	749.24			
2024-25	-	242.13	-242.13		601.23	-601.23
2025-26	923.74	1,240.41	-316.67	831.37	257.67	573.7
2026-27	-	370.41	-370.41			0
Grand Total	2,271.70	2,451.67	-179.97	0	858.9	-27.53

Therefore, it is requested to the Hon'ble Commission to consider the capitalisation and funding of the capex as per the plan approved in the business plan order dated 16.11.2023.

MePDCL Reply

BIA has submitted that the Capital Cost should be allowed in line with the approved Business Plan as per order 16.11.2023.

In this regards the Petitioner would like to submit that addition in the capital cost/ GFA has been considered as per the approved business plan. Further, in order to comply with the accounting practices, it has to capitalize the CWIP and hence some portion of the CWIP has been considered as capitalization in respective years.

Commission's Views

Commission noted the Response of the utility.

d) Gross Fixed Assets

(23-24) Based on the submission made by the Objector in the True-up Petition, the Objector hereby proposed the following GFA for the fourth control period and request the Hon'ble Commission to consider the same.

GFA for fourth Control Period (Rs. Crore)

GFA	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePDCL				Proposed to be considered			
Opening GFA	1308.97	1907.69	2149.82	3390.23	1010.19	2358.15	2358.15	3281.80
Addition	598.72	242.13	1240.41	370.41	1347.96	0	923.74	0
Closing GFA	1907.69	2149.82	3390.23	3760.64	2358.15	2358.15	3281.89	3281.89

Further, the funding pattern was submitted by MePDCL in Case No.22/2023 whereby the Hon'ble Commission has accorded in-principal approval. Accordingly, based on the approach adopted in the preceding chapter in relation to Grant allocation (as per the principles adopted by the Hon'ble Commission in Case No. 22/2023) and the proposed grant allocation in the fourth control period, the Objector hereby proposed the Movement of Grants for FY 2023-24 to FY 2026-27, as outlined in the table below:

Proposed Movement of Grant for fourth Control period (Rs. Crore)

Grant	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePDCL				Proposed to be considered			
Opening Grant	1,322.61	1,752.21	2,353.44	2,611.11	1,322.01	2,535.18	3,136.41	3,366.55
Addition	429.6	601.23	257.67	0	1213.164*	601.23	230.14	
Closing Grant	1752.21	2353.44	2611.11	2611.11	2535.18	3136.41	3366.55	3366.55

*- Capitalisation is related to RDSS scheme and hence 90% of capitalisation considered as grant

MePDCL Reply

The Objector has contended that the funding pattern of the capitalization has already been approved by the Hon'ble Commission in the order for approval of Business plan and hence, based on the submissions towards closing GFA, Grants and Equity in the Objections on True Up Petition the Objector has proposed the movement of grants and GFA.

In this regard the Petitioner submits that the grants, equity, loan, and grants have been considered in line with the business plan for new investment. However, it is pertinent to note that the works under CWIP are also ought to be capitalized. Hence, the Petitioner has considered some percentage of the capitalization from CWIP in each year. Further, the addition of grants and equity have been considered in line with the business plan approved by the Hon'ble Commission for third and fourth control period.

Commission's Views

Commission noted the Response of the Utility.

e) Return On Equity

(25-28) MePDCL has claimed Return on Equity (RoE) as per closing equity of FY 2022-23 and has claimed 30% of the addition in GFA during the year in accordance with the Regulation 27 of the 2014 Tariff Regulations (after deducting the grant).

It is submitted that the methodology adopted by MePDCL for the computation of the Return on Equity based on Equity is flawed due to improper approach adopted during FY 2022-23 resulting in erroneous opening balance considered for fourth control period.

In line with the grants considered in the Gross Fixed assets section and in line with the methodology of the Hon'ble Commission in its previous Orders (ref. True up Order dated 13.11.2023), it is requested Commission that the allowable RoE for the fourth control period to be allowed as depicted in the table below:

Proposed RoE for the fourth Control Period (Rs. Crore)

Particulars	Formula	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
		Claimed				Allowable			
GFA as on 31.03.2023	A					1,010.19	2,358.15	2,358.15	3,281.89
Addition during Year	B					1347.96	-	923.74	-
(-) Retirements	C					-	-	-	-
GFA as on 31.03.2023	D=A+B-C					2358.15	2358.15	3281.89	3281.89
Average Assets	E=(A+D)/2					1684.17	2358.15	2820.02	3281.89
Less: Grants and Contributions	F					2535.18	3136.41	3366.55	3366.55
Net Capital costs for RoE	G=E-F					-851.01	-778.26	-546.53	-84.66
Opening Equity	H	166.60	275.14*	351.28	351.28	-93.55	-53.11	233.48	163.96
Closing Equity Capital	I=Gx30%	250.84	351.28*	351.28	351.28	-53.11	-233.48	-163.98	-25.40
Avg Equity	J=(H+I)/2	208.72	313.21	351.28	351.28	-73.33	-143.29	-198.72	-94.68
RoE at 14%	K=14%xJ		43.85	49.18	49.18	-10.27	-20.06	-27.82	-13.25

*- There is a figure mismatch in the Petition whereby Equity consider in Table 30 does not reconcile with equity in Table 31

Based on the above computation, the Objector request the Hon'ble Commission to consider NIL RoE for 4th Control Period.

MePDCL Reply

BIA has contended that the methodology adopted by MePDCL for the computation of the Return on Equity @ 30% is flawed due to improper approach adopted during FY 2022-23 resulting in erroneous opening balance considered for fourth control period. In this regard, it is submitted that the ROE has been claimed strictly in accordance with Regulation 31 of the MSERC MYT Regulations, 2014.

"31 Return on Equity

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

Provided that in case of generation & transmission projects commissioned after notification of these regulations, an additional return of 0.5 % shall be allowed if such projects are completed within the timeline as specified in CERC Tariff Regulations....."

In this regard, it is submitted that the methodology adopted by the Petitioner is not flawed at all. It has considered the computation of Return on Equity as per the provisions of 2014 Tariff Regulations with only one procedural deviation i.e.,

apportionment of grants into CWIP and GFA for which the Petitioner has provided a detailed explanation in the Petition and has quoted the reference Judgements of the Hon'ble APTEL to substantiate its claim.

Commission's Views

Commission noted the Response of the utility.

f) Interest on Loan

(29-33) As per MePDCL, it has claimed Interest and Finance charges, whereby the loan component has been considered on normative basis and additional loan has been considered as per the capital investment plan approved in the Business Plan order of Hon'ble Commission for the fourth control period. Regulation 32.1 of MSERC MYT Regulations 2014 specifies that-

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.

However, no clarification has been provided by MePDCL with respect to the loan repayment considered for the calculation of interest on loan. It is observed that repayment of the loan considered by MePDCL is lower in FY 2024-25 and FY 2025-26 resulting in higher interest amount burden on the end consumer. Further, it is observed that the methodology adopted by MePDCL for the computation of the Interest on Loan is flawed due to improper approach adopted during FY 2022-23 resulting in erroneous opening balance considered for fourth control period. As stated in the objection raised in the true-up section, MePDCL has not considered the opening balance of the loan for FY 2022-23 as the closing balance of FY 2021-22 as approved by the Hon'ble Commission in Case No. 4/2023 dated 13.11.2023. Further, even the opening balance of Rs. 388.73 Crore considered for FY 2023-24 as per Table 30 of the Petition does not reconcile with the closing balance of loan for FY 2022-23 of Rs. 350.82 Crore as per Table 14 of the petition and Rs. 124.55 Crore as per Table 13 of the Petition. Resultantly, MePDCL is considering an incorrect opening balance considered from FY 2023-24 which is erroneously increasing the interest on loan component.

Therefore, BIA prays that this Hon'ble Commission may calculate the interest on loan based on debt repayment of FY 2022-23 as considered in the Statement of Account with an additional of 10% loan repayment of the additional loan. Also, it is requested Commission to allow the Interest Charges to MePDCL based upon the opening balance of loan as per the closing balance to be approved for FY 2022-23 and as depicted in the objection of the true-up chapter.

Further, no interest may be allowed on the Outstanding R-APDRP A&B loans the Hon'ble Commission in the past tariff order has clearly stated that the interest cost on the Outstanding R-APDRP A&B loans shall not be admitted in the True up process. The Hon'ble Commission in the True-up of FY 2021-22 tariff order in Case No. 1/2023 dated 13.11.2023 stated as follows:

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

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

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

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

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

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

Accordingly, the allowable Interest and Finance charges for the fourth control period are recomputed and depicted in the table below for the kind consideration of the Hon'ble Commission.

Interest and Finance Charges to be allowed for Fourth Control Period (Rs. Crore)

Particulars	Formula	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
		Claimed			Allowable			
Opening Normative Loan*	A	640.17	645.35	1874.12				
Cumulative Loan Repayment	B	103.06	116.91	130.87				
Net Normative Loan	C=A-B	537.11	528.44	1743.25	124.55	205.06	181.77	250.86
Addition	D	5.18	1228.78	312.67	94.36		92.37	

Repayment	E	13.85	13.96	40.55	13.85	23.29	23.29	32.52
Net Normative Loan Closing*	F=C+D-E	528.44	1743.26	2015.37	205.06	181.77	250.86	218.33
Average Loan\$	G=(A+F)/2	584.31	1194.31	1944.75	164.80	193.41	216.31	234.59
WAROI	H	8.79%	8.79%	8.79%	0.73%	0.73%	0.73%	0.73%
Interest on Loan	I=GxH	51.34	104.94	170.88	1.20	1.41	1.58	1.71

**-Opening and closing loan as per Table 30 differs with Table 32 of the petition.*

#- Cells marked has an arithmetical error while computing in Petition, however, interest has been considered as per petition

\$-Also, while calculating the average Loan, MePDCL has considered Opening normative loan rather than net normative loan.

MePDCL Reply

BIA has submitted that the Petitioner has not provided any justification with respect to the loan repayment considered for the calculation of interest on loan during the control period. BIA has further contended that methodology adopted by the Petitioner for computation of interest on loan is flawed due to improper approach adopted during the FY 2022-23 resulting in erroneous opening balance considered for the fourth control period. BIA has submitted that there is inconsistency in the figures of opening balance of loan considered in various tables of the Petition.

In this regards the Petitioner would like to humbly submit that the methodology adopted by the Petitioner is not flawed at all and it has provided detailed justification for the methodology adopted. The Petitioner would like to further submit the normative opening loan for FY 2022-23 and subsequent years has been considered in line with the first proviso of the Regulation 32.1 of the 2014 Tariff Regulations.

Further with regards to BIA's contention that the Petitioner has erroneously considered different figures pertaining to loan at different places in Petition, the contention of BIA is denied. It is pertinent to note that Hon'ble Commission at the time of adoption of the IND AS by the corporation has rejected the Petitioner's claim towards reinstated GFA figures hence there is a difference between the figures in the audited books of accounts and the regulatory GFA considered by the Hon'ble Commission. The Table for Capital Structure wherein the Petitioner has apportioned the grants into GFA and CWIP and has accordingly arrived at Equity and Loan component in the Accounting GFA. Since, there is a difference between the accounting GFA and Regulatory GFA approved by the Hon'ble Commission the figures of Equity and Loan arrived in the Capital Structure Table do not reflect the clear picture of the Equity and Loan in the Regulatory GFA approved by the Hon'ble Commission. The Objector has failed to understand the simple mathematical operation and has blamed the Petitioner for showing non- seriousness in filing the Petition which is a baseless contention and made to misguide the Hon'ble Commission.

BIA has prayed for calculation of interest on loan based on debt repayment of FY 2022-23. It has also prayed that no interest may be allowed on the outstanding R-APDRP A&B loans.

In line with the justification provided in Para 27 to 29 above Petitioner would like to submit that there has been no deviation from the Provisions of 2014

Tariff Regulation in computation of interest on loan. Further, the loan repayment in each year of the control period has been considered as the loan repayment of 2022-23 as the Petitioner is yet to finalize the loan agreements for the proposed CAPEX during the control period. Further with regards to R-APDRP loans the Petitioner would like to submit that PFC has not raised any demand against these loans till now and to avoid the sudden increase in the rate of interest in case PFC raises a consolidated demand the Petitioner has been claiming the interest on these loans considering the normative repayment as allowed by Hon'ble Commission in the previous true ups. Hence, the Petitioner prays the Hon'ble Commission to allow the interest on these loans as claimed by the Petitioner.

Commission's Views

Commission noted the Response of the utility.

g) Depreciation

(34-37) MePDCL has claimed Depreciation based on the capitalization approved in the business plan and the capital structure proposed in the Petition. Further, the rate of depreciation has been considered as the weighted average rate of depreciation of FY 2022-23 since the asset wise breakup of GFA allegedly cannot be provided at this stage.

It is submitted that the methodology adopted by MePDCL for the computation of the Depreciation is not aligned with the provisions of the Tariff Regulations 2014. As per Regulation 33.1 of MSERC MYT Regulations 2014, Consumer contribution or capital subsidy/ grant etc needs to be excluded from the asset value for the purpose of computation of depreciation.

"33 Depreciation

33.1 For the purpose of tariff determination, depreciation shall be computed in the following manner:

- a) The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:*
- b) The opening asset's value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. Consumer contribution or capital subsidy/ grant etc shall be excluded from the asset value for the purpose of depreciation.*

- c) For new assets, the approved/accepted cost for the asset value shall include foreign currency funding converted to equivalent rupee at the exchange rate prevalent on the date of foreign currency actually availed but not later than the date of commercial operation.
- d) The salvage value of the assets shall be considered at 10% and depreciation shall be allowed up to maximum of 90 % of the capital cost of the asset.
- e) Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations, 2009 as may be amended from time to time.
- f) Provided that land is not a depreciable asset, and its cost shall be excluded from the capital cost while computing the historical cost of the asset.
- g) Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on pro-rata basis.
- h) The remaining depreciable value as on 31st March of the year closing after a period of 12 years from the date of commercial operation shall be spread over the balance useful life of the asset.”

Therefore, the Objector has calculated the depreciation In line with the approach adopted by the Hon’ble Commission in the True up of FY 2021-22 by Order dated 13.11.2023, the approval of business plan by order dated (16.11.2023) and the grant as computed in preceding section of these objections. Based on the principles crystallized in the aforementioned documents, the Objector request the Hon’ble Commission to consider NIL Depreciation for 4th Control Period.

As far as Rate of Depreciation is concerned, since the asset wise breakup of the capitalization is not available at this point of time, the average depreciation rate as computed for FY 2022-23 has been considered. In view of the above, it is submitted that the Amortization of grants must also be considered for the computation of allowable depreciation for the Fourth Control Period as depicted in the table below:

Proposed Depreciation allowable for fourth Control Period (Rs. Crore)

Depreciation	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePDCL			Proposed to be considered			
Opening GFA	2,092.50*	2,334.63	3,390.23	1,010.19	2,356.29	2,354.43	3,276.31
Less: land				1.86	1.86	1.86	1.86
Opening GFA without Land	2,092.50	2,334.63	3,390.23	1,008.33	2,354.43	2,352.57	3,274.45
Addition during the Year	242.13	1,055.60 [§]	370.41	1,347.96	-	923.74	-
Closing GFA	2,334.63	3,390.23	3,760.64	2,356.29	2,354.43	3,276.31	3,274.45
Average GFA	2,213.57	2,862.43	3,575.44	1,682.31	2,354.43	2,814.44	3,274.45
Rate of Depreciation	5.23%	5.23%	5.23%	5.24%	5.24%	5.24%	5.24%
Depreciation	115.71	149.62	187.00	88.23	123.48	147.60	171.73
Less: Amortization of Grant	1,153.73	1,241.70	1,276.39	2,535.18	3,136.41	3,366.55	3,366.55
Depreciation on Grants	60.31	64.90	66.72	132.96	164.49	176.56	176.56
Net Depreciation	55.40	84.71	120.18 [#]	-44.73	-41.01	-28.96	-4.83

*-Opening balance as per Table 30 of the petition is Rs. 1907.69 Crore and as Table 33 of the Petition, the same is considered as Rs. 2092.50 Crore

\$-Additional as per Table 30 of the petition is Rs. 1240.41 Crore and as per Table 33 of the Petition, the same is considered as Rs. 1055.60 Crore #-calculation error

MePDCL Reply

BIA has contended that methodology adopted by MePDCL for the computation of the Depreciation is not aligned with the provisions of the Tariff Regulations 2014. As per Regulation 33.1 of MSERC MYT Regulations 2014, Consumer contribution or capital subsidy/ grant etc. needs to be excluded from the asset value for the purpose of computation of depreciation. BIA based on its own calculations have prayed the Hon'ble Commission to allow the Depreciation as NIL for the fourth control period.

The Petitioner would like to submit that the depreciation has been considered strictly as per the provisions of 2014 Tariff Regulations and the only deviation sought is on procedural issue adopted by Hon'ble Commission in the past i.e., apportionment of grants in GFA and CWIP.

Commission's Views

Commission noted the Response of the utility.

h) Operation and Maintenance Expenses

(38-43) MePDCL in the petition has submitted that O&M expenses has been claimed as per Regulation 56 of MSERC Tariff Regulations, 2014, whereby the same has been computed considering year by year escalation of 5.72% p.a. over the actual operation and maintenance expenses of FY 2022-23. Further, as appraised in the business plan the pay revision of MeECL and subsidiary companies is due in January 2025 and the estimated multiplication factor of 1.59 has been considered as an impact of wage revision.

Accordingly, as per MePDCL, for the purpose of the computation of employee expenses of 2024-25 the estimated employee expenses (salary and wage component) of 2023-24 is escalated at 5.72% for 9 months and for rest of the 3 months of 2024-25 the multiplication factor of 1.59 has been considered. Further, as per the approach adopted for true-up of FY 2022-23, MePDCL has calculated the total O&M expenses of MePDCL including the 1/3rd of the employee and A&G cost of MeECL and escalated the O&M cost.

At the outset, the Objector requests this Hon'ble Commission to issue norms for determination of O & M expense. With respect to 1/3rd Cost of MeECL included in the O&M cost, it is submitted incorporating the O&M expenses towards holding company expenses while claiming O&M Expenses for Distribution function is against the provision of MYT Regulations 2014. It is submitted that no provision of the Tariff Regulations 2014 of the Hon'ble Commission allows expenditures of a holding

company to be passed through in Tariff and the applicability of the Tariff Regulations 2014 is only for Gencos, Transcos and Discoms as defined in the Tariff regulations 2014 shown below:

“1.5 They shall be applicable to all existing and future Generating Companies, Transmission Licensees and Distribution Licensees and their successors, if any;”

In view of the same, the claim of MePDCL towards O&M Expenses of the Holding company is unjust and does not merit any consideration by the Hon’ble Commission and may be disallowed.

MePDCL has also indicated that it would implement a Policy for revision of pay for its employees effective from 01.01.2025. MePDCL has projected the impact of such revision of pay from 01.01.2025 onwards. Further, the Petitioner has considered the multiplying factor of 1.59 for computing the Revised Basic Pay. At the outset, it is most humbly submitted that such claim of the Petitioner is not backed by any documentary evidence or Government Notification and only calculation based on certain assumption has been forwarded. It is submitted that the claim towards revision of pay ought to not be admitted at this point and must be taken as a separate item during the time of True up, if there is any notification by the Government to that effect.

Accordingly, considering the past approach as adopted by the Hon’ble Commission in the true-up tariff order, it is submitted that following O&M cost may be allowed for fourth Control Period:

O&M expenses to be allowed for fourth Control Period (Rs. Crore)

O&M Expenses	2022-23	2023-24	2024-25	2025-26	2026-27	2022-23	2023-24	2024-25	2025-26	2026-27
	As per MePDCL					Proposed to be considered				
Employee Expenses	240.18	253.91	289.19	305.73	323.33	161.94	171.20	180.99	191.35	202.29
Escalation Factor (%)		5.72 %	13.89 %	5.72 %	5.76 %		5.72%	5.72%	5.72%	5.72%
R&M Expenses	6.62	7.00	7.40	7.82	8.27	6.28	6.64	7.02	7.42	7.85
Escalation Factor (%)		5.74%	5.71%	5.68%	5.75%		5.72%	5.72%	5.72%	5.72%
A&G expense	18.21	19.25	20.36	21.52	22.75	16.97	17.94	18.96	20.05	21.20
Escalation Factor (%)		5.71%	5.77%	5.70%	5.73%		5.72%	5.72%	5.72%	5.72%
Total O&M	265.01	280.16	316.95	335.07	354.35	185.19	195.78	206.98	218.82	231.33
Escalation Factor (%)		5.72%	13.13%	5.72%	5.75%		5.72%	5.72%	5.72%	5.72%

MePDCL Reply

BIA has made two contentions with regard to the Operation and Maintenance Expenses. The Objector has contended that the apportionment of the O&M expenses of MeECL (1/3rd of the expenses) should not be allowed as they do not pertain to the distribution business. Further, BIA has also contended that the claim of Petitioner

towards pay revision is not backed with any documentary evidence and hence, should not be considered at this point of time.

With regards to the apportionment of the holding company expenses (1/3rd of the MeECL) the Petitioner would like to submit that these expenses pertain to centralized shared services such as the Accounting, Audit and HR which are integral expenses of any company. Since, in the MeECL these are centralized services and are shared by all three subsidiary companies hence these are part of distribution business only.

With Regards to the Pay Revision impact, it is submitted that non- consideration of the impact of pay revision during MYT and considering the same at the time of truing up would violate the principle of MYT laid down in the Tariff Policy 2016, which aims at reducing the uncertainties and minimize the gap between the projections and the actual.

Commission's Views

Commission noted the Response of the utility.

i) Interest on Working Capital

(44-45) MePDCL has claimed the Interest on Working capital for the fourth control period only in ARR Table 39 of the Petition and no detail or calculation has been provided in the Petition.

However, based on the submission made in the preceding section with respect to allowing the claim within the provisions of MYT Regulations 2014, the computation of interest on working capital is depicted below for the kind consideration of the Hon'ble Commission:

Interest on Working Capital allowable by MePDCL for FY 2022-23

Interest on Working Capital	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27
	As per MePDCL			Proposed to be considered		
O&M Expenses	26.41	27.92	29.53	17.20	18.18	19.22
Maintenance Spares	22.18	24.75	35.94	24.98	24.96	34.73
Receivables	297.15	286.64	302.24	222.08	214.07	224.76
Total Working Capital	345.74	339.31	367.71	264.26	257.21	278.72
Rete of Interest	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%
Interest on Working Capital	51.36	50.43	54.62	39.24	38.20	41.39

MePDCL Reply

The Petitioner would like to submit that the variation in the interest on working capital as submitted by BIA is the resultant of the variation in the various components of ARR, being considered by BIA, justified above and hence there is no specific objection with regards to the interest on working capital.

Commission's Views

Commission noted the Response of the utility.

j) Non-Tariff Income

(46-47) The Petitioner has sought allowance of non-tariff income by considering 5% growth on actual non-tariff income for 2022-23 based on the audited accounts. Also, MePDCL has projected non-tariff income for FY 2025-26 with a growth rate of 0.18% without proper justifications. However, it has been observed that the Petitioner has not considered the Non-Tariff Income of 4th control period from income towards delayed payment from consumers and rebate. This is in violation of Regulation 96.2 of the MYT Regulations. Similarly, no income has been considered from Amortisation of Grants and Subsidies and Consumer Contribution.

The Objector humbly submits that this under projection of income would result in more revenue gap for the ensuing year. Therefore, it is requested that this Hon'ble Commission allow such claim subject to prudence check as per Regulation 96.2. Accordingly, the Objector has considered the Non-Tariff Income with escalation of 5% as considered for truing up of FY 2022-23 in the previous objections and has excluded revenue from Uday of Rs. 100 Crore from NTI as the same may be an exceptional income for FY 2022-23.

Non-Tariff Income for Fourth Control Period (Rs. Crore)

Particulars	2024-25	2025-26	2026-27	2022-23	2023-24	2024-25	2025-26	2026-27
	As per MePDCL				Proposed to be considered			
Non-Tariff Income	79.09	79.23	83.19	90.59	95.12	99.87	104.87	110.11
Escalation considered		0.18%	5.00%		5.00%	5.00%	5.00%	5.00%

MePDCL Reply

BIA has contended that the Petitioner has not considered the Non-Tariff Income of 4th control period from income towards delayed payment from consumers and rebate. This is in violation of Regulation 96.2 of the MYT Regulations. Similarly, no income has been considered from Amortisation of Grants and Subsidies and Consumer Contribution.

In this regard, the Petitioner would like to submit that the Petitioner has not considered any income from amortization of grants and consumer contribution as the entire movement of grants have been considered in computation of return on equity, loan, and depreciation and hence consideration of the amortization of these grants would result in the double deduction.

Further, the delayed payment surcharge is not predictable income and hence they cannot be projected at this stage. Further, in case the corporation wants to go for schemes such as OTS there would be no income from the DPS etc.

Commission's Views

Commission noted the Response of the utility.

k) Revenue from Sale of Surplus Power

(48-59) The Petitioner has submitted that the quantum of surplus power available has already been approved by Hon'ble Commission vide order dated 16.11.2023 in Petition for approval of Business Plan for the fourth Control Period and the same has been submitted in the current petition. However, the figure as approved by the Hon'ble Commission and submitted by the Petitioner differs and no rationale has been provided by the Petitioner in the petition. The deviation in the figures is outlined as below:

Deviation in Energy Balance Statement for 4th Control Period (MU)

Particulars	Calculation	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27
Power purchased from the Eastern Region (ER)	A	578.16	578.16	578.16	-	-	-
Inter-state transmission loss for ER	B	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Net power purchased from the ER	C=A*(1-B)	567.75	567.75	567.75	-	-	-
Power purchased from the North – Eastern Region (NER)	D	1,472.62	1,472.62	1,472.62	2,050.78	2,050.78	2,050.78
Inter-state transmission loss for NER	E	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Net power available at state bus from external sources on long term	F=(C+D) *(1-E)	1,979.16	1,979.16	1,979.16	1,989.26	1,989.26	1,989.26
Power purchased from generating stations within the state	G	1,293.47	1,164.14	1,300.30	1,293.47	1,164.14	1,300.30
Power purchased from other sources							
Intra-State Transmission Losses	H	3.18%	3.18%	3.18%	3.18%	3.18%	3.18%
Total Availability at MePDCL Periphery	I=(F+G) * (1-3.18%)	3,168.56	3,043.34	3,175.18	3,178.34	3,053.12	3,184.95
Power to be sold to consumers within the state (including ASEB)	J	1,954.53	2,088.49	2,234.60	1,954.53	2,088.49	2,234.60

Transmission & Distribution Losses (%)	K	17.00%	16.50%	16.00%	17.00%	16.50%	16.00%
Net power requirement at state bus for sale of power within the state	$L=J/(1-K)$	2,354.86	2,501.19	2,660.24	2,354.86	2,501.19	2,660.24
Surplus Power (for Sale outside state)	$M = I - L$	813.71	542.16	514.94	823.48	551.93	524.71

As can be outlined in the above table, Power from Power purchased from the Eastern Region (ER) has not been considered separately and has been merged with Power purchased from the North-Eastern Region resulting in overstated surplus power by around 10 MU for which no justification has been provided.

It is respectfully submitted that in past two years, the power scenario with respect to sale of power has surged in volumes as well as rate due to many internal and external factor. Also, it is expected that global scenario may remain volatile for next few years. Further, it has been observed that during the off peak/ monsoon months, the Petitioner possesses surplus power which is sold by the Petitioner at throw away rates in the market without making available the same to the industrial consumers who could utilize the surplus power and help the Discom with the cash flow. Hence, there is a need to introduce an incentive scheme for the industrial consumers to encourage the consumption and resultant higher realization from sale compared to sale in other state. The rate of surplus power sale for the past 6 years as per the Petitioner’s past submissions/ Hon’ble Commissions Orders is indicated below:

Average rate of power of power sold outside State for past 6 years.

Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY2022-23
Surplus Quantum excluding Swapping arrangement (MU)	927.24	708.18	554.26	594.94	293.91	146.01
Revenue from Sale of Surplus Power (Rs. Crs)	182.31	189.93	92.01	84.56	116.58	74.31
Rate of Surplus power sale (Rs. /kWh)	3.45	4.12	2.95	2.64	5.30	5.09

Source: True up Orders for FY 2017-18 to FY 2021-22 and True up petition for FY 2022-23

It is submitted that while the quantum of surplus power is reducing due to increasing demand in the state, it is pertinent to note the rate realized from the sale of such power. Barring FY 2021-22 and FY 2022-23, for rest of the years, the realization rate is too miniscule. While the ABR for the State during FY 2022-23 is Rs. 6.13/ unit (1093.51 Crore for 1,781.35 Mus in FY 2022-23 True up petition), the realization from surplus power sale falls way short of the ABR billed to own consumers. Therefore, in effect, buying power from the Petitioner from within the state is much more expensive compared to buying power from the Petitioner as an outside state consumer.

It is submitted that the instant Petition fails to address this issue. The Petitioner, in view of the seasonal dependency, needs to optimize its procurement plan by tying up with more long term/ medium term sources (on RTC basis) in accordance with the

demand supply dynamics within the state or to introduce bulk consumption incentive scheme to encourage higher consumption as introduced by other States like Maharashtra, Madhya Pradesh, etc.

It is submitted that the Ministry of Power, Government of India, in consultation with Central Electricity Authority (CEA) has issued the Guidelines for Resource Adequacy for the Indian electricity sector under the Rule 16 of Electricity (Amendment) Rules, 2022. The key objectives which the guidelines seek to attain are stated as follows:

“1.1.1. Energy for growth: It is necessary to timely add adequate generation capacity to meet the projected demand while maintaining necessary reserves.

1.1.2. It is incumbent upon the DISCOMs to supply 24 X 7 reliable power to its consumers. All DISCOMs are duty bound to tie up sufficient capacity to meet the demand of its consumers. If any DISCOM does not do so, it is failing in its duty.

Compliance to the Resource adequacy norms and Guidelines shall ensure that DISCOMs tie up sufficient capacity to meet the demand of the area they are licensed to serve. Rights of Electricity Consumers Rules, 2020 prescribe payment of compensation to consumers for avoidable load shedding.

1.1.3. The capacity which the DISCOMs tie up shall be a judicious mix of long/medium- and short-term contracts to ensure security of supply to their consumers at least cost. Over reliance on the electricity market is to be avoided.

1.1.4. As a part of its Nationally Determined Contributions (NDCs) to combat climate change, India has pledged that by 2030 it will have 50 percent of its power generation capacity coming from non-fossil sources. Accordingly, all obligated entities must fulfil their Renewable Purchase Obligation (RPO). Compliance with RPO will also include compliance with targets for Roof top solar and other Distributed Renewable Energy segments.”

It is requested that the Hon’ble Commission may enforce the Resource Adequacy Guidelines in the larger interest of consumers and other stakeholders. This will be in accordance with Electricity Rules, 2005 (as amended in June 2023). In view of the above, it is submitted that the Hon’ble Commission may direct the Petitioner to place on record the Banking/ Swapping agreements, other OA/ MT agreements with APPCL, MPPL, for sales of surplus power before this Hon’ble Commission.

Further, for the purpose of estimation of the revenue from sale of surplus power, the methodology adopted by Hon’ble Commission in the previous Tariff Order, i.e., the weighted average cost of power purchase excluding the transmission charges has been considered as the rate for sale of surplus power which is in the range of Rs. 4/unit to Rs. 4.50/unit. However, it has been observed that in past 2 years, the weighted average rate of power sold is much higher than the rate as envisaged by the Petitioner and more practical approach is required to be adopted considering the market reality.

The rate in power exchange for A2 area (includes Meghalaya) for FY 2021-22 and FY 2022-23 (till 24 December 2023) along with the average price is outlined below:

Average Market Clearing Price at IEX (Rs. /kWh)

Time Slot	2023	2022	Average
RTC	5.55	5.77	5.66
Evening	7.20	7.47	7.33
Night	5.39	5.37	5.38
Morning	5.58	5.91	5.74

**Day power has been excluded as due to solar the power is surplus in most States resulting in lower demand*

As can be outlined from the above table, the Average MCP is higher than Rs. 5.38/kWh whereas Petitioner has stated the revenue in the range of Rs. 4.50/unit to Rs. 4.00/unit resulting in understated revenue. It is requested that this Hon'ble Commission may consider the minimum of the rate arrived under MCP mechanism in Power exchange for projection of revenue from surplus power and as submitted below:

Revenue proposed from Sale of Surplus Power (Rs. Crore)

Particulars	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27
	Claimed			Allowable		
Surplus Energy As per the BP	823.49	551.93	524.71	823.49	551.93	524.71
Rate of Surplus Energy (2023-24) *	4.54	4.13	4.00	5.38	5.38	5.38
Revenue from Sale of Surplus Energy	373.50	227.97	209.76	442.84	296.80	282.17

**-weighted average rate considered by MePDCL is arithmetically incorrect as specified in Table 2-6 of the submission*

It is also submitted MePDCL may be asked to submit the actual sale realization for the period April 23 to December 23 and such monthly details should be submitted by the Petitioner to understand the actual sale realization by MePDCL.

Further, MePDCL submitted that it has appointed NTPC Vidyut Vyapar Nigam, one of the professional agencies in power management for managing its power portfolio efficiently. However, MePDCL needs to provide the details of the commercial arrangement entered and to be revalidated with the other market arrangement.

Considering the submission of the Petitioner, that surplus power is available and is considered for sale in the 4th MYT Control Period, there should not be any load shedding in the State. However, it is observed that there are daily interruptions to the supply being provided by MePDCL. On the one hand power is not being supplied whereas on the other hand power is being sold outside the state. It is humbly submitted that it is the responsibility of the MePDCL to provide uninterrupted reliable power supply to its consumers and sale power outside only after meeting the load of consumers within the State. Any act of MePDCL to sale power outside without supplying to its consumers is completely contrary to Section 43 of the Act,

Rules specified by the MoP to provide 24x7 supply to consumers. The Objector prays before the Hon'ble Commission to make enquiry/conduct audit on sale of power by MePDCL to ascertain the cause of load shedding.

MePDCL Reply

BIA has contended that the quantum of surplus power approved by the Hon'ble Commission in the Business Plan order and the quantum of surplus power claimed by the Petitioner are at variance with no rationale. In this regard, the Petitioner submits that there is no variation in the quantum of surplus power. The Petitioner in the additional Submission vide letter no. MePDCL/SE(RA)/BP/FY2024- 27/2023/46 dated 06.11.2023 has submitted the revised Energy Balance. Hon'ble Commission has acknowledged the letter in the Business Plan Order at Page No.38 of the Order. In the Letter referred above the same quantum of surplus power was claimed as claimed in the instant Petition.

BIA has contended that, power purchased from Eastern Region has not been considered separately and has been merged with power purchased from North-Eastern region resulting in overstated surplus power of around 10MU for which no justification has been provided.

The Petitioner would like to submit that it has not been sourcing any power from the Eastern Region, the Power from Bongaigaon has been erroneously considered by the Hon'ble Commission as Power from the Eastern region in the Business Plan Order. Hence, Petitioner prays the Hon'ble Commission to consider the energy balance submitted by the Petitioner in the instant Petition.

BIA has further contended that the rates considered by the Petitioner for estimation of the revenue from sale of surplus power are on the lower side as compared to the market rates. In this regard, the Petitioner submits that the methodology adopted by the Petitioner is the methodology that was considered by Hon'ble Commission in the MYT ARR for previous control period.

Commission's View

Commission noted the Response of the utility.

1) Annual Revenue Surplus/Gap

(60-62) In accordance with the claims made by MePDCL pertaining to each item of the ARR and the objections / clarification raised by the Objector in the preceding section, the comparative statement of ARR and Revenue Gap / (Surplus) for fourth Control Period is shown below:

ARR Proposed for fourth Control Period (Rs. Crore)

ARR	2024-25	2025-26	2026-27	2024-25	2025-26	2026-27
	As per MePDCL			Proposed to be considered		
Power Purchase Expenses	1,885.78	1,583.91	1,608.94	1,628.17	1,428.10	1,467.07
Return on Equity	43.85	49.18	49.18	-	-	-
Interest on Loan	51.34	104.94	170.88	1.41	1.58	1.71
O&M Expenses	316.95	335.07	354.35	206.40	218.20	230.68
Depreciation	55.40	84.71	120.18	-	-	-
Interest on Working Capital	51.34	50.39	54.60	39.24	38.20	41.39
Total AFC	2,404.66	2,208.20	2,358.14	1,875.22	1,686.07	1,740.85

Less: Non- Tariff Income	50.28	50.42	52.94	99.87	104.87	110.11
Less: Revenue from Sale of Surplus Power	373.50	227.97	209.76	442.84	296.80	282.17
Net ARR	1,980.88	1,929.81	2,095.44	1,332.51	1,284.40	1,348.58

*-Non-tariff Income considered as per Table 38 does not reconcile with the non-tariff income considered in ARR Table 39 as submitted by MePDCL

Accordingly, there is revenue surplus for FY 2024-25 in the manner as depicted below:

Past Gap proposed to be recovered in FY 2024-25 (Rs. Crore)

ARR	2024-25	
	Claimed	Allowable
Aggregate Revenue Requirement for FY 2024-25	1,980.88	1,332.51
Revenue at Existing Tariff	1431.95	1431.95
Stand Alone Gap for FY 2023-24	548.93	-99.44
Add: True up Gap/(surplus) for FY 2021-22	-68.40	-68.40
Add: Review Gap of 2020-21	1.46	1.46
Add: True up Gap/(surplus) for FY 2022-23	334.71	-41.88
Add: O&M expenses Pertaining to Accrued Terminal liabilities	85.28	85.28
Total Gap/(Surplus)	901.98	-122.99

Considering the above table, there is a resultant Revenue Surplus and hence it is prayed that this Hon'ble Commission may reject the Petitioner's prayer for any tariff hike proposal and to provide the benefit of Revenue Surplus to the industries so as to support the development in the State.

MePDCL Reply

The Petitioner would like to submit that objection made under this head are the consequential impact of the objections made under the various components of the ARR which have been justified in the above paragraphs under relevant sections.

Hence with regards to the computation of overall Aggregate Revenue Requirement there is no specific justification/ explanation is required.

In view of the above, it is submitted that the objections/suggestions of BIA are devoid of any merit and ought to be rejected. The contents of the Petition are reiterated. All allegations to the contrary are wrong and are denied. The Hon'ble Commission may be pleased to take the submission of the Petitioner on records and allow the various components of the ARR as claimed in the Petition.

Further, the Petitioner craves leave of this Hon'ble Commission to make any additional submission if required or to submit additional details if directed by the Hon'ble Commission.

Commission's View

Commission noted the Response of the utility.

2.3. **Objections by Jaintia Hills Cement Manufacturers Association (JHCMA)**

a) **Sales Projections**

MePDCL has considered the total and category-wise sales for the Control Period from FY 2024-25 to FY 2026-27 as approved in the Business Plan Order.

However, in the Business Plan Order, the EHV sales to Industrial category and Ferro Alloy category were not shown separately. In its MYT Petition, while showing the sales to EHV Industrial category and EHV Ferro Alloy category (Table 27), MePDCL appears to have made an error, as the summation of the sales to these 2 categories does not total to the total EHV sales approved by the Hon'ble Commission for the respective years. This may kindly be corrected in order to avoid any computation errors.

The Objector has considered the total and category-wise sales for the Control Period from FY 2024-25 to FY 2026-27 as approved in the Business Plan Order. The error in sales to EHV Industrial category and EHV Ferro Alloy has been corrected based on the data available in MePDCL's Petition for computation of revenue.

The category-wise sales considered for Control Period from FY 2024-25 to FY 2026-27 are shown in the Table below:

Category-wise Sales for FY 2024-25 to FY 2026-27 considered by Objector (MU)

Sl.	Category	MePDCL Petition			Considered by Objector		
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2024-25	FY 2025-26	FY 2026-27
1	Domestic (DLT)	417.37	421.05	424.76	417.37	421.05	424.76
2	Commercial (CLT)	98.50	105.38	112.74	98.50	105.38	112.74
3	Industrial (ILT)	6.62	6.99	7.37	6.62	6.99	7.37
4	Agriculture (Ape)	0.14	0.15	0.16	0.14	0.15	0.16
5	Public Lighting (PL)	1.14	1.19	1.25	1.14	1.19	1.25
6	Water Supply (WSLT)	9.89	10.38	10.90	9.89	10.38	10.90
7	General Purpose	15.44	15.50	15.55	15.44	15.50	15.55
8	BPL	122.69	128.72	135.05	122.69	128.72	135.05
9	Crematorium (CRM)	0.19	0.20	0.20	0.19	0.20	0.20
	Sub-total LT Category	671.98	689.56	707.98	671.98	689.56	707.98
10	Domestic (HT)	24.09	25.24	26.45	24.09	25.24	26.45
11	Water Supply (WSHT)	38.72	40.66	42.69	38.72	40.66	42.69
12	Bulk Supply (BS)	81.37	83.31	85.30	81.37	83.31	85.30
13	Commercial (CHT)	32.27	33.03	33.81	32.27	33.03	33.81
14	Industrial (IHT)	161.11	177.22	194.94	161.11	177.22	194.94
15	Ferro Alloys (HT)	132.13	145.35	159.88	132.13	145.35	159.88
	Sub-total HT Category	469.70	504.81	543.06	469.70	504.81	543.06
16	Industrial (EHT)	289.70	318.67	350.53	318.67	350.53	385.58
17	Ferro Alloys (EHT)	449.25	494.18	543.59	494.18	543.59	597.95
	Sub-total EHT Category	812.84	894.13	983.54	812.84	894.13	983.54
	Grand Total	1954.53	2088.49	2234.60	1954.53	2088.49	2234.60

Further, as stated earlier, the Hon'ble Commission may kindly consider the actual category-wise sales for first half (H1) of FY 2023-24, for projecting sales for the Control Period from FY 2024-25 to FY 2026-27.

MePDCL Reply

JHCMA has contended that Petitioner has considered the total and category-wise sales for the Control Period from FY 2024-25 to FY 2026-27 as approved in the Business Plan Order. However, in the Business Plan Order, the EHV sales to Industrial category and Ferro Alloy category were not shown separately. In its MYT Petition, while showing the sales to EHV Industrial category and EHV Ferro Alloy category (Table 27), MePDCL appears to have made an error, as the summation of the sales to these 2 categories does not total to the total EHV sales approved by the Hon'ble Commission for the respective years. This may kindly be corrected in order to avoid any computation errors.

The Petitioner would like to submit that in the Business Plan Petition the Petitioner has sought only for approval of sales for EHT category as a whole without providing the breakup of the IEHT and Ferro Alloys category. Even in the Business plan order dated 16.11.2023 at Page No.25 under Table 3.13 the Hon'ble Commission has approved a consolidated sale of 812.84 MU in 2024-25, 894.13 MU in 2025-26 and 983.54 MU in 2026-17 at EHV category. Further, the Petitioner would like to submit that the breakup of the IEHT and FAEHT category has been provided in compliance with the directions of the Hon'ble Commission in the instant Petition.

It is requested that the Objector may be asked from where the bifurcation has been considered.

Commission's View

Commission noted the Response of the utility.

b) Distribution Losses and Energy Balance for the Control Period

MePDCL has considered the Distribution Losses and Energy Balance for the Control Period from FY 2024-25 to FY 2026-27 as approved in the Business Plan Order.

For the purposes of this submission, the Objector has considered the Distribution Losses and Energy Balance for the Control Period from FY 2024-25 to FY 2026-27 as approved in the Business Plan Order. However, the Objector wishes to respectfully submit that the Distribution Losses allowed by the Hon'ble Commission for the Control Period are incorrect and also high, for the reasons listed below:

- a. The Distribution Losses allowed for FY 2024-25 at 17% are much higher than the approved Distribution Losses of 12% for FY 2023-24, which is illogical and an injustice to the consumers of the State of Meghalaya.
- b. The Hon'ble Commission, in its Tariff Order for MePDCL for FY 2023-24 has stated as under:
 - b) "The T&D and AT&C loss trajectory was notified in the MYT order dated 25.03.2021 considering the tripartite agreement entered by the Govt. of India, Govt. of Meghalaya

and MePDCL for implementation of UDAY Scheme on 09.03.2017 subject to certain mandatory performance parameters.

- c) The T&D loss and AT&C loss now projected for 21.43% and 22.25% respectively for FY 2023-24 cannot be considered....”
- a. There is a computational error in the allowed Distribution Losses. The Hon’ble Commission has approved AT&C loss of 18%, 17.50%, and 17% for FY 2024-25, FY 2025-26, and FY 2026-27, respectively, in the Business Plan Order. The Hon’ble Commission has also approved Distribution loss of 17%, 16.50%, and 16% for FY 2024-25, FY 2025-26, and FY 2026-27, respectively. As the collection efficiency has been approved as 99% for all 3 years, the conversion of AT&C loss to Distribution Loss as approved in the Business Plan Order is incorrect. With the approved Distribution Losses of 17%, 16.50%, and 16%, and approved Collection Efficiency of 99%, the effective AT&C losses approved for FY 2024-25, FY 2025-26, and FY 2026-27 works out to 17%, 16.50%, and 16%, and not AT&C loss of 18%, 17.50%, and 17%, as approved in the Business Plan Order. A 1% collection inefficiency does not translate to 1% AT&C loss, as it is not arithmetic summation of losses.
 - b. Further, the reliance placed on the Ministry of Power’s Rules stipulating that the SERCs are to approve the AT&C loss figures based on Agreements between State and Central Governments in national schemes, needs to be considered in the light of the decision of the Forum of Regulators (FOR) in its 88th Meeting held on 13th October 2023, wherein FOR decided that SERCs may provide data related to the AT&C loss data to the FOR Secretariat, which will compile, analyse and send the information to the Ministry of Power for reconsideration.

Hence, the Hon’ble Commission is requested to reconsider the Distribution Losses allowed for the Control Period from FY 2024-25 to FY 2026-27 and allow the same in line with the Distribution Losses allowed for FY 2023-24. 100. The Energy Balance considered by the Objector for Control Period from FY 2024-25 to FY 2026-27, in accordance with the approved Business Plan, is shown in the Table below:

Energy Balance for FY 2024-25 to FY 2026-27 considered by Objector (MU)

Sl.	Particulars	Calculation	MePDCL Petition			Computed by Objector		
			FY 2024-25	FY 2025-26	FY 2026-27	FY 2024-25	FY 2025-26	FY 2026-27
1	Energy Purchase from Eastern Region (ER)	A				578.16	578.16	578.16
2	Inter-State Transmission Loss in ER	B				1.80%	1.80%	1.80%
3	Net Power Purchased from ER	$C=A*(1-B\%)$				567.75	567.75	567.75
4	Power Purchase from CGS including Palatana. Northeastern Region (NER)	D	2050.78	2050.78	2050.78	1472.62	1472.62	1472.62
5	Inter-State Transmission Loss in NER	E	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Net Power available at State bus from external sources on long-term	$F=(C+D)*(1-E\%)$	1989.26	1989.26	1989.26	1979.16	1979.16	1979.16

Power purchase from MePGCL	G	1293.47	1164.14	1300.30	1293.47	1164.14	1300.30
Power purchase from other sources	H						
Intra-State transmission loss (%)		3.18%	3.18%	3.18%	3.18%	3.18%	3.18%
Net power available of DISCOM for sale of power within the State	$I=(F+G) * (1-3.18\%)$	3178.34	3053.12	3184.95	3168.56	3043.34	3175.18
Power to be sold to consumers within the State	J	1954.53	2088.49	2234.60	1954.53	2088.49	2234.60
Distribution Losses (%)	K	17.00%	16.50%	16.00%	17.00%	16.50%	16.00%
Net power requirement at State bus for sale of power within the State	$L=J/(1-K)$	2354.86	2501.19	2660.24	2354.86	2501.19	2660.24
Surplus power (for sale outside State)		823.48	551.93	524.71	813.71	542.15	514.93

MePDCL Reply

JHCMA has contended that:

- a. Distribution Losses allowed by the Hon'ble Commission for the Control Period are incorrect and also high.
- b. The Petitioner has not considered the sales from the Eastern region while computing the energy balance for the control period.

In this regards the Petitioner would like to submit that the distribution losses for the control period have already been allowed for the fourth control period in the order dated 16.11.2023 in the Business Plan Petition. The Objector was given ample time to raise their objections during the proceedings of the business plan petition however, the objector failed to submit the comments at the time. The Objector is not trying to mislead the Hon'ble Commission raising the settled issues in this forum.

Further, with regards to the power purchase from the Eastern Region it is pertinent to note that there is no power purchased from the Petitioner from the Eastern Region. The power purchase considered by the Hon'ble Commission from Eastern Region in the Business Plan Order is from Bongaigaon TPS which is located in Assam which is in north-east. The Hon'ble Commission has due to oversight has considered it as purchase from eastern region. Petitioner prays the Hon'ble Commission to rectify this error in the instant Petition.

Commission's View

Commission noted the response of the Utility.

c) Power Purchase Expenses for Control Period

MePDCL has submitted that it has estimated the cost of power purchase from Central Generating Stations based on the actual fixed cost and energy charges from April to October 2023, without any escalation. MePDCL has considered

the cost of power purchase from MePGCL and the Transmission Charges payable to MePTCL, based on the MYT Petitions filed by MePGCL and MePTCL, respectively.

In this regard, the Objector has observed a very serious lacunae/irregularity on the part of MePDCL, while presenting the numbers in the Petition. Though MePDCL has considered the Transmission Charges payable to MePTCL in Table 28 of its Petition, while computing the ARR in Table 39 of the Petition, MePDCL has excluded the Transmission Charges payable to MePTCL, thereby understating the ARR by Rs. 250 Crore, Rs. 137 Crore, and Rs. 150 Crore for FY 2024-25, FY 2025-26, and FY 2026-27, respectively. This appears to be a deliberate attempt to mislead the Hon'ble Commission and the stakeholders, by understating the Revenue Gap and Tariff revision actually being sought, knowing fully well that the Hon'ble Commission will not be able to exclude the Transmission Charges payable to MePTCL while computing the ARR. The Objector requests the Hon'ble Commission to seriously reprimand MePDCL for such factually incorrect submissions, and to desist from such moves to mislead the consumers.

As stated earlier, the Hon'ble Commission may kindly obtain actual data for first half (H1) of FY 2023-24 for verifying the power purchase costs projected by MePDCL. In the absence of data, the Objector has considered the cost of power purchase from Central Generating Stations for the Control Period, as projected by MePDCL.

As stated earlier, the Objector has separately filed detailed submissions/objections on the Petitions filed by MePGCL and MePTCL and computed the ARR for the Control Period in accordance with the MSERC Tariff Regulations. The Objector has considered these costs for computing the cost of power purchase from MePGCL and the Transmission Charges payable to MePTCL.

The Objector has considered the Transmission Charges payable to PGCIL as projected by MePDCL.

The Power Purchase cost computed by the Objector for the Control Period based on above rationale is shown in the Table below:

Power Purchase Cost computed by Objector for FY 2024-25 to FY 2026-27

Source	Computed by Objector											
	FY 2024-25				FY 2025-26				FY 2026-27			
	Quantum (MU)	Fixed Cost (Rs.Cr.)	Energy Charges (Rs/kWh)	Total Cost (Rs.Cr.)	Quantum (MU)	Fixed Cost (Rs. Cr.)	Energy Charges (Rs/kWh)	Total Cost (Rs.Cr.)	Quantum (MU)	Fixed Cost (Rs.Cr.)	Energy Charges (Rs/kWh)	Total Cost (Rs. Cr.)
Kopili	106.82	0.00	4.50	48.05	106.82	0.00	4.50	48.05	106.82	0.00	4.50	48.05
Kopili- Ext	10.12	1.36	1.95	3.34	10.12	1.36	1.95	3.34	10.12	1.36	1.95	3.34
Khandong	26.82	0.00	0.00	0.00	26.82	0.00	0.00	0.00	26.82	0.00	0.00	0.00
Ranganadi	162.88	28.50	1.40	51.35	162.88	28.50	1.40	51.35	162.88	28.50	1.40	51.35
Doyang	19.76	9.77	3.49	16.66	19.76	9.77	3.49	16.66	19.76	9.77	3.49	16.66
AGBPP	209.89	46.76	4.73	146.15	209.89	46.76	4.73	146.15	209.89	46.76	4.73	146.15
AGTPP CC	122.48	20.00	4.43	74.23	122.48	20.00	4.43	74.23	122.48	20.00	4.43	74.23
Pare	71.03	0.07	5.34	38.02	71.03	0.07	5.34	38.02	71.03	0.07	5.34	38.02
Kameng	58.93	0.02	4.00	23.64	58.93	0.02	4.00	23.64	58.93	0.02	4.00	23.64
Sub-total NEEPCO	788.72	106.48	29.84	401.44	788.73	106.48	29.84	401.44	788.73	106.48	29.84	401.44
Subansiri	183.36		4.86	89.10	183.36	0.00	4.86	89.10	183.36	0.00	4.86	89.10
Sub-total NHPC	183.36	0.00	4.86	89.10	183.36	0.00	4.86	89.10	183.36	0.00	4.86	89.10
Bongaingaon NTPC	578.16	75.83	3.79	295.06	578.16	75.83	3.79	295.06	578.16	75.83	3.79	295.06
Sub-total NTPC	578.16	75.83	3.79	295.06	578.16	75.83	3.79	295.06	578.16	75.83	3.79	295.06
OTPC	500.54	76.82	2.02	177.98	500.54	76.82	2.02	177.98	500.54	76.82	2.02	177.98
Sub-total OTPC	500.54	76.82	2.02	177.98	500.54	76.82	2.02	177.98	500.54	76.82	2.02	177.98
Umiam - I	114.61				114.61				114.61			
Umiam - II	45.45				45.45				45.45			
Umiam - III	137.33				0.00				127.16			
Umiam - IV	203.90				203.90				203.90			
MLHEP	478.71				478.71				478.71			
Umtru	0.00				0.00				0.00			
Sonapani	4.94				4.94				4.94			
New Umtru	231.48				231.48				231.48			
Ganol	66.20				66.20				66.20			
Lakroh	10.87				10.87				10.87			
Riangdo	0.00				8.00				17.00			
MLHEP - II	0.00				0.00				0.00			
Sub-total MePGCL	1293.47			476.48	1164.14			345.73	1300.30			345.51
Transmission Charges				72.29				79.76				85.86

MePTCL											
Transmission Charges PGCIL			116.71				116.71				116.71
POSO CO Charges			2.17				2.17				2.17
Total Power Purchase Expenses	3344.25		1631.23	3214.92			1507.96	3351.07			1513.84

The comparison of the weighted average cost of power purchase projected by MePDCL (MePDCL error has been corrected in Table for correct comparison) and that computed by the Objector is shown in the Table below:

Weighted Average Cost of Power Purchase for FY 2024-25 to FY 2026-27

Particulars	MePDCL Petition			Computed by Objector		
	Quantum (MU)	Total Cost excl. Transmission Charges	Avg. Power Purchase Cost (Rs/kWh)	Quantum (MU)	Total Cost excl. Transmission Charges	Avg. Power Purchase Cost (Rs/kWh)
Average Cost of Power Purchase FY 2024-25	3344.25	1766.91*	5.28	3344.25	1440.06	4.31
Average Cost of Power Purchase FY 2025-26	3214.92	1465.04*	4.56	3214.92	1309.32	4.07
Average Cost of Power Purchase FY 2026-27	3351.07	1490.07*	4.45	3351.07	1309.10	3.91

MePDCL Reply

JHCMA has contended that:

It has observed a very serious lacuna /irregularity on the part of MePDCL, while presenting the numbers in the Petition. Though MePDCL has considered the Transmission Charges payable to MePTCL in Table 28 of its Petition, while computing the ARR in Table 39 of the Petition, MePDCL has excluded the Transmission Charges payable to MePTCL, thereby understating the ARR by Rs. 250 Crore, Rs. 137 Crore, and Rs. 150 Crore for FY 2024-25, FY 2025-26, and FY 2026-27, respectively. This appears to be a deliberate attempt to mislead the Hon'ble Commission and the stakeholders, by understating the Revenue Gap and Tariff revision actually being sought, knowing fully well that the Hon'ble Commission will not be able to exclude the Transmission Charges payable to MePTCL while computing the ARR. The Objector requests the Hon'ble Commission to seriously reprimand MePDCL for such factually incorrect submissions, and to desist from such moves to mislead the consumers.

The Petitioner would like to submit that due to inadvertent error the formulae the transmission charges has been left out in the formulae wherein the total power purchase has been computed. The Petitioner regrets the error. The Petitioner further prays the Hon'ble Commission to consider the power purchase expenses for FY 2024-25 as Rs. 2126.65 Crore, For FY 2025-26 as 1693.43 Crore and Rs.1751.82 Crore for FY 2026-27. However, the Petitioner would like to submit that it has no intention of suppress the ARR and mislead the Hon'ble Commission and it is requested that the objector should refrain from making such allegations.

Commission's View

Commission noted the response of the Utility.

d) Capital Structure for Control Period

MePDCL has projected the Capital Structure based on its rationale that Grants should be considered in proportion to GFA and CWIP. MePDCL has submitted that it has considered the Capitalization as per the approved Business Plan for the Control Period.

It is observed that though MePDCL has stated that the GFA addition has been considered as per the approved Business Plan, the actual GFA addition considered by MePDCL are higher than that approved in the Business Plan Order. MePDCL has considered GFA addition of Rs. 242.13 Crore, Rs. 1240.41 Crore, and Rs. 370.41 Crore for FY 2024-25, FY 2025-26, and FY 2026-27, respectively, though the Hon'ble Commission has approved Capitalization of Nil, Rs. 923.74 Crore, and Nil, for FY 2024- 25, FY 2025-26, and FY 2026-27, respectively. For the purposes of this submission, the Objector has considered the GFA addition as per the approved Business Plan, though the Objector feels that even this level of Capitalization is very

high and MePDCL will neither be able to achieve it nor is there any improvement visible on account of the Capital expenditure.

As regards MePDCL submission that Grants should be considered in proportion to GFA and CWIP, the Objector has made detailed submissions to justify the approach adopted by the Hon'ble Commission, of considering the entire available Grants for funding the GFA. The Objector has hence, considered the entire Grants available and considered 90% grant funding for GFA addition, based on past trends.

The Capitalization considered by the Objector for the Control Period is shown in the Table below:

Capitalization considered by Objector for FY 2024-25 to FY 2026-27 (Rs. Crore)

Particulars	MePDCL Petition			Considered by Objector		
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2024-25	FY 2025-26	FY 2026-27
Capitalization during the year	242.13	1240.41	370.41	0.00	923.74	0.00

MePDCL Reply

JHCMA has contended the following:

- a) Petitioner has stated that the GFA addition has been considered as per the approved Business Plan, the actual GFA addition considered by MePDCL are higher than that approved in the Business Plan Order. MePDCL has considered GFA addition of Rs. 242.13 Crore, Rs. 1240.41 Crore, and Rs. 370.41 Crore for FY 2024-25, FY 2025-26, and FY 2026-27, respectively, though the Hon'ble Commission has approved Capitalization of Nil, Rs. 923.74 Crore, and Nil, for FY 2024-25, FY 2025-26, and FY 2026-27, respectively. For the purposes of this submission, the Objector has considered the GFA addition as per the approved Business Plan, though the Objector feels that even this level of Capitalization is very high and MePDCL will neither be able to achieve it nor is there any improvement visible on account of the Capital expenditure.
- b) MePDCL submission that Grants should be considered in proportion to GFA and CWIP, the Objector has made detailed submissions to justify the approach adopted by the Hon'ble Commission, of considering the entire available Grants for funding the GFA. The Objector has hence, considered the entire Grants available and considered 90% grant funding for GFA addition, based on past trends.

Petitioner would like to submit in this regards that:

- a) The new capitalization and capex have been considered strictly as per the business plan approved by the Hon'ble Commission. However, it is pertinent to note that the Petitioner has been carrying a huge amount of CWIP in its books since past years which also needs to be capitalized, however, the amount of this capitalization is difficult to estimate as of now. Accordingly, the Petitioner has considered certain percentage of opening CWIP into capitalization.

- b) Further, with regards to the apportionment of grants in the CWIP and GFA, the Petitioner has given a detailed explanation at para 25 of these replies.

Commission's View

Commission noted the response of the Utility.

e) Depreciation for Control Period

MePDCL has stated that it has considered the weighted average rate of depreciation of FY 2022-23 for projecting the depreciation for the Control Period.

The Objector has considered the closing GFA of FY 2022-23 as proposed in this submission, and the addition to GFA as explained above. The asset addition during FY 2023-24 has been considered as Nil, as no details about actuals are available. The asset-group wise addition to GFA has been considered proportionately. The Grant funding has been considered as explained above. The weighted average rate of Depreciation for FY 2022-23 has been considered to project the Depreciation for the 4th Control Period.

The Depreciation computed by the Objector for the Control Period is shown in the Tables below:

Depreciation computed by Objector for FY 2024-25 (Rs. Crore)

Particulars	Opening GFA	Additions	Retirements	Closing GFA	90% of GFA	% of Depreciation	Amount of Depreciation
Land	2.03	0.00		2.03	1.83	0.00%	0.00
Buildings	45.28	0.00		45.28	40.75	3.34%	1.36
Plant & Equipment	224.51	0.00		224.51	202.06	5.28%	10.67
Furniture & 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	3.82	0.00		3.82	3.44	6.33%	0.22
Hydraulic Works	0.09	0.00		0.09	0.08	5.28%	0.00
Other Civil Works	3.04	0.00		3.04	2.74	3.34%	0.09
Lines & cable network	1213.33	0.00		1213.33	1092.00	5.28%	57.66
Total	1493.78	0.00	0.00	1493.78	1344.40		70.12
Average assets				1493.78		4.69%	
Less: Depreciation on avg. grants & contributions				1322.01			62.05
Net Dep. for MePDCL							8.06
(+) 1/3 rd Dep on MeECL assets							0.09
Total Depreciation							8.15

Depreciation computed by Objector for FY 2025-26 (Rs. Crore)

Particulars	Opening GFA	Additions	Retirements	Closing GFA	90% of GFA	% of Depreciation	Amount of Depreciation
Land	2.03	0.32		2.35	2.12	0.00%	0.00
Buildings	45.28	60.51		105.79	95.21	3.34%	2.27
Plant & Equipment	224.51	226.07		450.58	405.52	5.28%	16.04
Furniture & 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	3.82	3.09		6.91	6.22	6.33%	0.31
Hydraulic Works	0.09	0.00		0.09	0.08	5.28%	0.00
Other Civil Works	3.04	0.00		3.04	2.74	3.34%	0.09
Lines & cable network	1213.33	633.74		1847.07	1662.36	5.28%	72.72
Total	1493.78	923.74	0.00	2417.52	2175.77		91.54
Average assets				1955.65		4.68%	
Less: Depreciation on avg. grants & contributions				2153.38			100.80
Net Dep. For MePDCL							-9.26
(+) 1/3rd Dep on MeECL assets							0.09
Total Depreciation							-9.17

Note: Allowable Depreciation has been considered as Nil, as computations show a negative number

Depreciation computed by Objector for FY 2026-27 (Rs. Crore)

Particulars	Opening GFA	Additions	Retirements	Closing GFA	90% of GFA	% of Depreciation	Amount of Depreciation
Land	2.35	0.00		2.35	2.12	0.00%	0.00
Buildings	105.79	0.00		105.79	95.21	3.34%	3.18
Plant & Equipment	450.58	0.00		450.58	405.52	5.28%	21.41
Furniture & 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	6.91	0.00		6.91	6.22	6.33%	0.39
Hydraulic Works	0.09	0.00		0.09	0.08	5.28%	0.00
Other Civil Works	3.04	0.00		3.04	2.74	3.34%	0.09
Lines & cable network	1847.07	0.00		1847.07	1662.36	5.28%	87.77
Total	2417.52	0.00	0.00	2417.52	2175.77		112.97
Average assets				2417.52		4.67%	
Less: Depreciation on avg. grants & contributions				2153.38			100.63
Net Dep. For							12.34
MePDCL							
(+) 1/3rd Dep on MeECL assets							0.09
Total Depreciation							12.43

MePDCL Reply

The Objector has considered the closing GFA of FY 2022-23 as proposed in this submission, and the addition to GFA as explained above. The asset addition during FY 2023-24 has been considered as Nil, as no details about actuals are available. The asset-group wise addition to GFA has been considered proportionately. The Grant funding has been considered as explained above. The weighted average rate of Depreciation for FY 2022-23 has been considered to project the Depreciation for the 4th Control Period.

The Petitioner would like to submit that the approach of the Objector of considering the proportionate addition in the asset group is not correct and cannot be adopted as the asset wise capital addition cannot be projected at this point of time. Further, the Petitioner reiterates its claim that the entire grants should not be considered against the assets as it is a wrong approach.

Commission’s View

Commission noted the response of the Utility.

f) Interest Expenses for Control Period

MePDCL has stated that it has projected the Interest on Loan based on the normative loan component derived in the true-up for FY 2022-23 and considering the funding of the capital investment approved in the Business Plan Order.

The Objector has considered the closing loan of FY 2022-23 as proposed in this submission, as the opening loan for FY 2024-25, as there is no data regarding the asset addition and loan addition during FY 2023-24. The addition to GFA and Grant funding has been considered as explained above. The loan addition has been considered as Nil, as Net Capital addition in FY 2025-26 works out to be negative. The weighted average rate of interest for FY 2022-23 has been considered to project the Interest on Loan for the 4th Control Period. The interest on R-APDRP A and R-APDRP B loans have not been considered in line with the approach adopted by the Hon’ble Commission.

The Interest on Loan computed by the Objector for the Control Period is shown in the Tables below:

Interest on Loan computed by Objector for FY 2024-25 (Rs. Crore)

Sl.	Particulars	Opening Balance	Addn. during the year	Repayment	Closing Balance	Interest
1	Opening Balance					
	a) Restructured REC loan	3.55	0.00	0.00	3.55	0.12
	b) PFC Loan R-APDRP A	33.89	0.00	0.00	33.89	
	c) PFC Loan R-APDRP B	59.26	0.00	0.00	59.26	
	d) PFC Loan IPDS	4.29	0.00	0.00	4.29	0.52
	Total	100.99	0	0	100.99	0.64
2	Average Loan				100.99	0.63%
3	Interest & Finance Charges					0.64

Interest on Loan computed by Objector for FY 2025-26 (Rs. Crore)

Sl.	Particulars	Opening Balance	Addn. during the year	Repayment	Closing Balance	Interest
1	Opening Balance					
	a) Restructured REC loan	3.55	0.00	0.00	3.55	0.12
	b) PFC Loan R-APDRP A	33.89	0.00	0.00	33.89	

Sl.	Particulars	Opening Balance	Addn. during the year	Repayment	Closing Balance	Interest
	c) PFC Loan R-APDRP B	59.26	0.00	0.00	59.26	
	d) PFC Loan IPDS	4.29	0.00	0.00	4.29	0.52
	Total	100.99	0.00	0.00	100.99	0.64
2	Average Loan				100.99	0.63%
3	Interest & Finance Charges					0.64

Interest on Loan computed by Objector for FY 2026-27 (Rs. Crore)

Sl.	Particulars	Opening Balance	Addn. during the year	Repayment	Closing Balance	Interest
1	Opening Balance					
	a) Restructured REC loan	3.55	0.00	0.00	3.55	0.12
	b) PFC Loan R-APDRP A	33.89	0.00	0.00	33.89	
	c) PFC Loan R-APDRP B	59.26	0.00	0.00	59.26	
	d) PFC Loan IPDS	4.29	0.00	0.00	4.29	0.52
	Total	100.99	0.00	0.00	100.99	0.64
2	Average Loan				100.99	0.63%
3	Interest & Finance Charges					0.64

MePDCL Reply

The Objector has considered the closing loan of FY 2022-23 as proposed in this submission, as the opening loan for FY 2024-25, as there is no data regarding the asset addition and loan addition during FY 2023-24. The addition to GFA and Grant funding has been considered as explained above. The loan addition has been considered as Nil, as Net Capital addition in FY 2025-26 works out to be negative. The weighted average rate of interest for FY 2022-23 has been considered to project the Interest on Loan for the 4th Control Period. The interest on R-APDRP A and R-APDRP B loans have not been considered in line with the approach adopted by the Hon'ble Commission.

The Petitioner would like to submit that the methodology adopted by the Petitioner in computation of interest on loan is as per the provisions of MSERC Tariff Regulations 2014 and hence prays the Hon'ble Commission to adopt the principle of normative loan. Further with regards to the bifurcation of the grants into CWIP and RAPDRP loans, the Petitioner has provided the justification at para 25 and para 23 respectively.

Commission's View

Commission noted the response of the Utility.

g) Return on Equity for Control Period

MePDCL has stated that it has projected the Return on Equity based on the normative equity component derived in the capital structure proposed by MePDCL.

The Objector has considered the closing equity of FY 2022-23 as proposed in this submission, as the opening equity for FY 2024-25, as there is no data regarding the asset addition and loan addition during FY 2023-24. The addition to GFA and Grant funding has been considered as explained above.

The equity addition has been considered as Nil, as Net Capital addition in FY 2025-26 works out to be negative.

The Return on Equity computed by the Objector for the Control Period is shown in the Tables below:

Return on Equity computed by Objector for FY 2024-25 to FY 2026-27 (Rs. Crore)

Sl.	Particulars	FY 2024-25		FY 2025-26		FY 2026-27	
		MePDCL Petition	Computed by Objector	MePDCL Petition	Computed by Objector	MePDCL Petition	Computed by Objector
1	Opening GFA		1493.78		1493.78		2417.52
2	Addition during the year		0.00		923.74		0.00
3	Retirement during the year		0.00		0.00		0.00
4	Closing GFA		1493.78		2417.52		2417.52
5	Average GFA		1493.78		1955.65		2417.52
6	Less: Grants & Contributions		1322.01		2153.38		2153.38
7	Net Capital Cost for RoE		171.77		-197.73		264.14
8	Opening Equity	275.14	0.70	351.28	51.53	351.28	-59.32
9	Closing Equity	351.28	51.53	351.28	-59.32	351.28	79.24
10	Avg. Equity	313.21	26.12	351.28	-3.89	351.28	9.96
11	RoE @14%	43.85	3.66	49.18	-0.55	49.18	1.39

Note: Allowable RoE for FY 2025-26 has been considered as Nil, as computations show a negative number

MePDCL Reply

The Objector has considered the closing equity of FY 2022-23 as proposed in this submission, as the opening equity for FY 2024-25, as there is no data regarding the asset addition and loan addition during FY 2023-24. The addition to GFA and Grant funding has been considered as explained above. The equity addition has been considered as Nil, as Net Capital addition in FY 2025-26 works out to be negative.

The Petitioner would like to submit that the contentions of the objector are denied as they are not based on real facts. The Objector has not taken into account the capitalization towards to the CWIP and hence is incomplete. Further, the Objector has considered entire grant addition against the GFA which is completely incorrect. The Petitioner has given detailed justification in this regard at Para 25 of the Objections.

Commission's View

Commission noted the response of the Utility.

h) O&M Expenses for FY 2024-25

MePDCL has submitted that it has projected the employee expenses for the Control Period by escalating the actual employee expenses for FY 2022-23 by 5.72% annually. Further, MePDCL has also considered the impact of Wage Revision due in January 2025, by applying a multiplying factor of 1.59 from January to March 2025. MePDCL has projected the R&M expenses and A&G expenses by escalating the respective expenses in FY 2022-23 by 5.72% annually.

The Objector has considered the allowable employee expenses, R&M expenses, and A&G expenses for FY 2022-23 as the base O&M expenses and escalated the same by 5.72% annually to calculate the heads of O&M expenses for the Control Period.

As regards the impact of Wage Revision due in January 2025, the Objector is of the view that the same should not be considered for projection of employee expenses, for the following reasons:

The impact of Wage Revision cannot be incorporated on estimated basis. In any case, estimated increase of 59% is huge and not supported by any justification.

f. Typically, there is a delay in signing of Wage Revision agreements, and the exact impact will be known only after the negotiations and once the Wage Revision Agreement is signed.

g. The impact of Wage Revision should be allowed based on actuals, after prudence check by the Hon'ble Commission.

The O&M expenses computed by the Objector for the Control Period is shown in the Table below:

O&M Expenses computed by Objector for FY 2024-25 to FY 2026-27 (Rs. Crore)

Sl.	Particulars	MePDCL Petition			Computed by Objector		
		FY 2024- 25	FY 2025-26	FY 2026-27	FY 2024-25	FY 2025-26	FY 2026-27
1	Employee Expenses	289.19	305.73	323.22	216.21	228.58	241.65
2	R&M Expenses	7.40	7.82	8.27	7.40	7.82	8.27
3	A&G Expenses	20.35	21.52	22.75	20.21	21.36	22.59
	Total O&M Expenses	316.94	335.07	354.24	243.81	257.76	272.50

MePDCL Reply

JHCMA has contended that:

- a) The impact of Wage Revision cannot be incorporated on estimated basis. In any case, estimated increase of 59% is huge and not supported by any justification.

- b) Typically, there is a delay in signing of Wage Revision agreements, and the exact impact will be known only after the negotiations and once the Wage Revision Agreement is signed.
- c) The impact of Wage Revision should be allowed based on actuals, after prudence check by the Hon'ble Commission.

Commission's View

Commission noted the response of the Utility.

i) Interest on Working Capital for control period.

MePDCL has not submitted any computations or explanation for the IoWC considered in the ARR (Table 39).

The Objector has computed the normative IoWC for the Control Period in accordance with the MSERC Tariff Regulations, as shown in the Table below:

IoW Computed by Objector for FY 2024-25 to FY 2026-27 (Rs. Crore)

Sl.	Particulars	MePDCL Petition			Computed by Objector		
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2024-25	FY 2025-26	FY 2026-27
1	O&M Expenses (1 month)				20.32	21.48	22.71
2	Maintenance Expenses				15.83	15.83	25.63
3	Receivables (2 months)				225.46	233.28	241.17
4	Total Working Capital Requirement				261.62	270.60	289.50
5	Rate of Interest				14.85%	14.85%	14.85%
6	Interest on Working Capital	51.36	50.43	54.62	38.85	40.18	42.99

MePDCL Reply

The Petitioner would like to submit that the variation in the interest on working capital as submitted by JHCMA is the resultant of the variation in the various components of ARR, being considered by JHCMA, justified above and hence there is no specific objection with regards to the interest on working capital.

Commission's View

Commission noted the response of the Utility.

j) Revenue from Sale of Surplus Power for control period

MePDCL has stated that it has considered the quantum of surplus power as approved in the Business Plan Order, which has been multiplied with the weighted average cost of power purchase excluding the transmission charges, to project the revenue from sale of surplus power. MePDCL has thus, considered the rate for sale

of surplus power as Rs. 4.54/kWh for FY 2024-25, which has been reduced to Rs. 4/kWh for FY 2026-27.

The Objector respectfully submits that this method for estimating the revenue from sale of surplus power is incorrect and is resulting in under-estimation of the revenue and hence, over-estimation of the Revenue Gap. The actual rate achieved by MePDCL for sale of surplus power was Rs. 4.96/kWh, while the prevalent DAM rate in IEX is Rs. 5.58/kWh. As MePDCL has been contending that it always aims to maximize its revenue from sale of surplus power, and it will end up in loss if the surplus power is sold at rates lower than Rs. 6-7/kWh, it is not appropriate to consider the rate of Rs. 4.54/kWh to Rs. 4/kWh for projecting the revenue from sale of surplus power. Hence, the Objector has considered the prevalent DAM rate in IEX of Rs. 5.58/kWh for projecting the revenue from sale of surplus power for each year of the Control Period. The quantum of surplus power has been considered based on the Energy Balance approved by the Hon'ble Commission in the Business Plan Order, as reproduced earlier.

The Revenue from sale of surplus power computed by the Objector for the Control Period is shown in the Table below:

Revenue from sale of surplus power computed by Objector for FY 2024-25 to FY 2026-27

(Rs. Crore)

Sl.	Particulars	MePDCL Petition			Computed by Objector		
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2024-25	FY 2025-26	FY 2026-27
1	Surplus Energy as per Energy Balance	823.48	551.93	524.71	813.71	542.15	514.93
2	Rate of Surplus Energy	4.54	4.13	4.00	5.58	5.58	5.58
3	Revenue from sale of surplus energy	373.86	227.95	209.88	454.05	302.52	287.33

MePDCL Reply

Objector has submitted that the method for estimating the revenue from sale of surplus power is incorrect and is resulting in under-estimation of the revenue and hence, over-estimation of the Revenue Gap. The actual rate achieved by MePDCL for sale of surplus power was Rs. 4.96/kWh, while the prevalent DAM rate in IEX is Rs. 5.58/kWh. As MePDCL has been contending that it always aims to maximise its revenue from sale of surplus power, and it will end up in loss if the surplus power is sold at rates lower than Rs. 6-7/kWh, it is not appropriate to consider the rate of Rs. 4.54/kWh to Rs. 4/kWh for projecting the revenue from sale of surplus power. Hence, the Objector has considered the prevalent DAM rate in IEX of Rs. 5.58/kWh for projecting the revenue from sale of surplus power for each year of the Control Period.

The contentions of the Objector are denied. It is submitted that the Petitioner has adopted the methodology adopted by the Hon'ble Commission in the previous

MYT order. Further, it is submitted that IEX rates are dynamic in nature are dependent on demand supply in the market.

Commission’s View

Commission noted the response of the Utility.

k) Non-Tariff Income for the control period

MePDCL has submitted that it has estimated the Non-Tariff Income for the Control Period by escalating the actual Non-Tariff Income in FY 2022-23 by 5%.

The Objector observes that though MePDCL has stated that a 5% escalation has been considered for projecting the Non-Tariff Income for the Control Period, the escalation rate of 5% has not been applied consistently. The Objector has computed the Non-Tariff Income for the Control Period by escalating the Non-Tariff Income as calculated by the Objector for FY 2022-23, by 5% annually.

The Non-Tariff Income computed by the Objector for the Control Period is shown in the Table below:

Non-Tariff Income computed by Objector for FY 2024-25 to FY 2026-27 (Rs. Crore)

Sl.	Particulars	Computed by Objector				
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Non-Tariff Income	88.28	92.69	97.33	102.20	107.30

MePDCL Reply

JHCMA has submitted that though MePDCL has stated that a 5% escalation has been considered for projecting the Non-Tariff Income for the Control Period, the escalation rate of 5% has not been applied consistently. The Objector has computed the Non-Tariff Income for the Control Period by escalating the Non-Tariff Income as calculated by the Objector for FY 2022-23, by 5% annually.

The Petitioner would like to submit that the Objector has not gone into the details of the Non-Tariff Income submitted by the Petitioner. It is pertinent to note that the components of the Non-Tariff Income which are unpredictable in nature such as the DPC have not been considered in the projections of Non-Tariff Income for the control period. Hence, the rate of 5% escalation cannot be applied on the total Non-Tariff Income of FY 2022-23.

Commission’s View

Commission noted the response of the Utility.

I) ARR for the control period from FY 2024-25 to FY 2026-27

MePDCL has summarized the ARR for the Control Period from FY 2024-25 to FY 2026-27 based on the claimed values of various ARR components. The Objector has summarized the allowable ARR for the Control Period from FY 2024-25 to FY 2026-27 based on the allowable values of various ARR components, as shown in the Table below:

Allowable ARR computed by Objector for FY 2024-25 to FY 2026-27 (Rs. Crore)

Sl.	Particulars	MePDCL Petition			Computed by Objector		
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2024-25	FY2025-26	FY 2026-27
1	Power Purchase Cost	1766.91	1465.04	1490.07	1440.06	1309.32	1309.10
2	PGCIL Transmission Charges	116.71	116.71	116.71	116.71	116.71	116.71
3	MePTCL Transmission Charges*	250.08	137.13	150.43	72.29	79.76	85.86
4	Total Power Purchase Expenses	2133.70	1718.88	1757.21	1629.06	1505.79	1511.67
5	Employee Expenses	289.19	305.73	323.22	216.21	228.58	241.65
6	Repair & Maintenance Expenses	7.40	7.82	8.27	7.40	7.82	8.27
7	Administrative & General Expenses	20.35	21.52	22.75	20.21	21.36	22.59
8	Depreciation	55.40	84.72	120.17	8.15	0.00	12.43
9	Interest & Finance Charges	51.34	104.94	170.88	0.64	0.64	0.64
10	Interest on Working Capital	51.36	50.43	54.62	38.85	40.18	42.99
11	Return on Equity	43.85	49.18	49.18	3.66	0.00	1.39
12	Bad & Doubtful Debts	0.00	0.00	0.00	0.00	0.00	0.00
	Gross ARR	2652.59	2343.21	2506.29	1924.17	1804.37	1841.63
13	Less: Non-Tariff Income	50.28	50.42	52.94	97.33	102.20	107.30
14	Less: Revenue from Sale of Surplus Power	373.86	227.95	209.88	454.05	302.52	287.33
	Net ARR	2228.45	2064.85	2243.47	1372.79	1399.65	1446.99

Note: As stated earlier, MePDCL has not included the Transmission Charges payable to MePTCL in the ARR Summary (Table 39), thereby under-stating the ARR to that extent; for proper comparison, the Objector has included this amount in the above Table.

MePDCL Reply

The Petitioner would like to submit that objection made under this head are the consequential impact of the objections made under the various components of the ARR which have been justified in the above paragraphs under relevant sections. Hence with regards to the computation of overall Aggregate Revenue Requirement there is no specific justification/ explanation is required.

Commission's View

Commission noted the response of the Utility.

m) Revenue at Existing Tariff for FY 2024-25

MePDCL has submitted the computation of Revenue at Existing Tariff for FY 2024-25 in Table 40 of the Petition and has shown total Revenue of Rs. 1431.95 Crore, which has been used to compute the Revenue Gap.

The Objector has computed of Revenue at Existing Tariff for FY 2024-25 based on the category-wise sales approved in the Business Plan Order and the category-wise tariff approved for FY 2023-24. It is observed that MePDCL has under-stated the revenue at existing tariff, by applying different tariff and incorrect application of tariff, as detailed below:

- a) Slab-wise sales and tariff have not been considered for LT Domestic and LT Commercial category, and a single lower rate, without any basis/explanation has been considered for computation of revenue.
- b) MePDCL has multiplied the kVAh tariff with sales in kWh to compute revenue for all HT and EHT categories, thereby understating revenue from energy charges.

The Objector has considered the break-up of slab-wise sales for the LT Domestic and LT Commercial category based on the slab-wise share submitted by MePDCL in FY 2023-24 Tariff Petition (Refer Page 103 of FY 2023-24 Tariff Order), and then computed the revenue from energy charges by multiplying the slab-wise sales with the applicable slab-wise energy charges.

As the approved tariff is in Rs/kVAh terms for all HT and EHT categories, the Objector has considered Power Factor (PF) of 0.9 for converting sales in kWh to sales in KVAh terms, and then computed the revenue from kVAh energy charges by multiplying the sales in kVAh with the applicable energy charges in Rs/kVAh.

The Revenue at Existing Tariff for FY 2024-25 computed by the Objector is shown in the Table below:

Sl.	Category	No. of consumers	Conn. Load (kVA)	Sales (MU)	Fixed Charges (Rs/conn /Mth or Rs/kW /mth)	Energy Charges (Rs/kWh for LT, and Rs/kVAh For (HT/EHT)	Revenue from Fixed Charges (Rs. Cr.)	Revenue from Energy Charges (Rs. Cr.)	Total Revenue (Rs. Cr.)
1	Domestic (DLT)	408658	698330.86	417.37	80		67.04	251.83	318.87
	First 100 units			83.46		4.50		37.56	
	Next 100 units			55.51		5.00		27.75	
	Above 200 units			278.38		6.70		186.52	
2	Commercial (CLT)	41314	116227.94	98.50	140		19.53	75.25	94.78
	First 100 units			14.38		6.70		9.63	
	Above 100 units			84.12		7.80		65.62	
3	Industrial (ILT)	832	10497.65	6.62	140	6.80	1.76	4.50	6.27
4	Agriculture (Ape)	22	128.63	0.14	120	3.50	0.02	0.05	0.07

5	Public Lighting (PL)	86	1702.54	1.14	140	7.00	0.29	0.80	1.08
6	Water Supply (WSLT)	511	7594.37	9.89	140	7.30	1.28	7.22	8.50
7	General Purpose	2764	19336.18	15.44	140	7.60	3.25	11.73	14.98
8	BPL	265590	234611.82	122.69	200		63.74	0.00	63.74
9	Crematorium (CRM)	1	159.14	0.19	7500	4.50	0.01	0.09	0.09
	Sub-total LT Category	719778	1088589.13	671.98			156.91	351.46	508.37
10	Domestic (HT)	147	23460.18	24.09	300	6.90	8.45	18.47	26.91
11	Water Supply (WSHT)	78	15976.02	38.72	300	7.30	5.75	31.41	37.16
12	Bulk Supply (BS)	245	56361.76	81.37	300	6.90	20.29	62.38	82.67
13	Commercial (CHT)	230	27594.51	32.27	300	7.40	9.93	26.53	36.47
14	Industrial (IHT)	250	165079.74	161.11	300	7.80	59.43	139.63	199.06
15	Ferro Alloys (HT)	3	22881.40	132.13	230	5.00	6.32	73.41	79.72
	Sub-total HT Category	953	311353.61	469.69			110.17	351.83	461.99
16	Industrial (EHT)	12	66840.40	318.67	300	7.50	24.06	265.56	289.62
17	Ferro Alloys (EHT)	4	79134.00	494.18	230	4.90	21.84	269.05	290.89
	Sub-total EHT Category	16	145974.40	812.85			45.90	534.61	580.52
	Grand Total	720747	1545917.14	1954.52			312.98	1237.90	1550.88

Thus, the total Revenue at existing tariff for FY 2024-25 works out to Rs. 1550.88 Crore, as against Rs. 1431.95 Crore claimed by MePDCL in its Petition.

MePDCL Reply

Reply to Para 140 of the Objections- Revenue at Existing Tariff

The Objector has computed of Revenue at Existing Tariff for FY 2024-25 based on the category-wise sales approved in the Business Plan Order and the category-wise tariff approved for FY 2023-24. The Objector has contended that MePDCL has understated the revenue at existing tariff as Slab-wise sales and tariff have not been considered for LT Domestic and LT Commercial category, and a single lower rate, without any basis/explanation has been considered for computation of revenue.

Further, the Objector has considered a power factor of 0.9 for computing the revenue from energy charges in the HT and EHT categories.

In this regard, the Petitioner would like to submit that the slab wise details of the LT consumers have been submitted before the Hon'ble Commission as an additional information sought by the Hon'ble Commission. Further, with regards to the revenue from HT and EHT category, Petitioner would like to submit that it has adopted the same methodology for computation of revenue as considered by Hon'ble Commission in the Tariff Order dated 11.04.2023 in Case no. 25 of 2022, Determination of ARR for FY 2023-24 at Page No. 118 Table 6.3 of the Order.

Commission's View

Commission noted the response of the Utility.

n) Revenue Gap/Surplus for FY 2024-25

MePDCL has computed the Revenue Gap for FY 2024-25 based on the ARR and Revenue at existing tariff, as claimed in its Petition. The Objector has computed the Revenue Gap/(Surplus) for FY 2024-25 based on the allowable values of various ARR components and Revenue at existing tariff, as shown in the Table below:

Revenue Gap/(Surplus) at Existing Tariff for FY 2024-25 as computed by Objector (Rs. Crore)

Sl.	Particulars	MePDCL Petition	Computed by Objector
1	ARR for FY 2024-25	2228.45*	1372.79
2	Revenue at existing tariff	1431.95	1550.88
3	Add: True-up Gap/(Surplus) for FY 2021-22	-68.40	-68.40
4	Add: Review Gap for FY 2020-21	1.46	1.46
5	Add: True-up Gap/(Surplus) for FY 2022-23	332.98	46.93
6	Add: O&M Expenses pertaining to accrued Terminal Liabilities	85.28	0.00
7	Total Gap/(Surplus)	1147.81*	-198.09

Note: * As stated earlier, MePDCL has not included the Transmission Charges payable to MePTCL in the ARR Summary (Table 39), thereby under-stating the ARR and Revenue Gap to that extent; for proper comparison, the Objector has included this amount in the above Table.

Thus, as per the computations of the Objector, with each and every submission being justified, MePDCL has a Revenue Surplus of Rs. 198.09 Crore in FY 2024-25, rather than a Revenue Gap of Rs. 1147.81 Crore, as effectively claimed by MePDCL in its Petition.

MePDCL Reply

The Petitioner would like to submit that objection made under this head are the consequential impact of the objections made under the various components of the ARR which have been justified in the above paragraphs under relevant sections. Hence with regards to the computation of overall Revenue Gap/ (Surplus) there is no specific justification/ explanation is required.

Commission's View

Commission noted the response of the Utility.

o) Tariff Philosophy for FY 2024-25

In its Petition, MePDCL has not submitted any specific tariff proposal with details of category-wise increase required to meet its projected Revenue Gap.

The various requests of MePDCL in its Petition vis-à-vis tariffs and the Objector’s suggestions and objections on the same are detailed below.

MePDCL has requested the Commission to regularize the tariff in order to rationalize the level of cross-subsidization especially for HT and EHT categories as per the Tariff Policy 2016. The Objector completely agrees with MePDCL’s proposal in this regard and requests the Hon’ble Commission to reduce the cross-subsidy to the HT and EHT industrial categories, to within +20% of the Average Cost of Supply (ACoS) in accordance with the provisions of the Tariff Policy 2016.

MePDCL has requested the Commission to allow uniform tariff hike across all categories to recover the Gap of Rs. 901.99 Crore. However, As stated earlier, the actual Revenue Gap claimed by MePDCL, after including the Transmission Charges payable to MePTCL, is actually Rs. 1148 Crore, as shown in the Table above.

- b. Prayer for uniform tariff hike is completely contrary to the earlier prayer for reducing the cross-subsidies to the HT and EHT categories. Cross-subsidies can be reduced only if the tariff increase in absolute terms, i.e., in Rs/kWh terms is higher for subsidized categories than the tariff increase for subsidizing categories. It should be noted that the tariff increase should not be compared in percentage terms, as percentages depend on existing tariff, and the percentage increase for subsidized categories will appear higher even with uniform tariff increase, as their existing tariff is lower.
- c. It should be noted that MePDCL has not even computed and shown the projected ACoS for FY 2024-25 and is deliberating attempting to mislead the common consumer by referring to the ACoS approved for FY 2024-25. The ACoS actually sought by MePDCL is very much higher, at Rs. 13.20/kWh, as shown in the subsequent Table by the Objector.
- d. The allowable ACoS and tariff reduction possible on account of the Revenue Surplus computed by the Objector are shown in the Table below:

ACoS and Tariff Increase/(Reduction) for FY 2024-25 as computed by Objector.

(Rs. Crore)

Sl.	Particulars	MePDCL Petition	Computed by Objector
1	ARR for FY 2024-25	2228.45	1372.79
2	Revenue at existing tariff	1431.95	1550.88
3	Add: True-up Gap/(Surplus) for FY 2021-22	-68.40	-68.40
4	Add: Review Gap for FY 2020-21	1.46	1.46
5	Add: True-up Gap/(Surplus) for FY 2022-23	332.98	46.93
6	Add: O&M Expenses pertaining to accrued Terminal Liabilities	85.28	0.00
7	Total Revenue Gap/(Surplus)	1147.81	-198.09
8	Net Revenue Requirement for FY 2024-25: (2) + (7)	2579.76	1352.79

9	Sales (MU)	1954.53	1954.53
	Average Cost of Supply (ACOS)	13.20\$	6.92
	Avg. tariff Increase required	80%	-12.80%

Note: * As stated earlier, MePDCL has not included the Transmission Charges payable to MePTCL in the ARR Summary (Table 39), thereby under-stating the ARR and Revenue Gap to that extent; for proper comparison, the Objector has included this amount in the above Table \$ - if the ARR and Revenue Gap presented in MePDCL Petition are considered, then the ACoS claimed by MePDCL works out to Rs. 11.94/kWh.

The allowable ACoS for FY 2024-25 thus, works out to Rs. 6.92/kWh.

As can be seen from the above Table, MePDCL has effectively sought a uniform tariff increase of a humungous 80% on the existing tariff rates.

Accepting such a request would kill the industries in the State of Meghalaya and would also cause the downfall of the common domestic consumers.

Fortunately, based on the computations of the Objector, it is observed that there is no need to increase the tariff, and there is actually scope for average tariff reduction of 12.8%. Obviously, in order to reduce the cross-subsidies, the bulk of the tariff reduction potential has to be passed on to the subsidising categories.

In the Tariff Order for FY 2023-24, the Hon'ble Commission has approved the cross-subsidy for different categories. However, the actual cross-subsidy at existing tariff is much higher, at the revised allowable ACoS of Rs. 6.92/kWh.

It is proposed to pass on the benefit to the different categories, in the following manner, to adjust the Revenue Surplus of Rs. 198.09 Crore, with the objective of reducing the cross-subsidies within +20% of ACoS, to the extent possible, in accordance with the Tariff Policy:

Proposed Reduction in Energy Charges for FY 2024-25 (Rs. Crore)

Category	Existing Energy Charge (Rs/kWh) or (Rs/kVAh)	Reduction in Energy Charge (Rs/kWh) or (Rs/kVAh)	Revised Energy Charge (Rs/kWh) or (Rs/kVAh)
Domestic (DLT)			
First 100 units	4.50	-1.50	3.00
Next 100 units	5.00	-1.50	3.50
Above 200 units	6.70	-1.50	5.20
Commercial (CLT)			
First 100 units	6.70	-1.50	5.20
Above 100 units	7.80	-1.50	6.30
Industrial (ILT)	6.80	-1.40	5.40
Agriculture (Ape)	3.50	-	3.50
Public Lighting (PL)	7.00	-1.50	5.50
Water Supply (WSLT)	7.30	-1.40	5.90
General Purpose	7.60	-1.50	6.10
BPL		-	
Crematorium (CRM)	4.50	-	4.50

HT Category			
Domestic (HT)	6.90	-2.20	4.70
Water Supply (WSHT)	7.30	-1.50	5.80
Bulk Supply (BS)	6.90	-1.70	5.20
Commercial (CHT)	7.40	-2.00	5.40
Industrial (IHT)	7.80	-1.35	6.45
Ferro Alloys (HT)	5.00	-0.25	4.75
EHT Category			
Industrial (EHT)	7.50	-1.35	6.15
Ferro Alloys (EHT)	4.90	-0.10	4.80

The Objector has proposed that the Hon'ble Commission may consider reducing tariffs in the above manner to pass on the benefits of the Revenue Surplus to the different categories, in order to reduce the cross-subsidies within +20% of ACoS, to the extent possible, in accordance with the Tariff Policy. The cross-subsidy with existing tariff and tariff proposed by the Objector is shown in the Table below:

Cross-Subsidy at existing tariff and tariff proposed by the Objector for FY 2024-25

Category	Sales (MU)	Revenue (Rs. Crore)	Average Billing Rate (Rs/kWh)	Cross-Subsidy with Existing Tariff (%) (ABR/ACOS)	Cross-Subsidy with Proposed Tariff (%) (ABR/ACOS)
Domestic (DLT)	417.35	318.87	7.64	110%	89%
Commercial (CLT)	98.50	80.00	8.12	139%	117%
Industrial (ILT)	6.62	5.34	8.06	137%	117%
Agriculture (Ape)	0.14	0.07	4.82	70%	70%
Public Lighting (PL)	1.14	0.91	8.01	137%	116%
Water Supply (WSLT)	9.89	7.11	7.19	124%	104%
General Purpose	15.44	12.67	8.20	140%	119%
BPL	122.69	63.74	5.20	75%	75%
Crematorium (CRM)	0.19	0.09	4.97	72%	72%
Domestic (HT)	24.09	21.03	8.73	161%	126%
Water Supply (WSHT)	38.72	30.70	7.93	139%	115%
Bulk Supply (BS)	81.37	67.30	8.27	147%	120%
Commercial (CHT)	32.27	29.30	9.08	163%	131%
Industrial (IHT)	161.11	199.06	12.36	179%	157%
Ferro Alloys (HT)	132.13	79.72	6.03	87%	83%
Industrial (EHT)	318.67	289.62	9.09	131%	110%
Ferro Alloys (EHT)	494.18	290.89	5.89	85%	83%

Further, presently the Demand Charges for HT and EHT categories are being levied on 100% of the Contract Demand. In most States, the Demand Charges are levied on 75% of the Contract Demand or the Recorded Demand, whichever is higher. Hence, the Objector requests the Hon'ble Commission to direct MePDCL to levy Demand Charges on 75% of the Contract Demand or the Recorded Demand, whichever is higher.

Also, MePDCL is unable to supply on demand, hence, the Demand Charges should be reduced proportionately for the period when MePDCL is unable to supply power on demand. Hence, the Objector requests that MePDCL should reduce the Demand Charges proportionately for the period of off supply.

Wheeling Charges for FY 2024-25

MePDCL has not submitted any specific proposal for Wheeling Charges and has simply requested the Hon’ble Commission to approve the Wheeling Charges on the basis of approved tariff.

The Objector has computed the Wheeling Charges applicable for Open Access transactions in accordance with the MSERC Open Access Regulations, 2012, as shown in the Table below:

Proposed Wheeling Charges for FY 2024-25 (Rs. Crore)

Sl.	Particulars	Amount
1	Net ARR of MePDCL for FY 2024-25	1826.84
2	Less: Power purchase cost	1440.06
3	Less: MePTCL Transmission Charges	116.71
4	Less: PGCIL Transmission Charges	72.29
5	ARR - PPC - Transmission Charges	197.78
6	Energy Sales (MU)	1954.53
7	Wheeling Charges (Rs/kWh)	1.01

Thus, the Wheeling Charges for FY 2024-25 computed by the Objector in accordance with the MSERC Open Access Regulations, 2012, works out to Rs.1.01/kWh, as compared to the existing Wheeling Charges of Rs. 1.30/kWh, approved in the Tariff Order for FY 2023-24.

In this regard, it is observed that while computing the Wheeling Charges in the Tariff Order for FY 2023-24, the Hon’ble Commission has not reduced the PGCIL Transmission Charges, and has only reduced the MePTCL Transmission Charges, to determine the Wheeling ARR. However, this approach is not in accordance with the provisions of the MSERC Open Access Regulations, 2012. The relevant provisions of the MSERC Open Access Regulations, 2012 are reproduced below, for reference:

“23. Wheeling Charges:

Wheeling charges payable to distribution licensee, by an open access customer for usage of its system and associated facilities shall be as determined as under:
 Wheeling Charges = (ARR - PPC - TC) / (ALSD X365) (in Rs. /MW-Day)

Were,

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

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

TC = Total transmission charges paid by distribution licensee for State and associated facilities and Inter-State transmission system for the concerned year..." (emphasis added)

As can be seen from the above extract, the "total transmission charges paid by distribution licensee for State and associated facilities and Inter-State transmission system for the concerned year" has to be reduced from the ARR, to determine the Wires ARR. Hence, PGCIL Transmission Charges have to also be reduced from the ARR, to determine the Wheeling Charges. The Objector humbly requests the Hon'ble Commission to determine the Wheeling Charges strictly in accordance with the provisions of the MSERC Open Access Regulations, 2012, and deduct the PGCIL Transmission Charges, to determine the Wires ARR and Wheeling Charges for FY 2024-25.

Cross Subsidy Surcharge for FY 2024-25

MePDCL has not submitted any specific proposal for CSS and has simply requested the Hon'ble Commission to approve the Wheeling Charges on the basis of approved tariff for the respective categories.

The Objector has computed the CSS applicable for Open Access transactions in accordance with the Formula prescribed by the Tariff Policy, 2016, and the approach followed by the Hon'ble Commission, as well as the revised tariffs proposed for the HT and EHT Industrial and Ferro Alloy industry, as shown in the Table below:

Proposed CSS for FY 2024-25 (Rs. Crore)

Voltage level	T = ABR (Rs/kWh)	C - avg. PP cost incl. PGCIL cost	L= losses (%)	D = Wheeling Charge	R = Reg. Assets	S = Surcharge (Rs/kWh)	S = Surcharge (Rs/kVAh)	Limited to 20% of Tariff
HT Industry	10.86	4.53	6%	1.01	0.00	5.03	4.52	2.17
EHT Industry	7.59	4.53	4%	1.01	0.00	1.86	1.67	1.52
CSS for Ferro Alloy Industry								
HT Industry	5.76	4.53	6%	1.01	0	-0.07	0	1.15
EHT Industry	5.78	4.53	4%	1.01	0	0.05	0.04	1.16

Thus, the CSS computed based on the proposed tariffs and the prescribed Formula works out to Rs. 2.17/kVAh for HT Industry and Rs. 1.52/kVAh for EHT Industry.

As regards the CSS for HT and EHT Ferro Alloy industry, it is respectfully submitted that the approach adopted by the Hon'ble Commission in the Review Order on the Tariff Order for FY 2023-24, is incorrect, as the Hon'ble Commission has reversed the negative CSS computed as per the Formula, to determine the

exactly same positive amount as CSS. The CSS, which worked out to Rs. (0.62)/kVAh and Rs. (0.87)/kVAh, has been approved as CSS of Rs.0.62/kVAh and Rs. 0.87/kVAh for HT and EHT Ferro Alloy industry, respectively, instead of being equated to 'zero'.

For FY 2024-25, based on the revised tariffs, the CSS for the HT and EHT Ferro Alloy industry works out to Rs. (0.07)/kVAh and Rs. 0.04/kVAh, respectively. Hence, the Objector proposes that the Hon'ble Commission may approve Nil CSS for HT Ferro Alloy and CSS of Rs. 0.04/kVAh for EHT Ferro Alloy industry, for FY 2024-25.

MePDCL Reply

The Petitioner would like to submit that the Objector has used its own methodology and computations for arrive at ACoS, Tariff, CSS and wheeling charges which have not been proposed in the Petition.

In view of the above the Petitioner reiterates its claim made in the Petition as under:

It can be observed that there is a huge level of cross-subsidization and some of the categories are beyond the permissible limit of +20% limit of the Average Cost of Supply as per the provisions of the Tariff Policy 2016. As per the clause 8.3 (2) of the Tariff Policy 2016:

"For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross-subsidy."

MePDCL would like to request Hon'ble Commission to regularize the tariff in order to rationalize the level of cross-subsidization especially for HT and EHT categories as per the Tariff Policy 2016.

MePDCL would request the Hon'ble Commission to allow the uniform hike in tariff across all categories to recover the gap.

Commission's View

Commission noted the response of the Utility.

2.4. Objections by Meghalaya Power Limited

a) Cross Subsidy Surcharge

(4-7) It is respectfully submitted that the determination of CSS needs to be done in a manner that while it compensates the distribution licensee, it does not constrain introduction of competition through open access. In this regard, the Tariff Policy also defines a formula for computation of CSS as depicted below:

"Surcharge formula:

$$S = T - [eI(1-I/100) + D + R]$$

Where,

S is the surcharge

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

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

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

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

R is the per unit cost of carrying regulatory assets.

Above formula may not work for all distribution licensees, particularly for those having power deficit, the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee.

Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

Provided further that the Appropriate Commission, in consultation with the Appropriate Government, shall exempt levy of cross subsidy charge on the Railways, as defined in Indian Railways Act, 1989 being a deemed licensee, on electricity purchased for its own consumption.

Section 42 of the Electricity Act 2003 enables imposition of cross subsidy surcharge by the state distribution licensee. Cross subsidy is levied on commercial and Industrial consumers by respective states in order to subsidize

the domestic and agriculture segment. The procedure of calculation of cross subsidy has been laid down in the Tariff Policy 2016. The Tariff Policy 2016 was notified by Ministry of Power Resolution dated 28.01.2016. This policy lays down the formulae to be considered for computation of CSS to be levied from the consumers who are permitted Open Access. Tariff Policy having been issued under Section 3 of the Electricity Act, 2003 is a statutory policy and is required to be followed by the Appropriate Commissions. The relevant provisions of the Tariff Policy 2016 are reproduced below:

"8.5 Cross-subsidy surcharge and additional surcharge for open access

8.5.1 National Electricity Policy lays down that the amount of cross-subsidy surcharge and the additional surcharge to be levied from consumers who are permitted open access should not be so onerous that it eliminates competition which is intended to be fostered in generation and supply of power directly to the consumers through open access.

Section 42 provides that Cross Subsidy Surcharge has to be progressively reduced in a manner specified by the State Commission. Section 42 of the Electricity Act, 2003 is as follows:

"Section 42. (Duties of distribution licensee and open access): -

(1) It shall be the duty of a distribution licensee to develop and maintain an efficient, co-ordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions contained in this Act.

(2) The State Commission shall introduce open access in such phases and subject to such conditions, (including the cross subsidies, and other operational constraints) as may be specified within one year of the appointed date by it and in specifying the extent of open access in successive phases and in determining the charges for wheeling, it shall have due regard to all relevant factors including such cross subsidies, and other operational constraints:

Provided that 1[such open access shall be allowed on payment of a surcharge] in addition to the charges for wheeling as may be determined by the State Commission: Provided further that such surcharge shall be utilized to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee:

*Provided also that such surcharge and cross subsidies shall be progressively reduced 2[***]in the manner as may be specified by the State Commission:"*

However, in complete contradiction to the statutory mandate, this Hon'ble Commission has been allowing a year-an-year increase of CSS from FY 2020 onwards. Therefore, it is requested that this Hon'ble Commission may comply with the statutory mandate and not only restrict the rates of CSS within 20% of the ABR but only draw up a plan for progressively reducing CSS in the future. The cross-subsidy surcharge being fixed by Hon'ble Commission for Extra High Tension (132 KV EHT) Industrial consumers from FY 2013 has been shown in the table below:

Financial Year	Cross Subsidy Surcharge Rs·KWh	Weighted Average Billing rate of EHT Category (ABR)	%of ABR (C=A/B)
	(A)	(Rs./KWh)	
		(B)	
2013-14	0.85	4.91	17%
2014-15	0.95	5.81	16%
2015-16	1.51	6.37	24%
2016-17	1.34	6.36	21%
2017-18	1.34	6.68	20%
2018-19	1.20	6.98	17%
2019-20	1.20	6.98	17%
2020-21	1.60	5.84	27%
2021-22	1.41	5.01	28%
2022-23	1.47	5.24	g8%
2023-24	1.51	5.57	27%

It is evident from the above table that the Hon'ble Commission is allowing the distribution licensee, MePDCL, for collection of Cross Subsidy Surcharge beyond the permissible limit set in the National Tariff Policy, 2016. Imposition of such high CSS, being unduly onerous and burdensome and surely has been restricting the Open Access Consumers to source power at competitive rates, thus inevitably leading to lower productivity due to business exigencies. This is in contravention to the spirit of EA 2003 and the provisions of Tariff Policy, 2016, which mandates that open access is to be encouraged and imposition of CSS should not make open access transactions onerous.

MePDCL Reply

The MPL has contended that the Hon'ble Commission has been determining the Cross Subsidy Surcharge beyond the permissible limit allowed set in the Tariff Policy 2016. Such objection of MPL is misleading and has been justified with figures which are in contradiction to the Tariff Order issued by the Hon'ble Commission. For example, MPL has stated that the Cross Subsidy Surcharge for the FY 2023-24 is 27% of the ABR of the EHT category. In this regards it is submitted that the MPL has used the weighted average ABR for EHT category as Rs. 5.57/ kWh which is not correct. It can be identified from the Table 6.3 of the Tariff Order for FY 2023-24 dated 11.04.2023 at Page No.118 of the Order the

Hon'ble Commission as approved an ABR of Rs.7 .83/ kWh for EHT Industrial Consumer and Rs. 5.45/ kWh for EHT Ferro Alloys Category. Further it is pertinent to note that the Formulae specified in the Tariff Policy for computation of the Cross Subsidy Surcharge specifies that the ABR or Tariff for the particular category shall be utilized to compute the CSS for that category.

Hon'ble Commission in accordance with the formulae has computed the C55 separately for the Industrial EHT and Ferro Alloys EHT category. Further considering the ABR of Rs. 7.83/kWh the 20% limit comes out to be Rs.1.57/kWh and hence the CSS for Industrial EHT consumer is well within the 20% limit and there is no violation of the principles of the Tariff Policy 2016 and the CSS of Rs.1.51/kWh comes out to be 19.3% of the ABR instead of 27% of the ABR as depicted by the Objector.

Commission's View

Commission noted the Response of utility.

b) Power Availability of MePDCL

The licensee, MePDCL has not been able to honor its Contracted Power with the Embedded Open Access Consumers multiple times during the financial year 2023- 24.

From the month of June 2023 onwards MePDCL started offering fragmented power with limited availability for only 10 to 14 Hrs. instead of 24 Hrs. to its EHT consumers. EHT consumers were forced to procure power through open access at very high cost to sustain their business operation.

MePDCL has continued to enjoy collection of cross subsidy surcharges from the consumers when they were forced to opt for open access due to non-availability of power with the distribution licensee. Cross Subsidy surcharge is a compensatory amount approved by the Hon'ble Commission when the distribution companies lose its revenue due to opting of open access by consumers. However, when the distribution company is not in position to generate revenue due to non-availability of power, levying cross subsidy surcharge on the consumer is erroneous and against the spirit of fare market competition.

Considering above facts & matters, appeal by MePDCL for grant of revenue gap of

901.99 Cr in the ARR for 2024-25 should be further examined and reviewed by the Hon'ble Commission.

MePDCL Reply

MPL has contended that MePDCL has not been able to honor its contract demand with the Embedded Open Access Consumers multiple times during the financial year 2023-24.

The Objector has further contended that the Petitioner has continued to enjoy collection of cross subsidy surcharge from the consumers when they were forced to opt the open access to un-availability of power with the distribution licensee.

MPL has submitted that when the Petitioner is not able to generate revenue due to non-availability of power, levying cross-subsidy surcharge on the consumer is erroneous and against the spirit of fare market competition.

In this regard, the Petitioner submits that the contentions of the MPL are denied. It is submitted that whether it is revenue from sale of power or revenue from C55, both are considered as revenue for the tariff determination and computation of regulatory gap or surplus and hence the benefits of the C55 are passed on to the consumer in subsequent year tariffs.

Further, the Petitioner would like to submit that unlike the Open Access Consumers the other consumers do not have the option of buying power from the other sources and hence load restrictions cannot be applied on them. Further, with regards to the embedded open access consumers it is pertinent to note that these consumers schedule power from MePDCL only when they are getting the power from open market at a higher rate as compared to the rates determined by the Hon'ble Commission i.e., specifically during the peak hours. During these hours, the overall state demand is also at the peak.

Commission's View

Commission noted the Response of utility.

3. Summary of Petition for ARR for MYT Control Period FY 2024-25 to FY 2026-27 and Retail Tariff for FY 2024-25

3.1. Aggregate Revenue Requirement (ARR) for 4th MYT Control Period FY 2024-25 to FY 2026-27

3.1.1. The Meghalaya Power Distribution Corporation Limited (MePDCL) has submitted the Petition seeking approval of Aggregate Revenue Requirement for 4th MYT Control Period FY 2024-25 to FY 2026-27 and Determination of Distribution Tariff for FY 2024- 25. The MePDCL has projected the Revenue Requirement for the Control period as depicted below:

Table 3-1: Proposed ARR for 4th MYT Control Period FY 2024-25 to FY 2026-27

Particulars	FY 2024-25	FY 2025-26	FY 2026-27
Power Purchase Expenses	1885.78	1583.91	1608.94
Return on Equity	43.85	49.18	49.18
Interest on Loan	51.34	104.94	170.88
O&M Expenses	316.94	335.07	354.24
Depreciation	55.40	84.72	120.17
Interest on Working Capital	51.36	50.43	54.62
Total AFC	2404.67	2208.25	2358.03
Less: Non-Tariff Income	50.28	50.42	52.94
Less: Revenue from Sale of Surplus Power	373.50	227.97	209.76
Net ARR	1980.90	1929.86	2095.33

3.2. Revenue at Current tariffs

3.2.1. The revenue at Current Tariff is calculated based on the current tariff and projected sale of energy category wise for the 1st year of Control period i.e., FY 2024-25. The detailed calculation of revenue at current tariff is shown in the below table. The total revenue at current tariff works out to Rs. 1426.86 Cr. for FY 2024-25.

Table 3-2: Proposed Calculation of Revenue at Existing Tariff for FY 2024-25

S No.	Category of Consumer	No of Consumers	Connected Load (kVA)	Sales (MU)	Fixed Charges	Energy Charges	Fixed Charges-Revenue (Rs Cr)	Energy Charges - Revenue (Rs Cr)	Total Revenue (Rs Cr)
1	Domestic (DLT)	408658	698330.86	417.37	80.00	5.4	67.04	208.89	275.93
2	Commercial (CLT)	41314	116227.94	98.50	140	7.25	19.53	69.25	88.77
3	Industrial (ILT)	832	10497.65	6.62	140	6.8	1.76	4.50	6.27
4	Agriculture (Ape)	22	128.63	0.14	120	3.5	0.02	0.05	0.07
5	Public Lighting (PL)	86	1702.54	1.14	140	7	0.29	0.79	1.08
6	Water Supply (WSLT)	525	7594.37	9.89	140	7.3	1.28	7.22	8.50
7	General Purpose	2764	19336.18	15.44	140	7.6	3.25	11.73	14.98
8	BPL	265590	234611.82	122.69	200		63.74	13.55	77.30
9	Crematorium	1	159.14	0.19	7500	4.5	0.01	0.09	0.09

S No.	Category of Consumer	No of Consumers	Connected Load (kVA)	Sales (MU)	Fixed Charges	Energy Charges	Fixed Charges-Revenue (Rs Cr)	Energy Charges - Revenue (Rs Cr)	Total Revenue (Rs Cr)
	(CRM)								
10	Domestic HT	147	23460.18	24.09	300	6.9	8.45	16.62	25.07
11	Water Supply (WSHT)	78	15976.02	38.72	300	7.3	5.75	28.27	34.02
12	Bulk Supply (BS)	245	56361.76	81.37	300	6.9	20.29	56.15	76.44
13	Commercial (CHT)	230	27594.51	32.27	300	7.4	9.93	23.88	33.82
14	Industrial (IHT)	250	165079.74	161.11	300	7.8	59.43	125.67	185.10
15	Ferro Alloy	3	22881.10	132.13	230	5	6.32	66.07	72.38
16	Industrial (EHT)	12	66840.40	318.67	300	7.5	24.06	239.00	263.06
17	Ferro Alloy (EHT)	4	79134.00	494.18	230	4.9	21.84	242.15	263.99
	Total	720761	1545916.83	1954.53			312.99	1118.98	1426.86

3.3. Revenue from Sale of Power

3.3.1. As per the Para 5.9 in the petition, the Petitioner expected to have surplus power after meeting the State Demand of Energy. The Petitioner considered the weighted average cost of power purchase excluding the transmission charges as the rate for sale of surplus power.

Table 3-3: Proposed Revenue from Sale of Surplus Power for FY 2024-25 to FY 2026-27

Particular	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
Surplus Energy (MU)	823.49	551.93	524.71
Rate of Surplus Energy (Rs/Unit)	4.54	4.13	4.00
Revenue from Sale of Surplus Energy	373.50	227.97	209.76

3.4. Revenue Gap for the First year of the Control Period

3.4.1. Based on the ARR projected above and the estimation of revenue at existing tariff the gap projected for the FY 2024-25 is tabulated as under:

Table 3-4: Proposed projected Revenue Gap for FY 2024-25

S.no	Particulars	Amount in Rs. Cr.
1	Aggregate Revenue Requirement for FY 2024-25	1980.90
2	Revenue At Existing Tariff	1426.86
3	Stand Alone Gap for FY 2024-25	554.04
4	Add True Up Gap/(Surplus) for FY 2021-22	(68.40)
5	Add: Review Gap of 2020-21	1.46
6	Add True Up Gap/(Surplus) for FY 2022-23	334.70
7	Add O&M expenses Pertaining to Accrued Terminal Liabilities	85.28
	Total Gap	907.08

3.5. MePDCL's request to the Commission

- 3.5.1. The applicant has requested, the Commission to pass appropriate order on the following:
- a. Approval of Net ARR for FY 2024-25, FY 2025-26 & FY 20226-27 as proposed in this Petition.
 - b. Approval of tariff for FY 2024-25 as proposed in this petition.
 - c. To pass such orders, as Commission may deem fit and proper and necessary in view of the facts and circumstances of the case.
 - d. To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

4. Approach of the Commission

4.1. Tariff Determination

- 4.1.1. Under Section 61 of Electricity Act 2003, Commission has to specify terms and conditions for determination of tariff and in doing so it shall be guided by the following:
- a. The principles and methodology specified by CERC for determination of Generation, Transmission and Distribution tariff.
 - b. Business of generation, transmission and distribution are to be conducted on commercial principles.
 - c. The factors which encourage development, competition efficiency, good performance and optimum investments.
 - d. Safeguarding consumers interest and at the same time recovery of the cost of electricity in a reasonable manner.
 - e. Principles regarding efficiency in the performance.
 - f. Multiyear tariff principles based on efficiency target.
 - g. Tariff should reflect cost of supply progressively.
 - h. Promotion of generation from renewable energy.
 - i. National Electricity Policy and Tariff policy.
- 4.1.2. National Electricity Policy prescribes that there is a need for ensuring recovery of charges from consumers to make the power sector sustainable. A minimum level of support may be required to make the electricity affordable for consumers of the very poor section. Consumers below poverty line may receive a special support in terms of tariff which is cross subsidized. It also says that existing cross subsidies should also be corrected to tide inefficiencies and losses. The Act requires all consumers to be metered within two years' time and TOD meters for high end consumers with a minimum load of 1 MVA shall also be encouraged.
- 4.1.3. Regarding transmission and distribution losses, the policy prescribed that State Government would prepare a 5-year plan with annual milestone to bring down T & D losses expeditiously. Continuation of present level of losses would not only pose a threat to the power sector but also jeopardise the growth of the economy as a whole.
- 4.1.4. Similarly, electricity policy envisages encouragement of energy conservation and demand side management. Periodic energy audits are mandated for power intensive industries and encouragement of solar water heating system.

- 4.1.5. Keeping in view the intent of Electricity Act, National Electricity Policy and National Tariff Policy, Commission has framed MSERC (Multi Year Tariff) Regulations, 2014 for generation, transmission, and Distribution business.

4.2. Application for Determination of Tariff

- 4.2.1. The distribution licensee shall file application for determination of tariff in accordance with the procedure laid down by the Commission. Accordingly, the Licensee has filed petition on 29.11.2023 and the Commission has admitted the petition provisionally on 01.12.2023.

4.3. Estimation of Energy Sales

- 4.3.1. Commission examined the approach used by the licensee and has sought appropriate clarification. Based on the petitioner's submission, the Commission provisionally considers the estimation of sales for the 4th MYT Control period FY 2024-25 to FY 2026-27 in this Tariff order.

4.4. Distribution losses

- 4.4.1. The licensee shall furnish information on distribution losses for previous year and current year and the basis on which such losses have been worked out. Commission has notified a trajectory for reduction of losses in the Business plan for next year. The Trajectory of Distribution losses are considered for FY 2023-24 (current year) and for the control period FY 2024-25 to FY 2026-27 as projected in the Business plan as detailed below.

Table 4-1: Approved Distribution losses for FY 2024-25 to FY 2026-27

Distribution Loss	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
	18.00%	17.00%	16.50%	16.00%

4.5. Estimation of Energy requirement

- 4.5.1. Based on the estimated energy sales and the proposed distribution losses, Commission may determine the quantum of energy required to meet the estimated sales and accord its approval. Commission may approve the power purchase requirement with a modification as it deems fit for the ensuing years of the control period and in the tariff order for FY 2024-25. Commission in accordance with Regulations has allowed power purchase from the sources available/allotted to Meghalaya State. The energy drawl as approved for ARR from Ganol project have been considered for procurement.

4.6. Power Purchase cost

- 4.6.1. Commission considers the Power Purchase Cost projected in the MYT Petition to be on higher side. The Licensee has filed Actual Power Purchase cost for FY

2023-24 (upto December 2023) in order to assess correct estimates for FY 2024-25.

- 4.6.2. The Petitioner shall procure power from approved sources. Additional energy required after taking into account the availability of the energy from such approved sources shall be reasonably estimated and procurement arrangement made for long-term and medium-term purchase by following standard contractual procedures. All such purchases shall only be made with the prior approval of the Commission and in accordance with Commission’s Regulations on power purchase. In case of short-term power purchase is necessary on unprecedented development, the licensee shall do so in accordance with Commission’s Regulations for power purchase. The cost of power purchase from central generating stations shall be based on tariff determined by CERC. The Power Purchase cost from state owned existing generating stations shall be based on prices as determined by the MSERC. Commission has in accordance with the Regulations allowed rates projected for central generating stations. Commission has prescribed RPO requirement from renewable sources of energy in accordance with the Commission’s Regulations.

4.7. Transmission and wheeling charges

- 4.7.1. Transmission, wheeling charges has been considered as expenses and included in the power purchase cost. Commission has allowed transmission charges for intra-state operation as per Commission’s order for MePTCL for FY 2024-25 and for others at the rate approved by the Commission.

4.8. Quantum of Renewable Purchase Obligation (RPO)

- 4.8.1. Every obligated entity shall purchase a minimum percentage of its total electricity consumption (in kWh) from renewable energy sources under the renewable purchase obligation during each financial year as specified by the Commission herein.
- 4.8.2. Commission has notified RPO obligation on 22nd October 2018, according to which the minimum percentage was specified upto FY 2023-24 subject to provision indicated in the relevant Regulations of the Commission.
- 4.8.3. Commission has extended the applicability of the RPO Trajectory for the period FY 2024-25 in the proceedings dated 28.03.2024 as under,

Table 4-2: Approved RPO Target for FY 2024-25

YEAR	Minimum quantum of purchase (%) from renewable energy sources (kWh)		
	SOLAR	NON-SOLAR	TOTAL
FY 2024-25	2.00	5.50	7.50

- 4.8.4. Licensee has projected purchase of Energy from Renewable Energy sources at 177 MU for FY 2024-25.
- 4.8.5. Approved Sales for FY 2024-25 is 1954.53 MU and RPO requirement to procure from Renewable energy sources amounted to 146.59 MU.

Table 4-3: Details of Renewable Energy Purchase during FY 2024-25

Particulars	Projected Energy (MU)
Umiam Stage II (20 MW)	45.45
Sonapani (1.5 MW)	4.94
Lakroh (1.5 MW)	10.87
KOPILI-EXT (25 MW)	12.93
Ganol (22.5 MW)	66.20
Sub Total (Non-Solar)	140.39
Total Purchase (Non-Solar & Solar)	140.39

- 4.8.6. Commission considers that procurement of Energy from Renewable sources during FY 2024-25 is found to be short of 9.01 MU which shall be made good by purchasing RPO certificates during FY 2024-25.

4.9. Annual Revenue Requirement

- 4.9.1. The Annual Revenue Requirement of distribution licensee shall comprise of the following:
- a. Power purchase cost including PGCIL and Intra State Transmission charges.
 - b. Return on Equity
 - c. Interest on Loan capital
 - d. O&M expenses including R&M expenses & Adm & General Expenses
 - e. Interest on working capital.
 - f. Income Tax
 - g. Depreciation as may be Computed.
 - h. Provision for bad and doubtful debts.
- 4.9.2. The net annual revenue requirement shall be made after deducting the following,
- a. Non-Tariff Income and Other Income
 - b. Sale of Surplus Power
 - c. Subsidy from State Government if any

4.10. Amount of Non-Tariff Income

- 4.10.1. The Non-Tariff income shall include the following components: -
- a. Income through surcharge from open access consumers.
 - b. Wheeling charges recovered from open access consumers.
 - c. Any grant received other than tariff subsidy.
 - d. Bank Interest from Deposits
 - e. Delay Payment Surcharge
 - f. Meter Rent
 - g. Interest income from staff loans
 - h. Income from Sale of Surplus Energy

4.11. Depreciation

- 4.11.1. The depreciation shall be computed on the cost of fixed assets as approved by the Commission on the opening asset values recorded in the Balance Sheet or as per transfer scheme notification. For new assets, the depreciation shall be allowed on the date of commercial operation. Consumer contribution or grant/subsidy shall be excluded from the asset value for the purpose of depreciation. Depreciation shall be calculated as per CERC norms. Depreciation shall be chargeable from the 1st year of commercial operation. The grants and consumer's contribution shall also be deducted from the Depreciation to be allowed for Determination of Tariff.

4.12. Bad and Doubtful Debt

- 4.12.1. Commission may after the distribution licensee gets the receivable audited allow a provision for bad debts not exceeding an amount equal to 1% receivable in the revenue requirement.

4.13. Forecast of Revenue

- 4.13.1. The revenue of the distribution licensee shall be calculated from the sale of power to each category of consumer, non-tariff income and income from other sources. The non-tariff income shall consist of delay payment surcharge, meter rent, income from investment, etc. Commission has allowed non-tariff income based on the previous year actual.

4.14. Revenue gap

- 4.14.1. For the tariff year, the difference between the net annual revenue requirement and expected revenue at the current tariff shall be the revenue gap. This gap shall be bridged by improvement in internal efficiency, utilization of reserves (surplus) and tariff charges as approved by the Commission.

4.15. Tariff Design

- 4.15.1. Tariffs should be designed in two parts comprising fixed charges and energy charges. Tariffs shall be applicable to consumer categories and as per slab rates as determined by the Commission. Commission may rationalize the tariff structure so that it is beneficial to consumers and the licensee. A differential tariff for peak and off peak shall be evolved to promote demand side management. The licensee has requested the Commission to approve Time of Day (TOD) tariff proposed in addition to the base tariff applicable for HT and EHT Industrial consumers. Commission has considered TOD Tariff for FY 2024-25 for HT and EHT Industrial consumers as sought for by the petitioner.

4.16. Validation of ARR

- 4.16.1. Regulation prescribes that current year expenses should be based on 1st half year actual and 2nd half year, estimates escalated on the basis of Inflation so as to validate the details of expenses and revenue in the ARR for ensuing years.
- 4.16.2. Commission while determining the tariff for FY 2024-25 has followed Regulations keeping in view of the ground realities of the State. Commission has tried to ensure a balance between the interests of the consumers and the viability of the Distribution Business of the licensee.

4.17. Truing up

- 4.17.1. The Licensee filed petition for True up of the business for FY 2022-23, shall be considered along with Review True up Gap for FY 2020-21 and True up Surplus for FY 2021-22 for determination of ARR for the 4th MYT control period FY 2024-25 to FY 2026-27.
- 4.17.2. As per the Regulation 11 (2) of MSERC Regulations 2014, the Licensee shall file petition for true up of previous year performance together with audited Accounts along with tariff petition for ensuing year.
- 4.17.3. Commission had to finalize the ARR and tariff for ensuing year on the basis of accepted norms in the absence of audited reports so as to ensure the release of tariff order on time.

4.18. True up Gap / Surplus for previous years

- 4.18.1. Commission had approved the Review True up for FY 2020-21 and True up of business for FY 2021-22 & FY 2022-23. The Revenue Gap/Surplus in the Trued-up business for FY 2020-21, FY 2021-22 & FY 2022-23 has been appropriated in the ARR for FY 2024-25.

4.19. Separate Tariff category for Electric Vehicle Charging Stations

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

4.20. Time of the Day Tariff

- 4.20.1. Commission has considered the TOD tariff for the peak and off -peak hours for FY 2024-25 and Tariff rates are determined.

4.21. Cross Subsidy Surcharge

- 4.21.1. Commission has computed cross subsidy surcharge for FY 2024-25 in respect of HT and EHT category consumers as per the National Tariff Policy 2016.

4.22. Wheeling Charges

- 4.22.1. Wheeling Charges have been determined with reference to MePDCL ARR & as per the MSERC (Terms and Conditions of Open Access) Regulations 2012.

4.23. ARR for FY 2024-25 to FY 2026-27

- 4.23.1. ARR has been approved for the control period FY 2024-25 to FY 2026-27 and Retail Tariff for FY 2024-25 as per the MSERC MYT Regulations 2014.

5. MYT Aggregate Revenue Requirement for Control Period FY 2024-25 to FY 2026-27 for MePDCL.

5.1. Tariff Regulations

- 5.1.1. Under Section 61 of Electricity Act 2003, the Commission has to specify terms and conditions for determination of tariff and in doing so it shall be guided by the following:
- a. The principles and methodology specified by CERC for determination of Generation, Transmission and Distribution tariff.
 - b. Business of generation, transmission and distribution are to be conducted on commercial principles.
 - c. The factors which encourage development, competition efficiency, good performance and optimum investments.
 - d. Safeguarding consumers interest and at the same time recovery of the cost of electricity in a reasonable manner.
 - e. Principles regarding efficiency in the performance.
 - f. Multiyear tariff principles based on efficiency target.
 - g. Tariff should reflect cost of supply progressively.
 - h. Promotion of generation from renewable energy.
 - i. National Electricity Policy and Tariff policy

5.2. Determination of Tariff

- 5.2.1. Section 62 (3) of EA 2003 specifies that –

“....

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

- 5.2.2. Section 65 of EA 2003 – Provision of subsidy by state Government states that-

“If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State Government shall, notwithstanding any direction which may be given under section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of

subsidy in the manner the state Commission may direct, as a condition for the licensee or any other person concerned to implement the subsidy provided for by the State Government. PROVIDED that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard.”

5.3. Regulatory Accounts

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

5.4. Energy Sales

5.4.1. As per Regulations, proper estimation of category-wise energy sales for FY 2024-25 is essential to arrive at the quantum of power to be purchased and the likely revenue from sale of energy.

5.4.2. This Section examines details of consumer category-wise energy sales projected by petitioner in its Petition for FY 2024-25 for approval of ARR.

5.5. Category wise Number of Consumers Petitioner’s Submission

Petitioner’s Submission

5.5.1. The Petitioner submitted that the number of consumers has been considered as per the business plan and subsequent approval of the Business Plan by the Commission vide its order dated 21.11.2023. Petitioner further mentioned that as per the aforesaid order the Commission has advised to show the energy consumption for the Ferro Alloys consumers separately. Accordingly, the number of consumers, has been projected in the table below:

Table 5-1: Proposed Number of consumers for the Control Period FY 2024-25 to FY 2026-27

Sl. No	Category	FY 2024-25	FY 2025-26	FY 2026-27
A	LT Category			
1	Domestic	408658	417022	425557
2	Commercial	41314	43499	45800
3	Industrial	832	857	883
4	Agriculture	22	22	22
5	Public Lighting	86	90	95
6	Water Supply	511	529	548
7	General purpose	2764	2817	2871
8	Kutir Jyoti	265590	275166	285088
9	Crematorium	1	1	1

Sl. No	Category	FY 2024-25	FY 2025-26	FY 2026-27
	Sub Total (A)	719778	740003	760865
B	HT Category			
1	Domestic	147	156	165
2	Water Supply	78	82	86
3	Bulk Supply	245	253	261
4	Commercial	230	230	230
5	Industrial	250	275	303
6	Ferro Alloys	3	3	3
	Sub Total (B)	951	996	1043
	EHT Category			
1	Industrial	12	13	14
2	Ferro Alloys	4	4	4
	Sub Total (C)	16	17	18
	Grand Total	720745	741016	761926

Commission's Analysis:

- 5.5.2. Commission noted that the Petitioner has projected 720745 category wise total number of consumers for FY 2024-25.
- 5.5.3. However, the Commission observed that there has been a mismatch of total no. of consumers in the HT Categories. Petitioner was asked to furnish category wise correct number of consumers for FY 2024-25 vide commission's letter dated 07.12.2023.
- 5.5.4. Petitioner has furnished in their letter dated 15.01.2024 in the format no. 14 (A), (B) & (C) the category wise actual number of consumers at 720761 for FY 2024-25. LT Category Water supply consumers are revised from 511 to 525.
- 5.5.5. Commission has accordingly considered category wise no. of consumers for FY 2024-25 as detailed in the additional information.
- 5.5.6. Commission considers total no. of consumers as projected in the Additional data as depicted in the table below for FY 2024-25.

Table 5-2: Approved Number of consumers for the Control Period FY 2024-25 to FY 2026-27

Sl. No	Category	FY 2024-25 (Approved)	FY 2025-26 (Approved)	FY 2026-27 (Approved)
A	LT Category			
1	Domestic	408658	417022	425557
2	Commercial	41314	43499	45800
3	Industrial	832	857	883
4	Agriculture	22	22	22
5	Public Lighting	86	90	95
6	Water Supply	525*	529	548
7	General purpose	2764	2817	2871
8	Kutir Jyoti	265590	275166	285088
9	Crematorium	1	1	1
	Sub Total (A)	719792	740003	760865

Sl. No	Category	FY 2024-25 (Approved)	FY 2025-26 (Approved)	FY 2026-27 (Approved)
B	HT Category			
1	Domestic	147	156	165
2	Water Supply	78	82	86
3	Bulk Supply	245	253	261
4	Commercial	230	230	230
5	Industrial	250	275	303
6	Ferro Alloys	3	3	3
	Sub Total (B)	953	999	1048**
	EHT Category			
1	Industrial	12	13	14
2	Ferro Alloys	4	4	4
	Sub Total (C)	16	17	18
	Grand Total	720761	741019	761931**

* Revised from 511 to 525 in additional information dated 15.01.2024.

** Sum Corrected in additional information dated 15.01.2024

5.6. Connected Load

Petitioner's Submission

- 5.6.1. The Petitioner submitted that the connected load has been considered as per the business plan and subsequent approval of the Business Plan by the Commission vide its order dated 21.11.2023. Petitioner further mentioned that as per the aforesaid order the Commission has advised to show the energy consumption for the Ferro Alloys consumers separately. Accordingly, the connected load (in kVA) has been projected in the table below:

Table 5-3: Proposed Connected Load for the Control Period FY 2024-25 to FY 2026-27

kVA				
Sl. No	Category	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
A	LT Category			
1	Domestic	698330.86	759306.98	825607.34
2	Commercial	116227.94	119713.10	123302.76
3	Industrial	10497.65	10812.58	11136.95
4	Agriculture	128.63	135.06	141.81
5	Public Lighting	1702.54	1787.66	1877.05
6	Water Supply	7594.37	7974.09	8372.80
7	General purpose	19336.18	19509.07	19683.50
8	Kutir Jyoti	234611.82	248783.32	263810.84
9	Crematorium	159.14	163.91	168.83
	Sub Total (A)	1088589.11	1168185.75	1254101.87
B	HT Category			
1	Domestic	23460.18	23638.48	23818.13
2	Water Supply	15976.02	16774.82	17613.56
3	Bulk Supply	56361.76	57997.93	59681.60
4	Commercial	27594.51	27594.51	27594.51
5	Industrial	165079.74	181587.72	199746.49
6	Ferro Alloys	22881.10	25169.21	27686.13
	Sub Total (B)	311353.31	332762.66	356140.42

kVA				
Sl. No	Category	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
C	EHT Category			
1	Industrial	66840.40	73524.44	80876.88
2	Ferro Alloys	79134.00	87047.40	95752.14
	Sub Total (C)	145974.40	160571.84	176629.02
	Grand Total	1545916.83	1661520.26	1786871.31

Commission's Analysis:

5.6.2. **Commission approves the projection of category wise connected load as proposed by the Petitioner in the petition for the control period FY 2024-25 to FY 2026-27.**

5.7. Energy Sales

Petitioner's Submission

5.7.1. The Petitioner submitted that the energy sales has been considered as per the business plan and subsequent approval of the Business Plan by the Commission vide its order dated 21.11.2023. Petitioner further mentioned that as per the aforesaid order the Commission has advised to show the energy consumption for the Ferro Alloys consumers separately. Accordingly, the energy sales (MUs) have been projected in the table below:

Table 5-4: Proposed Energy Sale projection for the Control Period FY 2024-25 to FY 2026-27

MU				
Sl. No	Category	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
A	LT Category			
1	Domestic	417.37	421.05	424.76
2	Commercial	98.50	105.38	112.74
3	Industrial	6.62	6.99	7.37
4	Agriculture	0.14	0.15	0.16
5	Public Lighting	1.14	1.19	1.25
6	Water Supply	9.89	10.38	10.90
7	General purpose	15.44	15.50	15.55
8	Kutirjyoti	122.69	128.72	135.05
9	Crematorium	0.19	0.20	0.20
	Sub Total (A)	671.98	689.56	707.99
B	HT Category			
1	Domestic	24.09	25.24	26.45
2	Water Supply	38.72	40.66	42.69
3	Bulk Supply	81.37	83.31	85.30
4	Commercial	32.27	33.03	33.81
5	Industrial	161.11	177.22	194.94
6	Ferro Alloys	132.13	145.35	159.88
	Sub Total (B)	469.70	504.81	543.06

				MU
Sl. No	Category	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
C	EHT Category			
1	Industrial	289.70	318.67	350.53
2	Ferro Alloys	449.25	494.18	543.59
	Sub Total (C)	812.84	894.13	983.54
	Total	1954.53	2088.49	2234.60

Commission's Analysis:

- 5.7.2. Commission observed that in the above table that the sum of EHT industrial and Ferro Alloys sales provided under EHT categories are not matching for FY 2024-25.
- 5.7.3. Accordingly, the Petitioner had directed to provide revised sales for EHT industrial and Ferro Alloys categories for FY 2024-25 vide dated 15.01.2024.
- 5.7.4. Commission considers the breakup of Energy Sales for EHT Industrial and Ferro Alloys categories shall be at 318.67 MU + 494.18 MU =812.84 MU as furnished by the Petitioner on "Additional Information 2" for FY 2024-25 as depicted in the table below,

Table 5-5: Approved Energy Sale for the Control Period FY 2024-25 to FY 2026-27

				MUs
Sl. No	Category	FY 2024-25	FY 2025-26	FY 2026-27
A	LT Category			
1	Domestic	417.37	421.05	424.76
2	Commercial	98.50	105.38	112.74
3	Industrial	6.62	6.99	7.37
4	Agriculture	0.14	0.15	0.16
5	Public Lighting	1.14	1.19	1.25
6	Water Supply	9.89	10.38	10.90
7	General purpose	15.44	15.50	15.55
8	Kutirjyoti	122.69	128.72	135.05
9	Crematorium	0.19	0.20	0.20
	Sub Total (A)	671.98	689.56	707.99
B	HT Category			
1	Domestic	24.09	25.24	26.45
2	Water Supply	38.72	40.66	42.69
3	Bulk Supply	81.37	83.31	85.30
4	Commercial	32.27	33.03	33.81
5	Industrial	161.11	177.22	194.94
6	Ferro Alloys	132.13	145.35	159.88
	Sub Total (B)	469.70	504.81	543.06
C	EHT Category			
1	Industrial	318.67*	318.67	350.53
2	Ferro Alloys	494.18*	494.18	543.59
	Sub Total (C)	812.84	894.13	983.54
	Total	1954.53	2088.49	2234.60

5.8. Energy Availability

Petitioner’s Submission

- 5.8.1. The Petitioner submitted that the projection of energy availability as submitted in the additional submission to the business plan filed for the fourth control period has been approved by the Commission. Accordingly, the same has been considered for the purpose of the estimation of the power purchase cost for the control period.
- 5.8.2. The Petitioner further mentioned that for the purpose of estimation of the power purchase cost, the cost from central generating stations has been considered as per the cost data of April to October 2023. Since the tariff for these plants is decided by the CERC and the Regulations for the upcoming control period (2024-29) is yet to be issued by CERC hence for the projection the actual fixed cost and energy charges for the period April to October 2023 have been considered without any escalation.
- 5.8.3. The Petitioner also submitted that the fixed charges and energy charges considered are provisional and are liable to change based on the actuals. The charges considered in the Petition have been considered only for the purpose of estimating the ARR.
- 5.8.4. The cost of the power purchase from the Generating Stations of MePGCL and transmission charges of MePTCL have been considered as per the ARR filed by the two companies which are subject to approval of Hon’ble Commission on the respective ARR.
- 5.8.5. Since the data pertaining to Subansiri Project of NTPC is not available the cost of purchase of power from Loktak project has been considered provisionally for the purpose of estimation.
- 5.8.6. The Power purchase expenses projected for the control period are tabulated below,

Table 5-6: Proposed Energy Availability and Power Procurement Plan for the Control Period FY 2024-25 to FY 2026-27

Sl No	Name of Station	Capacity (MW)	Total Allocation (Mw)	Projected Availability (MU)	Total Allocation (Mw)	Projected Availability (MU)	Total Allocation (Mw)	Projected Availability (MU)
			FY 2024-25		FY 2025-26		FY 2026-27	
A	MePGCL							
1	Umiam –I	36.0	36.0	114.6	36.0	114.6	36.0	114.6
2	Umiam –II	20.0	20.0	45.4	20.0	45.4	20.0	45.4
3	Umiam –III	60.0	60.0	137.3	60.0	0.0	60.0	127.2
4	Umiam –IV	60.0	60.0	203.9	60.0	203.9	60.0	203.9
5	MLHEP	126.0	126.0	478.7	126.0	478.7	126.0	478.7
6	Umtru	11.2	11.2	0.0	11.2	0.0	11.2	0.0
7	Sonapani	1.5	1.5	4.9	1.5	4.9	1.5	4.9
8	New Umtru	40.0	40.0	231.5	40.0	231.5	40.0	231.5
9	Ganol	22.5	22.5	66.20	22.5	66.2	22.5	66.2
10	Lakroh	1.5	1.5	10.9	1.5	10.9	1.5	10.9

*MSERC Order on ARR for MYT control Period FY 2024-25 To FY 2026-27
& Distribution Tariff For 2024-25 for MePDCL.*

Sl No	Name of Station	Capacity (MW)	Total Allocation (Mw)	Projected Availability (MU)	Total Allocation (Mw)	Projected Availability (MU)	Total Allocation (Mw)	Projected Availability (MU)
			FY 2024-25		FY 2025-26		FY 2026-27	
11	Riangdo	3.0	3.0	0.0	3.0	8.0	3.0	17.0
12	MLHEP-II	210.0	0	0.0	0.0	0.0	0.0	0.0
	Sub-Total MePGCL	591.70	381.70	1293.47	381.70	1164.14	378.70	1300.30
B	NEEPCO							
1	Kopili	200	35.1	106.8	35.1	106.8	35.1	106.8
2	Kopili-Ext	25	3.5	10.12	3.5	10.1	3.5	10.1
3	Khandong	50	8.5	26.8	8.5	26.8	8.5	26.8
4	Ranganadi	405	47.1	162.9	47.1	162.9	47.1	162.9
5	Doyang	75	8.7	19.8	8.7	19.8	8.7	19.8
6	AGBPP	291	34.7	209.9	34.7	209.9	34.7	209.9
7	AGTPP CC	130	16.6	122.5	16.6	122.5	16.6	122.5
8	Pare	110	14.0	71.0	14.0	71.0	14.0	71.0
9	Kameng	600	15.0	58.9	15.0	58.9	15.0	58.9
	Sub-Total NEEPCO		183.11	788.72	183.11	788.72	183.11	788.72
C	NHPC-Loktak	105		0.00		0.00		0.00
D	NHPC-Subansiri	2000	49.41	183.36	49.41	183.36	49.41	183.36
E	OTPC-Palatana	726	78.99	500.54	78.99	500.54	78.99	500.54
F	NTPC							
1	BTPS	750	88.0	578.16	88.0	578.16	88.0	578.16
2	FSTPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	KHSTPS-I	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	KHSTPS-II	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	TSTPS-II	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total NTPC	750	88.00	578.16	88.00	578.16	88.00	578.16
	Total			3344.25		3214.92		3351.08

Commission's Analysis:

- 5.8.7. The petitioner was asked to furnish actual power purchase quantum up to December 2023 for assessing of Energy availability for FY 2024-25 in the commission's letter dated 02.01.2024.
- 5.8.8. Petitioner has submitted in their letter dated 26.02.2024, the source wise actual energy drawn up to December 2023. (As shown in Table no.5.11 of this order)
- 5.8.9. Petitioner has projected actual Energy availability of 529.42 MU from NEEPCO projects up to December 2023 and Commission estimated Total Energy for FY 2024- 25 at 705.89 MU. Petitioner has projected Free Power available from NEEPCO projects at 19.37 MU up to December 2023. Commission estimated Free Energy availability at 25.83 MU for FY 2024-25.
- 5.8.10. The petitioner has projected actual availability of Energy from BTPS of NTPC at 234.83 MU up to December 2023. Commission estimated for FY 2024-25 at 313.11 MU against BTPS of NTPC.
- 5.8.11. The Petitioner has projected actual Energy availability from NHPC Loktak at 30.08 MU up to December 2023. Commission estimated total availability at 40.11 MU for FY 2024-25

- 5.8.12. The petitioner has not projected actual availability up to December 2023 from NHPC Subhansri project, therefore no energy from this project is considered for FY 2024-25.
- 5.8.13. Petitioner has projected actual power availability up to December 2023 from OTPC Pallatana at 369.78 MU. Commission estimated total Energy at 493.04 MU for FY 2024-25.
- 5.8.14. The power availability projected by the petitioner for MePGCL up to December 2023 at 785.06 MU including Ganol HEP. Commission estimated total Energy from MePGCL projects at 1293.47 MU as approved for MePGCL ARR including the Energy from Ganol SHP for 66.20 MU for FY 2024-25.
- 5.8.15. Commission assessed source wise availability for FY 2024-25 considering the additional information provided on 26.02.2024 as depicted in the table below.

Table 5-7: Approved Energy Availability for the Control Period FY 2024-25 to FY 2026-27

SI No	Name of Station	Capacity (MW)	Total Allocation (Mw)	Projected Availability (MU)	Total Allocation (Mw)	Projected Availability (MU)	Total Allocation (Mw)	Projected Availability (MU)
			FY 2024-25		FY 2025-26		FY 2026-27	
A	MePGCL							
1	Umiam –I	36.0	36.0	114.6	36.0	114.6	36.0	114.6
2	Umiam –II	20.0	20.0	45.4	20.0	45.4	20.0	45.4
3	Umiam –III	60.0	60.0	137.3	60.0	0.0	60.0	127.2
4	Umiam -IV	60.0	60.0	203.9	60.0	203.9	60.0	203.9
5	MLHEP	126.0	126.0	478.7	126.0	478.7	126.0	478.7
6	Umtru	11.2	11.2	0.0	11.2	0.0	11.2	0.0
7	Sonapani	1.5	1.5	4.9	1.5	4.9	1.5	4.9
8	New Umtru	40.0	40.0	231.5	40.0	231.5	40.0	231.5
9	Ganol	22.5	22.5	66.20	22.5	66.2	22.5	66.2
10	Lakroh	1.5	1.5	10.9	1.5	10.9	1.5	10.9
11	Riangdo	3.0	3.0	0.0	3.0	8.0	3.0	17.0
12	MLHEP-II	210.0	0	0.0	0.0	0.0	0.0	0.0
	Sub-Total MePGCL	591.70	381.70	1293.47	381.70	1164.14	378.70	1300.30
B	NEEPCO							
1	Kopili	200	35.1	30.35	35.1	106.8	35.1	106.8
2	Kopili-Ext	25	3.5	12.93	3.5	10.1	3.5	10.1
3	Khandong	50	8.5		8.5	26.8	8.5	26.8
4	Ranganadi	405	47.1	160.21	47.1	162.9	47.1	162.9
5	Doyang	75	8.7	22.95	8.7	19.8	8.7	19.8
6	AGBPP	291	34.7	212.10	34.7	209.9	34.7	209.9
7	AGTPP CC	130	16.6	95.53	16.6	122.5	16.6	122.5
8	Pare	110	14.0	70.71	14.0	71.0	14.0	71.0
9	Kameng	600	15.0	75.28	15.0	58.9	15.0	58.9
	Free Power			25.83				
	Sub-Total NEEPCO		183.11	705.89	183.11	788.72	183.11	788.72
C	NHPC-Loktak	105		40.11		0.00		0.00
D	NHPC- Subansiri	2000	49.41		49.41	183.36	49.41	183.36
E	OTPC-Palatana	726	78.99	493.04	78.99	500.54	78.99	500.54
F	NTPC							
1	BTPS	750	88.0	313.11	88.0	578.16	88.0	578.16
2	FSTPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	KHSTPS-I	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	KHSTPS-II	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	TSTPS-II	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total NTPC		88.00	313.11	88.00	578.16	88.00	578.16
	Total			2845.64		3214.92		3351.08

5.8.16. Commission approves Power Availability as estimated excluding swapping and bilateral procurement for FY 2024-25.

5.9. Power Purchase Cost

Petitioner’s Submission

- 5.9.1. The Petitioner submitted that the projections of energy availability as submitted in the additional submission to the business plan filed for the fourth control period has been approved by the Commission. Accordingly, the same has been considered for the purpose of the estimation of the power purchase cost for the control period.
- 5.9.2. For the purpose of estimation of the power purchase cost, the cost from central generating stations has been considered as per the cost data of April to October 2023. Since the tariff for these plants is decided by the CERC and the Regulations for the upcoming control period (2024-29) is yet to be issued by CERC hence for the projection the actual fixed cost and energy charges for the period April to October 2023 have been considered without any escalation.
- 5.9.3. The Petitioner further submitted that the fixed charges and energy charges considered are provisional and are liable to change based on the actuals. The charges considered in the instant Petition have been considered only for the purpose of estimating the ARR.
- 5.9.4. Petitioner mentioned that the cost of the power purchase from the Generating Stations of MePGCL and transmission charges of MePTCL have been considered as per the ARR filed by the two companies which are subject to approval of the Commission on the respective ARR.
- 5.9.5. Since the data pertaining to Subansiri Project of NTPC is not available the cost of purchase of power from Loktak project has been considered provisionally for the purpose of estimation.
- 5.9.6. Petitioner has submitted that the additional information vide their letter dated 08.03.2024 reported to be inadvertent error in summation of Total Power Purchase Expenses which was projected in the petition.
- 5.9.7. The corrected values are submitted as depicted in the table below,

Table 5-8: Proposed Power Purchase Cost for the Control Period FY 2024-25 to FY 2026-27

Particulars	FY 2024-25				FY 2025-26				FY 2026-27			
	Availability (MU)	Fixed Cost	Energy Charges	Total Cost	Availability (MU)	Fixed Cost	Energy Charges	Total Cost	Availability (MU)	Fixed Cost	Energy Charges	Total Cost
Kopili	106.82	0.00	4.50	48.05	106.82	0.00	4.50	48.05	106.82	0.00	4.50	48.05
Kopili-Ext	10.12	1.36	1.95	3.34	10.12	1.36	1.95	3.34	10.12	1.36	1.95	3.34
Khandong	26.82	0.00	0.00	0.00	26.82	0.00	0.00	0.00	26.82	0.00	0.00	0.00
Ranganadi	162.88	28.50	1.40	51.35	162.88	28.50	1.40	51.35	162.88	28.50	1.40	51.35
Doyang	19.76	9.77	3.49	16.66	19.76	9.77	3.49	16.66	19.76	9.77	3.49	16.66
AGBPP	209.89	46.76	4.73	146.15	209.89	46.76	4.73	146.15	209.89	46.76	4.73	146.15
AGTPP CC	122.48	20.00	4.43	74.23	122.48	20.00	4.43	74.23	122.48	20.00	4.43	74.23

*MSERC Order on ARR for MYT control Period FY 2024-25 To FY 2026-27
& Distribution Tariff For 2024-25 for MePDCL.*

Particulars	FY 2024-25				FY 2025-26				FY 2026-27			
	Availability (MU)	Fixed Cost	Energy Charges	Total Cost	Availability (MU)	Fixed Cost	Energy Charges	Total Cost	Availability (MU)	Fixed Cost	Energy Charges	Total Cost
Pare	71.03	0.07	5.34	38.02	71.03	0.07	5.34	38.02	71.03	0.07	5.34	38.02
Kameng	58.93	0.07	4.00	23.64	58.93	0.07	4.00	23.64	58.93	0.07	4.00	23.64
Sub-Total NEEPCO	788.72			401.44	788.72			401.44	788.72			401.44
Subansiri	183.36		4.86	89.10	183.36		4.86	89.10	183.36		4.86	89.10
Sub-Total NHPC	183.36			89.10	183.36		4.86	89.10	183.36			89.10
Bongaigaon NTPC	578.16	75.83	3.79	295.06	578.16	75.83	3.79	295.06	578.16	75.83	3.79	295.06
Sub-Total NTPC	578.16			295.06	578.16		3.79	295.06	578.16			295.06
OTPC	500.54	76.82	2.02	177.98	500.54	76.82	2.02	177.98	500.54	76.82	2.02	177.98
Sub-Total OTPC	500.54			177.98	500.54		2.02	177.98	500.54			177.98
Umiam -I	114.61				114.61				114.61			
Umiam -II	45.45				45.45				45.45			
Umiam -III	137.33				0.00				127.16			
Umiam -IV	203.90				203.90				203.90			
MLHEP	478.71				478.71				478.71			
Umtru	0.00				0.00				0.00			
Sonapani	4.94				4.94				4.94			
New Umtru	231.48				231.48				231.48			
Ganol	66.20				66.20				66.20			
Lakroh	10.87				10.87				10.87			
Riangdo	0				8.00				17.00			
MLHEP - II	0				0.00				0.00			
Sub Total of MePGCL	1293.47			803.32	1164.14			501.45	1300.30			526.48
Transmission charges of MePTCL				250.08				137.13				150.43
Transmission charges of PGCIL				116.71				116.71				116.71
POSOCO charges				2.17				2.17				2.17
Total Power Purchase Expenses	3344.25			2135.86	3214.92			1721.04	3351.07			1759.37

5.9.8. The Petitioner further submitted that the Power Purchase Cost against the MePGCL stations does not contain the power purchase cost from Ganol Project. Since, MePGCL is filing separate Petition for approval of the tariff from the aforesaid project. Hence the Petitioner requested the Commission to allow the power purchase expenses as above.

5.9.9. Based on the projections of the power purchase cost in the table above the weighted average power purchase cost excluding the transmission charges has been calculated in the table below,

Table 5-9: Proposed Weighted Average Cost of Power Purchase for the Control Period FY 2024-25 to FY 2026-27

Particulars	Availability (MU)	Total Cost Excluding Transmission Charges (Rs Cr)	Average Power Purchase Cost (Rs./kWh)
Average Cost of Power Purchase 2024-25	3344.25	1766.90	5.28
Average Cost of Power Purchase 2025-26	3214.92	1465.03	4.56
Average Cost of Power Purchase 2026-27	3351.07	1490.49	4.45

Commission's Analysis:

5.9.10. Regulation 85 MSERC MYT Regulation 2014 specifies the following guidelines.

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

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

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

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

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

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

5.9.11. In conformity with the above regulations the Commission notifies the following:-

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

5.9.12. The petitioner was asked to furnish source wise actual power purchase expenses for FY 2023-24 (up to December 2023) in the commission's letter dated 02.01.2024.

5.9.13. Petitioner has submitted the source wise actual power purchase cost up to December 2023 in their letter dated 26.02.2024.

5.9.14. According to the details made available, the power purchase cost is considered source wise as analyzed below.

5.9.15. **MePGCL**

- a. Petitioner has projected availability from MePGCL generating stations for 1293.49 MU which includes Energy from Ganol SHP for 66.20 MU for FY 2024-25. Petitioner has sought for Generic Tariff for Ganol SHP under Renewable

Energy Sources Regulations 2014. Commission had notified generation tariff separately for Ganol SHP whose Tariff has been fixed at Rs. 4.77/kWh. MePDCL in their additional information dated 22.03.2024 has projected power purchase cost of Ganol project at Rs.31.58 Crore for FY 2024-25.

- b. The power purchase cost is considered as approved for MePGCL ARR for FY 2024-25 at **Rs. 484.20** Crore including AFC for Ganol project at Rs.31.58 Crore now projected.
- c. **Commission considers Power Purchase cost at Rs. 484.20 Crore for MePDCL against MePGCL projects for ARR of FY 2024-25.**

5.9.16. **NTPC**

- a. The petitioner has projected actual energy drawn from BTPS in the additional information up to December 2023 for 234.83 MU for which power purchase cost of Rs.192.30 Crore is projected including Rs.56.05 Crore towards surcharge which shall not be considered.
- b. **Commission considers estimated energy purchase of 313.11 MU as power purchase cost at Rs.191.31 Crore (excluding the surcharge) for ARR of FY 2024-25 as detailed in table below.**
- c. **Commission considers power purchase cost estimated at Rs.191.31 Crore for ARR of FY 2024-25.**

5.9.17. **NHPC**

- a. Petitioner has projected power purchase cost at Rs.13.21 Crore for 30.08 MU against Loktak project up to December 2023 in the additional information dated 26.02.2024.
- b. **Commission considers the Estimated Energy at 40.11 MU for a total cost of Rs.18.44 Crore provisionally for ARR of FY 2024-25.**

5.9.18. **NEEPCO**

- a. Petitioner has projected power purchase cost up to December 2023 at Rs.267.61 Crore for procurement of 529.42 MU which includes free power for 19.37 MU from NEEPCO projects in the additional information dated 26.02.2024.
- b. **Commission considers estimated power purchase cost of NEEPCO projects at Rs. 374.67 Crore for ARR of FY 2024-25.**

5.9.19. **OTPC Pallatana**

- a. Petitioner has projected power purchase cost up to December 2023 at Rs.123.25 Crore for FY 2023-24 for 369.78 MU in the additional information dated 26.02.2024.
- b. **Commission estimated power purchase cost of OTPC at Rs. 172.55 Crore for ARR of FY 2024-25.**

5.9.20. **Solar Sources**

- a. Petitioner has not projected purchase of solar Energy for ARR of FY 2024-25.

5.9.21. **Other Sources**

a. **Short term Sources**

1. KeIPL

- i. Petitioner has projected Energy through IEX up to December 2023 for 55.18 MU at a cost of Rs.18.03 Crore.
ii. Commission estimated Power Purchase cost at Rs. 25.24 Crore for ARR of FY 2024-25.

2. APPCL

- i. Petitioner has projected Energy through IEX up to December 2023 for 31.74 MU at a cost of Rs.11.59 Crore.
ii. Bilateral purchase is projected at 0.80 MU at a cost of Rs.0.39 Crore.
iii. Commission estimated Power Purchase cost against IEX & bilateral procurement at Rs. 16.77 Crore for ARR of FY 2024-25.

3. NVVN

- i. Petitioner has projected Energy under swapping process up to December 2023 for 10.96 MU at a cost of Rs.0.02 Crore.
ii. Also projected purchase through IEX for 26.16 MU at a cost of Rs.9.16 Crore. Commission estimated Power Purchase cost from NVVN at Rs. 12.84 Crore for ARR of FY 2024-25.

b. **DSM Interstate (UI)**

- i. Petitioner has projected Energy for 28.38 MU at a cost Rs.6.79 Crore under interstate UI procurement up to December 2023.
ii. Commission estimated Power Purchase cost at Rs. 9.50 Crore for ARR of FY 2024- 25.

c. **DSM Intrastate (UI)**

- i. Petitioner projected Intrastate transaction at 2.15 MU for a value of Rs. (-) 0.89 Crore under intra state UI transaction up to December 2023.
ii. Commission estimated Power Purchase cost at Rs. (-) 1.25 Crore for ARR of FY 2024-25.

d. **PGCIL (POSOCO)**

- i. Petitioner has projected Rs.1.70 Crore POSOCO charges up to December 2023 in the additional information dated 26.02.2024.
ii. Commission estimated Power Purchase cost of POSOCO at Rs.2.38 Crore for ARR of FY 2024-25.

5.9.22. Commission considers estimated power purchase cost for ARR of FY 2024-25 provisionally as depicted in the table below,

Table 5-10: Approved Power Purchase Cost for FY 2024-25

Sl. No	Source	April 2023 to December 2023 (Actual)				January 2024 to March 2024 (Est.)				Est. Cost for 2023-24	Est. Energy 2023-24 (MU)	Est. Cost for 2024-25 with 5% Escalation Excl. MePGCL
		Energy received (MU)	Total Variable Cost	Total Fixed Cost	Total Cost	Energy Est. (MU)	Variable Cost	Fixed Cost	Total Cost			
1	MePGCL										1293.49	484.20
	a) Umiam Stage-I HEP										114.61	47.23
	b) Umiam Stage-II HEP										45.45	26.24
	c) UmiamStage-III HEP										137.33	78.72
	d) Umiam Stage-IVHEP										203.90	78.72
	e) Sonapani										4.94	1.97
	f) Myntdu- Leishka HEP										478.71	165.31
	g) New Umtru HEP										231.48	52.48
	h) Lakroh HEP										10.87	1.97
	i) Ganol SHP										66.20	31.58
2	NTPC										313.11	191.31
	a) Farakka										-	-
	b) Kahalgaon I										-	-
	c) KhalgaonII										-	-
	d) Talcher										-	-
	e) Bongaigoan	234.83	86.67	51.18	136.25	78.28	28.89	17.06	45.95	182.20	313.11	191.31
3	NHPC											
	a) Loktak HEP	30.08	5.85	7.19	13.17	10.03	1.95	2.40	4.39	17.56	40.11	18.44
4	NEEPCO	529.42	187.44	66.03	267.61	176.47	62.48	22.00	89.21	356.82	705.89	374.67
	a) Kopili Stage-I	22.76	5.35	0	5.54	7.59	1.78	0	1.85	7.39	30.35	7.76
	b) Kopili Stage-II	9.70	1.47	0.58	2.38	3.23	0.49	0.19	0.79	3.17	12.93	3.33
	c) Khandong HEP				1.07				0.36	1.43		1.50
	d) Rangandai HEP	120.16	16.86	17.64	34.76	40.05	5.62	5.88	11.59	46.35	160.21	48.67
	e) Doyang HEP	17.21	6.00	6.46	12.51	5.74	2.00	2.15	4.17	16.68	22.95	17.51
	f) AGBPP	159.08	75.18	29.12	110.52	53.02	25.06	9.71	36.84	147.36	212.10	154.73
	g) AGTCCP	71.65	31.67	11.92	48.38	23.88	10.56	3.97	16.13	64.51	95.53	67.74
	h) Pare HEP	53.03	28.33	-	29.80	17.68	9.44	-	9.93	39.73	70.71	41.72
	i) Kameng	56.46	22.58	-	22.65	18.82	7.53	-	7.55	30.20	75.28	31.71
	Free Power	19.37	-	-	-	6.46	-	-	-	-	25.83	
5	OTPC											
	a) Pallatana	369.78	74.73	47.03	123.25	123.26	24.91	15.68	41.08	164.33	493.04	172.55
6	Solar Sources										-	-
	Sub Total (A)										2845.64	1241.17

Power Purchase cost considered for determination of retail tariff for FY 2024-25

5.9.23. MePDCL has submitted actual short term bilateral purchase under DSM (Inter), DSM (Intra) for nine months, POSOCO and Swapping transactions for the period up to December 2023 as detailed below. Commission estimated full year cost for FY 2023-24 and escalated at 5% over FY 2023-24, and determined power purchase cost for ARR of FY 2024-25 as detailed below,

*MSERC Order on ARR for MYT control Period FY 2024-25 To FY 2026-27
& Distribution Tariff For 2024-25 for MePDCL.*

Sl. No	Source	Energy received (MU)	April 2023 to December 2023	January 2024 to March 2024 (Estimated)		Est. Energy 2023-24 (MU)	Estimated cost for FY 2023-24	Estimate for FY 2024-25 with 5% Escalation
			Total Cost	Energy Est. (MU)	Total Cost			
Part A - Energy Available						2845.64		1241.17
Weighted Average Cost (Ps/Kwh)								Rs. 4.36 kWh
Part-B - Bilateral Procurement								
1	Kreate Energy PVT Ltd (IEX)	55.18	18.03	18.39	6.01	73.57	24.04	25.24
2	APPCL						15.97	16.77
a)	IEX	31.74	11.59	10.58	3.86	42.32	15.45	16.22
b)	bilateral	0.80	0.39	0.27	0.13	1.07	0.52	0.55
3	NVVN						12.23	12.84
a)	Swapping	10.96	0.02	3.65	0.00	14.61	0.02	0.02
b)	IEX	26.16	9.16	8.72	3.05	34.88	12.21	12.82
4	DSM Inter State	28.38	6.79	9.46	2.26	37.84	9.05	9.50
5	DSM Intra State	2.15	-0.89	0.72	-0.30	2.87	-1.19	-1.25
6	POSOCO		1.70		0.57		2.27	2.38
Sub Total (B)						207.16		65.48
Total Energy Availability (A+B)						3052.80		1306.65
Weighted Average cost								4.28 Rs/kWh
1	PGCIL Charges		73.70		24.57		98.27	103.18
2	MePTCL							144.73
Sub Total (C)								247.91
Total Power Purchase Cost (A+B+C)						3052.80		1554.56
Average per Unit cost								5.09 Rs/kWh
Cost of Renewable Energy Purchase obligation								4.14
Total Power Purchase Cost								1558.70
Average per unit Cost								5.11 Rs/kWh

5.9.24. Commission considers Power purchase cost at Rs. 1554.56 Crore (incl. PGCIL & MePTCL Transmission charges) for ARR of FY 2024-25 and for FY 2025-26 and FY 2026-27 considered as projected by the petitioner.

5.10. Transmission Charges

Petitioner's Submission

5.10.1. MePDCL has projected Transmission charges for ARR of FY 2024-25 as depicted in the Table below,

Table 5-11: Proposed Transmission Charges for the Control Period FY 2024-25 to FY 2026-27

Particulars	Rs. Cr.		
	FY 2024-25	FY 2025-26	FY 2026-27
Transmission Charges (MePTCL)	250.08	137.13	150.43
Transmission Charges (PGCIL)	116.71	116.71	116.71

Commission’s Analysis:

- 5.10.2. Commission has considered the transmission charges as approved for MePTCL ARR for FY 2024-25.
- 5.10.3. The intra-state transmission charges payable to MePTCL and the inter-state transmission charges payable to PGCIL are approved as detailed in the table below,

Table 5-12: Approved Transmission Charges for the Control Period FY 2024-25 to FY 2026-27

Sl. No	Particulars	Rs. Cr.		
		FY 2024-25	FY 2025-26	FY 2026-27
1	MePTCL	144.73	133.96	132.97
2	PGCIL	103.18	116.71	116.71
	Total	247.91	250.67	249.68

- 5.10.4. Commission approves the transmission charges at **Rs. 247.91 Crore, Rs. 250.67 Crore, and Rs. 249.68 Crore** for 4th MYT Control period FY 2024-25, FY 2025-26, and FY 2026-27 respectively.

5.11. Quantum of Renewable Purchase Obligation (RPO)

- 5.11.1. Every obligated entity shall purchase a minimum percentage of its total electricity consumption (in kWh) from renewable energy sources under the renewable purchase obligation during each financial year as specified by the Commission herein.
- 5.11.2. The Petitioner has not projected any RPO commitment for ARR of FY 2024-25.
- 5.11.3. Commission has notified RPO obligation on 22nd October 2018, according to which the minimum percentage was specified as follows, subject to provision indicated in the relevant Regulations of the Commission.
- 5.11.4. Commission has extended the applicability of the RPO Trajectory for the period FY 2024-25 in the proceedings dated 28.03.2024 as under,

Table 5-13: Approved RPO% for FY 2024-25

YEAR	Minimum quantum of purchase (%) from renewable energy sources (kWh)		
	SOLAR	NON-SOLAR	TOTAL
2024-25	2.00	5.50	7.50

- 5.11.5. Commission observed that the Petitioner projected purchase of Energy from Renewable Energy sources at 177 MU only for FY 2024-25.
- 5.11.6. As per the Approved Sales for FY 2024-25 is 1954.53 MU, Energy to comply with RPO requirement from Renewable energy sources amounted to be 146.59 MU.

Table 5-14: Approved Details of Renewable Energy Purchase for FY 2024-25

Particulars	In MU's
Umiam Stage II (20 MW)	45.45
Sonapani (1.5 MW)	4.94
Lakroh (1.5 MW)	10.87
KOPILI-EXT (25 MW)	12.93
Ganol (22.5 MW)	66.20
Sub Total (Non-Solar)	140.39
Total Purchase (Non-Solar & Solar)	140.39

5.12. Loss Trajectory

- 5.12.1. Petitioner has not submitted any Loss Trajectory in the petition.
- 5.12.2. Commission considers the loss trajectory as projected for the business plan for the fourth control period.
- 5.12.3. MePDCL has been striving hard to reduce the distribution losses in the state. All the efforts are being made to bring down the distribution losses to a level of below 15%. It is further submitted that Ministry of Power (MoP) vide letter No. REC/RDSS/Meghalaya/2022-23/09 dated 14/07/2022 has approved the action plan and DPR of MePDCL for Meghalaya under Revamped Distribution Sector Scheme (RDSS) for providing smart metering and strengthening of the distribution infrastructure under loss reduction programme. This will help MePDCL in improvement of operational efficiency. It is pertinent to mention that the AT&C loss under the aforesaid programme are to be reduced to 18% by 2024-25.
- 5.12.4. There has been a substantial improvement in the Distribution losses. The loss trajectory of MePDCL for the past 5 years is tabulate below,

Table 5-15: Trend of T&D Losses of MePDCL over Past 5 Years

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
T&D losses (%)	31.50	26.50	27.70	25.30	22.75

- 5.12.5. It can be seen from the above table that MePDCL with concentrated efforts has been able to reduce its technical losses from 31.50% in 2018-19 to an estimated level of 22.75% in 2022-23. With the smart metering and

distribution infrastructure works under RDSS programme the technical losses will undergo further reduction.

- 5.12.6. Based on the commitments under the RDSS scheme the distribution losses of MePDCL for the control period 2024-25 to 2025-26 are projected as under:

Table 5-16: Proposed T&D Losses for Control Period FY 2024-25 to FY 2026-27

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Distribution Losses	18.00%	17.00%	16.50%	16.00%

- 5.12.7. Commission considers T&D loss trajectory projected keeping in view of the capital investment allowed for FY 2023-24 to FY 2025-26 under RDSS smart metering and infra structure project implementation.

Table 5-17: Approved Distribution loss for the control period FY 2024-25 to FY 2026-27

Particulars	FY 2024-25	FY 2025-26	FY 2026-27
Distribution loss (%)	17.00 %	16.50 %	16.00 %

5.13. Collection Efficiency:

- 5.13.1. Petitioner has submitted the collection efficiency in the business plan for 4th Control period;
- 5.13.2. The AT&C loss is a combination of Technical and Commercial Loss. Over and above the improvement in Distribution loss it is estimated that with various measures such as smart metering, pre-paid metering, online bill payment etc. Under the RDSS programme there will be improvement in Collection Efficiency as well. The average collection efficiency of MePDCL in last 5 years has been 95%. The collection efficiency for FY 2022-23 is estimated to be 89.10%.
- 5.13.3. The trajectory of the collection efficiency of MePDCL in past 5 years is tabulated below:

Table 5-18: Past Trends of Collection Efficiency of MePDCL

Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Collection efficiency (%)	99.59	90.90	96.27	100.23	89.10

- 5.13.4. Based on the targets/ commitments under RDSS Scheme the collection efficiency for the control period from FY 2024-25 to FY 2026-27 is considered as per Business Plan Order for FY 2024-25 to FY 2026-27 as shown under,

Table 5-19: Approved Projection for Collection Efficiency of MePDCL

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Collection Efficiency (%)	96.00	99.00	99.00	99.00

5.14. Aggregate Technical and Commercial Losses

5.14.1. Based on the targets for distribution losses and collection efficiencies as projected in above paragraphs MePDCL projects AT&C losses for the control period as given below,

Table 5-20: Projection of AT&C Losses

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
AT&C Losses	21%	18%	17.50%	17%

5.14.2. Petitioner has submitted the computation of AT&C losses in their additional information dated 15.01.2024 vide format D2(A) as shown in the table below,

Format D2(A)

Sr. No.	Particulars	Calculation	FY 2024-25	FY 2025-26	FY 2026-27
			(Projected)	(Projected)	(Projected)
1	Generation (own as well as any other connected generation net after deducting auxiliary consumption) within the area of supply of DISCOM	A	3344.25	3214.92	3351.07
2	Input Energy (Metered import) received at interface points of DISCOM network	B	3178.34	3053.12	3184.94
3	Input Energy (Metered Export) by the DISCOM at the interface point of DISCOM network	C	823.49	551.93	524.71
4	Total Energy Available for sale within the licensed area to the consumers of DISCOM	D=A+B+C	2354.85	2501.19	2660.23
5	Energy billed to metered Consumers within the licensed area of Discom	E	1954.53	2088.49	2234.60
6	Energy billed to unmetered consumers within the licensed area of DISCOM	F			
7	Total Energy billed	G=E+F	1954.53	2088.49	2234.60
8	Amount Billed to consumer within the licensed area of DISCOM	H			
9	Amount realized by the DISCOM out of Amount billed	I			
10	Collection Efficiency	$J=(I/H)*100$	99	99	99
11	Energy Realized by the DISCOM	$K=J \times G$	1934.98	2067.61	2212.25
12	Distribution loss	$L=\{(D-G)/D\} * 10$	17	16.50	16
13	AT&C loss (%)	$M = \{(D-K)/D\} * 10$	17.83	17.34	16.84

Commission's Analysis:

5.14.3. Commission considers the AT&C loss trajectory projected by the petitioner keeping in view of the action plan for smart metering and prepaid metering under RDSS scheme and anticipated improvement in the collection efficiency for the control period provisionally.

5.14.4. The AT&C losses filed in the petition for the control period cannot be assessed now. The same shall be regulated after completion of the Tariff year.

5.15. Energy Balance

Petitioner's Submission

5.15.1. Petitioner has projected Energy balance in the additional information dated 15.01.2024 vide Format D2.

Table 5-21: Proposed Energy Balance for the Control Period FY 2024-25 to FY 2026-27

S.No	Particulars	FY 2024-25	FY 2025-26	FY 2026-27
A	Energy Requirement			
1	Energy Sales within the state	1954.53	2088.49	2234.60
2	Sales to common pool consumer			
3	Sales outside state	823.49	551.93	524.71
4	Sale to Electricity Trader			
5	Sales to Other Distribution licensee			
6	Total Sales	2778.02	2640.42	2759.31
7	Distribution loss			
i	In MU	400.33	412.70	425.64
ii	In %	17.00%	16.50%	16.00%
8	Total Energy Requirement	3178.345	3053.12	3184.95
B	Energy Availability			
1	Net Thermal Generation (own)			
2	Net Hydel Generation (own)	1293.47	1164.14	1300.30
3	Power Purchase			
	a) Central Stations	2050.78	2050.78	2050.78
	b) Traders			
	c) Power Exchange			
	d) Others			
4	Net Power Purchase	3344.25	3214.92	3351.08
5	Total Energy Availability	3344.25	3214.92	3351.08

Commission's Analysis:

5.15.2. Commission approves Energy Balance with reference to the Power Purchase estimated for the FY 2024-25 as per the additional information submitted vide letter dated 26.02.2024 for FY 2024-25 as depicted in the table below,

Table 5-22: Approved Energy Balance for the Control Period FY 2024-25 to FY 2026-27

Sl No	Particulars	Calculation	FY 2024-25	FY 2025-26	FY 2026-27
1	Energy purchase from Eastern Region (ER)	A	0	0	0
2	Inter-State Transmission Loss in ER	B	1.80%	1.80%	1.80%
3	Net Power purchased from ER	C=A (1-B%)	0		

4	Power purchase from Northeastern Region (NER)	D	1552.15	2058.78	2058.78
5	Inter-State Transmission Loss in NER	E	3%	3%	3%
6	Net Power available at state bus from external sources on long term	$F=(C+D)\times(1-E\%)$	1505.59	1997.02	1997.02
7	Power purchase from generating stations within the state	G	1293.49	1164.14	1300.30
8	Power purchase from other sources	H	0	0	0
9	Total energy available	$I=F+G+H$	2799.08	3161.16	3297.32
10	Intra state transmission loss at 3.18%*	$J=I\times 3.18\%$	89.01	100.52	104.85
11	Total availability at MePDCL periphery	$K=I-J$	2710.07	3060.63	3192.47
12	Power to be sold to consumers. within the state (including ASEB)	L	1954.53	2088.49	2234.60
13	Distribution Loss (%)	M	17%	16.50%	16%
14	Net Power requirement at MePDCL periphery for sale of power within the state	$N=L/(1-M\%)$	2354.85	2501.19	2660.24
15	Surplus of power	$O=K-N$	355.22	559.44	532.23
16	Grossed up at 3.18%	$P=O/(3.18\%)$	367.16	577.81	549.71

* As approved for Transmission ARR

5.15.3. **Commission approves Energy Balance for the 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 as shown in the table above.**

5.16. Gross Fixed Assets (GFA) and Capitalization

Petitioner's Submission

- 5.16.1. The Petitioner has projected the Capital structure for the purpose of estimation of equity grants and loans in GFA for the control period.
- 5.16.2. Petitioner submitted that the capital expenditure and capitalization and addition of grants have been considered as per the Capital investment plan approved by the Commission in the Petition for Business plan for the control period.
- 5.16.3. The capital structure of the Petitioner for the fourth control period is tabulated below:

Table 5-23: Proposed Capital Structure for the Control Period FY 2024-25 to FY 2026-27

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Opening GFA	1308.97	1907.69	2149.83	3390.23
Capitalization During the Year	598.72	242.13	1240.406	370.4065
Opening CWIP	987.19	1210.673	1942.95	3704.065
Opening Capex	2296.16	3118.36	4092.78	7094.30
Closing GFA	1907.69	2149.83	3390.23	3760.64
Closing CWIP	1210.67	1942.95	3704.07	3760.64
Closing Capex	3118.36	4092.78	7094.30	7521.28

Opening Grants and Consumer Contribution	1322.01	1751.61	2352.84	2610.51
Addition During the Year	429.6	601.23	257.67	0
Closing Grants and Consumer Contribution	1751.61	2352.84	2610.51	2610.51
Opening Grants in GFA	753.639	1071.568	1235.886	1247.515
Closing Grants in GFA	1071.57	1235.89	1247.52	1305.26
Opening Loan in GFA	388.73	585.29	590.46	1819.24
Closing Loan in GFA	585.29	590.46	1819.24	2131.90
Opening Equity In GFA	166.60	250.84	323.48	323.48
Closing Equity in GFA	250.84	323.48	323.48	323.48

5.16.4. The Petitioner requested the Commission to approve the capital structure as above.

Commission’s Analysis:

5.16.5. The closing GFA approved in the true-up order for FY 2022-23 has been considered as the opening balance for FY 2023-24. This approach is consistently applied throughout the control period i.e., FY 2024-25, FY 2025-26, and FY 2026-27, in alignment with the Commission's precedent in previous true-up orders.

5.16.6. The addition to the Gross Fixed Assets (GFA) has been approved as per capitalization projected by the Petitioner for fourth control period i.e., FY 2024-25 to FY 2026-27.

5.16.7. Accordingly, the Commission approved the GFA (Rs Cr) for FY 2024-25, FY 2025-26 and FY 2026-27 are as follows,

Table 5-24: Approved Gross Fixed Asset for the Control Period FY 2024-25 to FY 2026-27

					Rs. Cr.
Particular	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Opening GFA	1010.19	1491.60	2090.32	2332.46	3572.86
Addition	483.59	598.72	242.13	1240.41	370.41
Closing GFA	1491.60	2090.32	2332.46	3572.86	3943.27
Average GFA	1250.90	1790.96	2211.39	2952.66	3758.06

5.16.8. **Commission approves GFA as above for MePDCL for the 4th MYT Control period.**

5.17. Grants and Funding Pattern

Petitioner’s Submission

5.17.1. The funding pattern of the capitalization submitted by the Petitioner in depicted in the table below for the fourth control period,

Table 5-25: Proposed Funding Pattern of Capitalization for the Control Period FY 2024-25 to FY 2026-27

Particular	Rs. Cr.			
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Capitalization	598.72	242.13	1240.41	370.41
Grants	317.93	164.32	11.63	57.74
Loan	196.55	5.18	1228.78	312.67
Equity	84.24	72.64	0.00	0.00

Commission’s Analysis:

- 5.17.2. As per the extant MSERC MYT Tariff Regulations 2014, any grant obtained for execution of the project shall not be considered for the purpose of computation of the capital structure for calculation of Debt & Equity and there after Depreciation & Return on Equity.
- 5.17.3. In this regard, Commission had asked the petitioner to share the year-wise projection of grant received and the utilization thereof across various projects under the heads of GFA and CWIP along with a detailed amortization schedule of the capitalized grants on a yearly basis, to ensure that the components of the tariff structure can be determined more transparently and unambiguously.
- 5.17.4. In response to the above requirement of the Commission, the petitioner has only been able to submit their estimate of the grant utilization in the additional capitalization executed in the ensuing financial years under consideration i.e., for FY 2023-24, FY 2024-25, FY 2025-26, and FY 2026-27. In reply of the Commission’s query, the Petitioner vide dated 09.10.2024, submitted the following details,

Table 5-26: Proposed Additional Capitalization funded through Grant for the Control Period FY 2024-25 to FY 2026-27

Financial Year	Additional Capitalization Claimed in FY 2022-23 (Rs Cr)	Additional Capitalization funded through Grant (Rs Cr)	Additional Capitalization funded through Equity (Rs Cr)	Additional Capitalization funded through Debt (Rs Cr)
FY 2023-24	598.72	478.98	35.92	83.82
FY 2024-25	242.13	193.71	14.53	33.90
FY 2025-26	1,240.41	992.32	74.42	173.66
FY 2026-27	370.41	296.33	22.22	51.86

- 5.17.5. Due to lack of additional data at this stage with the Commission to ascertain the exact amount of grant across each of the operational projects, for the current context Commission has decide to follow the same approach for the control period FY 2024-25 to FY 2026-27 as adopted during the True-up process for FY 2022-23. The opening grant is considered equivalent to the closing grant as determined in the previous year, ensuring that it does not exceed the closing Gross Fixed Assets (GFA) approved for respective years. The capitalization of additional grants for the year has been aligned with the

Petitioner’s additional submission, with a key stipulation that net depreciation, post adjustment of yearly grant amortization, remains non-negative. The closing value of capitalized grants for each commissioned asset is derived by summing the opening grant and the additional capitalization. Any balance of additional capitalization after grant adjustment is apportioned between debt and equity in a 70:30 ratio, as per regulatory norms.

5.17.6. The grant fund considered by Commission is tabulated below.

Table 5-27: Approved Additional Capitalization funded through Grant for the Control Period FY 2024-25 to FY 2026-27

Funding Pattern	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Rs. Cr. FY 2026-27
GFA					
Opening GFA	1010.19	1491.60	2090.32	2332.46	3572.86
Addition to GFA	483.59	598.72	242.13	1240.41	370.41
Deduction from GFA	0.00	0	0	0	0
Closing GFA	1491.60	2090.32	2332.46	3572.86	3943.27
Average GFA	1250.90	1790.96	2211.39	2952.66	3758.06
Grant					
Opening Grant	1010.19	1378.31	1857.28	2050.99	3043.31
Add Cap funded through Grant	368.12	478.98	193.71	992.32	296.33
Closing Grant	1378.31	1857.28	2050.99	3043.31	3339.64
Average Grant	1194.25	1617.79	1954.13	2547.15	3191.48
Addition of fresh debt for current year Add cap	80.83	83.82	33.90	173.66	51.86
Addition of fresh equity for current year Add cap	34.64	35.92	14.53	74.42	22.22

5.17.7. Commission considers average grant at Rs. 1954.13 Cr, Rs. 2547.15 Cr and Rs. 3191.48 Cr. for the control period FY 2024-25, FY 2025-26, and FY 2026-27 respectively.

5.18. Depreciation

Petitioner’s Submission

5.18.1. The Petitioner submitted that the depreciation during the control period has been projected based on the capitalization approved in the business plan and the capital structure proposed above.

5.18.2. The rate of depreciation has been considered as the weighted average rate of depreciation of FY 2022-23 since the asset wise breakup of GFA cannot be projected at this stage. However, the Petitioner craves leave to submit the actual breakup of GFA and weighted average rate of interest of respective years during the truing up exercise.

5.18.3. The calculation of depreciation for the control period is tabulated below:

Table 5-28: Proposed Depreciation for the Control Period FY 2024-25 to FY 2026-27

Rs. Cr.				
S.no	Particular	FY 2024-25	FY 2025-26	FY 2026-27
1	Opening GFA	2092.50	2334.63	3390.23
2	Closing GFA	2334.63	3390.23	3760.64
3	Average GFA	2213.56	2862.43	3575.44
4	Rate of Depreciation	5.23%	5.23%	5.23%
5	Depreciation	115.71	149.62	186.89
6	Average Grants in GFA	1153.73	1241.70	1276.39
7	Depreciation on Grants	60.31	64.90	66.72
8	Net Depreciation	55.40	84.72	120.17

5.18.4. The Petitioner requested the Commission to allow depreciation for the fourth control period as tabulated above.

Commission’s Analysis:

5.18.5. As per the Regulation 33 of MSERC Regulations 2014:

“33.1 For the purpose of tariff determination, depreciation shall be computed in the following manner:

a) The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:

*The opening asset’s value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. **Consumer contribution or capital subsidy/ grant etc shall be excluded from the asset value for the purpose of depreciation.***

....

c) The salvage value of the assets shall be considered at 10% and depreciation shall be allowed upto maximum of 90 % of the capital cost of the asset.

Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations, 2009 as may be amended from time to time.

Provided that land is not a depreciable asset, and its cost shall be excluded from the capital cost while computing the historical cost of the asset

.....”

<Emphasis added>

5.18.6. Accordingly, the Commission considered the same approach that is followed in True-up of FY 2022-23 and computed the allowable depreciation based on the

approved closing Gross Fixed Assets (GFA) for FY 2022-23 as opening of FY 2023-24. This approach is consistently applied throughout the control period i.e., FY 2024-25, FY 2025-26, and FY 2026-27. The depreciation for the control period is shown in the table below,

Table 5-29: Approved Depreciation for the Control Period FY 2024-25 to FY 2026-27

Particular	Rs. Cr.			
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Opening GFA	1491.60	2090.32	2332.46	3572.86
Closing GFA	2090.32	2332.46	3572.86	3943.27
Average GFA	1790.96	2211.39	2952.66	3758.06
90% of Average GFA	1611.87	1990.25	2657.39	3382.26
Rate of Depreciation	5.24%	5.24%	5.24%	5.24%
Depreciation	84.38	104.19	139.12	177.07
Average Grants in GFA	1617.79	1954.13	2547.15	3191.48
90% of Average Grant	1456.01	1758.72	2292.44	2872.33
Depreciation on Grants	76.23	102.30	133.35	167.08
Net Depreciation	8.16	1.89	5.77	9.99

5.18.7. **Commission considers Depreciation at Rs. 1.89 Cr, Rs. 5.77 Cr and Rs. 9.99 Cr. for the control period FY 2024-25, FY 2025-26, and FY 2026-27 respectively.**

5.19. Return on Equity

Petitioner's Submission

5.19.1. The Petitioner submitted that based on the table of capital structure depicted above the Equity in opening and closing GFA has been considered for the purpose of calculation of Return on Equity. Since the GFA considered by Hon'ble Commission is not as per the books of accounts the proportionate adjustment has been done in the calculation of opening and closing equity. The Return on Equity for the fourth control period is tabulated below,

Table 5-30: Proposed Return on Equity for the Control Period FY 2024-25 to FY 2026-27

Particular	Rs. Cr.		
	FY 2024-25	FY 2025-26	FY 2026-27
Opening Equity	275.14	351.28	351.28
Closing Equity	351.28	351.28	351.28
Average Equity	313.21	351.28	351.28
Rate of Return on Equity	14.00%	14.00%	14.00%
Return on Equity	43.85	49.18	49.18

5.19.2. The Petitioner requested the Commission to allow ROE for control Period as tabulated above.

Commission's Analysis:

- 5.19.3. The Return on Equity shall be computed as per Regulation 31 read with Regulation 27 of Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014. The relevant Regulations 33 is reproduced as under,

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

...."

<Emphasis added>

- 5.19.4. Further, Regulation 27 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following,

"27 Debt-Equity Ratio

27.1 For a project declared under commercial operation on or after 1.4.2015, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan;

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

Provided further that equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

Provided any grant obtained for execution of the project shall not be considered as a part of capital structure for the purpose of debt-equity ratio.

....."

<Emphasis added>

- 5.19.1. The Commission considered the approved closing GFA of True-up year FY 2022-23 as the opening GFA of FY 2023-24 and the same approach has been consistently followed for the subsequent years of the Control period i.e., FY 2024-25, FY 2025-26, and FY 2026-27. Accordingly, Commission allowed a Return on Equity (RoE) at 14% on the Normative Average Equity, which is determined as 30% of the approved Net average GFA (not funded through grants and contributions).
- 5.19.2. The approved equity and RoE for MePDCL for the control period FY 2024-25 to FY 2026-27 are as follows:

Table 5-31: Approved Return on Equity for the Control Period FY 2024-25 to FY 2026-27

Particulars	Rs. Cr.			
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Opening GFA	1491.60	2090.32	2332.46	3572.86
Additions	598.72	242.13	1240.41	370.41
Retirements	0	0	0	0
Closing GFA	2090.32	2332.46	3572.86	3943.27
Average GFA	1790.96	2211.39	2952.66	3758.06
Less: Avg Grants and Contributions	1617.79	1954.13	2547.15	3191.48
Net Average GFA (not funded with grants)	173.17	257.25	405.51	566.59
Average Equity @ 30%	51.95	77.18	121.65	169.98
Rate of Return on Equity	14%	14%	14%	14%
Net ROE	7.27	10.80	17.03	23.80

5.19.3. **Commission considers Return on Equity at Rs. 10.80 Cr., Rs. 17.03 Cr and Rs. 23.80 Cr. for the control period FY 2024-25, FY 2025-26, and FY 2026-27 respectively.**

5.20. Interest on Loan

Petitioner's Submission

- 5.20.1. The Petitioner submitted that in line with the methodology adopted for calculation of opening and closing equity, the loan component has been arrived at on normative basis. The subsequent addition has been considered as per the capital investment plan approved in the Business Plan order of the Commission for the fourth control period.
- 5.20.2. The weighted average rate of interest has been considered as the weighted average rate of interest of FY 2022-23 which is subject to change based on actuals at the time of truing up of respective years.
- 5.20.3. The calculation of interest on loan is tabulated below,

Table 5-32: Proposed Interest on Loan for the Control Period FY 2024-25 to FY 2026-27

Particular	Rs. Cr.		
	FY 2024-25	FY 2025-26	FY 2026-27
Opening Normative Loan	640.17	645.35	1874.12
Cumulative Loan	103.06	116.92	130.88
Net Normative Loan	537.10	528.43	1743.24
Addition	5.18	1228.78	312.67
Repayment	13.85	13.96	40.55
Net Normative Loan Closing	528.43	1743.24	2015.35
Average Loan	584.30	1194.29	1944.74
WAROI	8.79%	8.79%	8.79%
Interest on Loan	51.34	104.94	170.88

Commission's Analysis:

5.20.4. 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.

<Emphasis added>

5.20.5. Further Regulation 27 of the 2014 Tariff Regulations states that:

"27.1 For a project declared under commercial operation on or after 1.4.2015, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan;

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

<Emphasis added>

5.20.6. Accordingly, the Commission has allowed the interest on loans on Normative Basis by considering the closing loan balance from the approved true-up order for FY 2022-23 as the opening loan balance for FY 2023-24. Addition of loan for current year has been considered as per Table 16 above. as mentioned under the current year debt addition for the additional capitalization for respective years.

5.20.7. Loan repayment values is considered as per minimum of approved depreciation or the sum of opening loan and loan addition for the respective year. Interest rates have been provisionally considered equal to those approved by the Commission in the true-up for FY 2022-23 since, the actual weighted average rate will be determined based on actuals during the trueing up for each year, in line with the Commission's precedent in prior true-up orders.

5.20.8. The calculation of Interest on loan is tabulated below,

Table 5-33: Approved Interest on Loan for the Control Period FY 2024-25 to FY 2026-27

Particular	Rs. Cr.			
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Normative Opening Loan	185.68	261.34	293.35	461.24
Addition	83.82	33.90	173.66	51.86
Repayment	8.16	1.89	5.77	9.99
Normative Closing Loan	261.34	293.35	461.24	503.11
Average Loan	223.51	277.35	377.29	482.17
Rate of Interest	6.33%	6.33%	6.33%	6.33%
Interest on Loan	14.14	17.55	23.87	30.51

5.20.9. **Commission considers Interest on Loan at Rs. 17.55 Cr, Rs. 23.87 Cr and Rs. 30.51 Cr. for the control period FY 2024-25, FY 2025-26, and FY 2026-27 respectively.**

5.21. Operation & Maintenance Expenses

Petitioner's Submission

5.21.1. The Petitioner submitted that the operation and maintenance expenses have been computed by considering a year-on-year escalation of 5.72% over the actual operation and maintenance expenses of FY 2022-23. Further, as appraised in the business plan the pay revision of MeECL and subsidiary companies is due in January 2025. The estimated multiplication factor of 1.59 has been considered as an impact of wage revision.

5.21.2. Accordingly, the Petitioner mentioned that for the purpose of the computation of employee expenses of 2024-25 the estimated employee expenses (salary and wage component) of 2023-24 is escalated at 5.72% for 9 months and for rest of the 3 months of 2024-25 the multiplication factor of 1.59 has been considered.

5.21.3. The calculation of employee expenses, R&M expenses and the A&G expenses is tabulated below,

Table 5-34: Proposed Employee Expenses for the Control Period FY 2024-25 to FY 2026-27

S No	Particulars	Rs. Cr.				
		Actual FY 2022-23	Estimated FY 2023-24	Estimated FY 2024-25	Estimated FY 2025-26	Estimated FY 2026-27
1	Salaries and Wages	147.35	155.77	185.43	196.04	207.25
2	Gratuity Expenses	6.05	6.39	6.76	7.15	7.55
3	Leave Encashment Expenses	22.41	23.69	25.05	26.48	27.99
4	Pension Expenses	44.33	46.86	49.54	52.38	55.37
5	Contribution to PF	6.50	6.88	7.27	7.68	8.12
6	Apportionment of Employee Benefit of Holding Company	11.92	12.61	13.33	14.09	14.90
7	Total	238.56	252.20	287.38	303.82	321.19
8	1/3 rd of Employee Expenses of MeECL	1.62	1.71	1.81	1.91	2.02
9	Total	240.18	253.91	289.19	305.73	323.22

Table 5-35: Proposed R&M Expenses for the Control Period FY 2024-25 to FY 2026-27

Rs. Cr.						
S No	Particular	Actual FY 2022-23	Estimated FY 2023-24	Estimated FY 2024-25	Estimated FY 2025-26	Estimated FY 2026-27
1	Buildings	0.16	0.17	0.18	0.19	0.20
2	Plant and Equipment	1.64	1.74	1.84	1.94	2.05
3	Civil Works	0.04	0.04	0.05	0.05	0.05
4	Lines and Cables	4.07	4.30	4.54	4.80	5.08
5	Vehicles	0.11	0.12	0.13	0.13	0.14
6	Furniture and Fixtures	0.04	0.04	0.05	0.05	0.05
7	Office Equipment	0.22	0.23	0.24	0.26	0.27
8	Total	6.28	6.64	7.02	7.42	7.85
9	1/3 rd of MeECL	0.34	0.36	0.38	0.40	0.42
10	Total R&M Expenses	6.62	7.00	7.40	7.82	8.27

Table 5-36: Proposed A&G Expenses for the Control Period FY 2024-25 to FY 2026-27

Rs. Cr.						
S No.	Particulars	Actual FY 2022-23	Estimated FY 2023-24	Estimated FY 2024-25	Estimated FY 2025-26	Estimated FY 2026-27
1	Insurance Expenses	0.02	0.02	0.02	0.02	0.02
2	Rent, Rates and Taxes	0.09	0.10	0.10	0.11	0.11
3	Billing Software Expenses	4.12	4.36	4.61	4.87	5.15
4	Postage Expenses	0.15	0.16	0.17	0.18	0.19
5	Training and Conveyance	8.37	8.85	9.36	9.89	10.46
6	Printing and Stationary	0.38	0.41	0.43	0.45	0.48
7	Auditor's Remuneration	0.06	0.06	0.07	0.07	0.08
8	Consultancy Charges	0.31	0.32	0.34	0.36	0.38
9	License and Registration Charges	0.00	0.00	0.00	0.00	0.00
10	Technical Fees	0.02	0.02	0.03	0.03	0.03
11	Books and Periodicals	0.00	0.00	0.00	0.00	0.00
12	Fee and Subscription	0.00	0.00	0.00	0.00	0.00
13	Advertisement	0.19	0.20	0.22	0.23	0.24
14	Legal and Professional Charges	0.61	0.65	0.68	0.72	0.76
15	MSERC Fees	0.15	0.16	0.17	0.18	0.19
16	Electricity and Water Charges	0.53	0.56	0.59	0.63	0.66
17	Meter Reading Expenses	0.00	0.00	0.00	0.00	0.00
18	Franchisee Commission	0.84	0.89	0.94	1.00	1.05
19	Franchisee Transmission Loss	1.03	1.09	1.15	1.22	1.29
20	Discount Allowed	0.25	0.27	0.28	0.30	0.32
21	Stamp Duty	0.01	0.01	0.01	0.01	0.02
22	Bank Charges	0.13	0.14	0.15	0.15	0.16
23	GST Expenses	0.01	0.01	0.01	0.01	0.01
24	ROC Charges	0.01	0.01	0.01	0.01	0.01
25	Entertainment Expenses	0.01	0.01	0.01	0.01	0.01
26	Compensation for Injuries	0.13	0.14	0.14	0.15	0.16
27	Misc. Expenses	0.17	0.18	0.19	0.20	0.21
28	Total	17.60	18.61	19.67	20.80	21.99
29	1/3 rd of MeECL Expenses	0.61	0.65	0.68	0.72	0.76
30	Grand Total	18.21	19.25	20.36	21.52	22.75

5.21.4. The Petitioner requested the Commission to approve the O&M expenses as projected above.

Commission's Analysis:

5.21.5. Regulation 94 of MSERC MYT Regulations 2014 specifies that,

“94.1 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.*

94.2. The distribution Licensee shall submit to the Commission a statement for O&M expenses indicating under each head of account the actuals of last year, estimates for the current year and projections for the ensuing years. The O & M expenses for the first year of the control period shall be approved by the Commission taking into account the actual expenses for the past and norms/prudence check.

94.3 The Commission shall ensure that the O&M expense are in accordance with the norms fixed by the Commission, and any excess or shortage over the norm shall have to be justified by the licensee.

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.”

<Emphasis Added>

5.21.6. Accordingly, the Commission considers that in the absence of the actual values O&M expenses for the FY 2023-24, the O&M related expenses shall be escalated at 5.25% (the escalation rate is in line with the norms of CERC Escalation Rate as per CERC Terms and Conditions of Tariff Regulations, 2024) over the O&M Expense approved in True-Up of FY 2022-23 and this approach will be consistently followed for year on year projection for the control period as depicted in the table below. Moreover, Commission approves the Accrued Terminal Benefits separately as detailed out in the concerned segment, hence Commission disallows the Pension expenses from the projection of Employee Cost for the control period of FY 2024-25 to FY 2026-27.

Table 5-37: Approved Employee Expenses for the Control Period FY 2024-25 to FY 2026-27

Rs. Cr.					
S No	Particular	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Salaries and Wages	155.08	163.22	171.79	180.81
2	Gratuity Expenses	0.00	0.00	0.00	0.00
3	Leave Encashment Expenses	0.00	0.00	0.00	0.00
4	Pension Expenses	0.00	0.00	0.00	0.00
5	Contribution to PF	6.84	7.20	7.58	7.98
6	Apportionment of Employee Benefit of Holding Company	12.55	13.21	13.90	14.63
7	Total	174.48	183.64	193.28	203.42
8	1/3rd of Employee Expenses of MeECL	1.70	1.79	1.89	1.99
9	Total	176.18	185.43	195.16	205.41

Table 5-38: Approved R&M Expenses for the Control Period FY 2024-25 to FY 2026-27

Rs. Cr.					
S No	Particular	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Buildings	0.17	0.17	0.18	0.19
2	Plant and Equipment	1.73	1.82	1.92	2.02
3	Civil Works	0.04	0.05	0.05	0.05
4	Lines and Cables	4.28	4.50	4.74	4.99
5	Vehicles	0.12	0.13	0.13	0.14
6	Furniture and Fixtures	0.04	0.05	0.05	0.05
7	Office Equipment	0.23	0.24	0.25	0.27
8	Total	6.61	6.96	7.32	7.71
9	1/3rd of MeECL	0.35	0.36	0.38	0.39
10	Total R&M Expenses	6.96	7.32	7.70	8.10

Table 5-39: Approved A&G Expenses for the Control Period FY 2024-25 to FY 2026-27

S No.	Particular	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Insurance Expenses	0.02	0.02	0.02	0.02
2	Rent, Rates and Taxes	0.10	0.10	0.11	0.11
3	Billing Software Expenses	4.34	4.57	4.80	5.06
4	Postage Expenses	0.16	0.17	0.18	0.19
5	Training and Conveyance	8.81	9.27	9.76	10.27
6	Printing and Stationary	0.40	0.43	0.45	0.47
7	Auditor's Remuneration	0.06	0.07	0.07	0.07
8	Consultancy Charges	0.32	0.34	0.36	0.38
9	License and Registration Charges	0.00	0.00	0.00	0.00
10	Technical Fees	0.02	0.03	0.03	0.03
11	Books and Periodicals	0.00	0.00	0.00	0.00
12	Fee and Subscription	0.00	0.00	0.00	0.00
13	Advertisement	0.20	0.21	0.22	0.24
14	Legal and Professional Charges	0.64	0.68	0.71	0.75
15	MSERC Fees	0.16	0.17	0.17	0.18
16	Electricity and Water Charges	0.56	0.59	0.62	0.65

S No.	Particular	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
17	Meter Reading Expenses	-	-	-	-
18	Franchisee Commission	0.89	0.94	0.98	1.04
19	Franchisee Transmission Loss*	0.00	0.00	0.00	0.00
20	Discount Allowed	0.27	0.28	0.30	0.31
21	Stamp Duty	0.01	0.01	0.01	0.02
22	Bank Charges	0.14	0.14	0.15	0.16
23	GST Expenses	0.01	0.01	0.01	0.01
24	ROC Charges	0.01	0.01	0.01	0.01
25	Entertainment Expenses	0.01	0.01	0.01	0.01
26	Compensation for Injuries	0.13	0.14	0.15	0.16
27	Misc. Expenses	0.18	0.18	0.19	0.20
28	Total	17.44	18.35	19.32	20.33
29	1/3rd of MeECL Expenses	0.63	0.66	0.68	0.71
30	Grand Total	18.07	19.01	20.00	21.04

* Expense related to Franchisee Transmission loss is disallowed.

5.21.7. Accordingly, the O&M expense approved the Commission is shown in the table below,

Table 5-40: Approved O&M Expenses for the Control Period FY 2024-25 to FY 2026-27

Rs. Cr.					
S No	Particular	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Employee expense	176.18	185.43	195.16	205.41
2	R&M expense	6.96	7.32	7.70	8.10
3	A&G Expense	18.07	19.01	20.00	21.04
4	Total Operation expense	201.22	211.76	222.87	234.55

5.21.8. **Commission approves O&M expenses at Rs. 211.76 Crore, Rs. 222.87 Crore and Rs. 234.55 Crore for 4th MYT control period FY 2024-25, FY 2025-26, and FY 2026-27 respectively.**

5.22. Interest on Working Capital

Petitioner's Submission

5.22.1. Petitioner has not submitted any computation for projecting the Interest on Working Capital for the control period in the petition. It has only mentioned the figures in its final ARR summary, as shown in the table below,

Table 5-41: Proposed Interest on Working Capital for the Control Period FY 2024-25 to FY 2026-27

Rs. Cr.			
Particular	FY 2024-25	FY 2025-26	FY 2026-27
Interest on Working Capital	51.36	50.43	54.62

Commission’s Analysis:

5.22.2. 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.”

<Emphasis Added>

5.22.3. The Commission considers the Rate of interest as per SBI prime lending rate as on 01.04.2023 (14.85%). Accordingly, the Commission approves Interest on Working Capital as depicted in the table below for the control period,

Table 5-42: Approved Interest on Working Capital for the Control Period FY 2024-25 to FY 2026-27

				Rs. Cr.
S No.	Particular	FY 2024-25	FY 2025-26	FY 2026-27
1	O&M Expenses (1 month)	17.65	18.57	19.55
2	Maintenance Spares (at *1% of Opening GFA escalated at 6%)	22.16	24.72	37.87
3	Receivables for 2 Months (Net ARR*2/12)	241.56	264.80	284.42
4	Total Working Capital Requirement	281.36	308.10	341.84
5	Rate of Interest (%) (SBIAR as on 01.04.2023)	14.85%	14.85%	14.85%
6	Interest on Working Capital	41.78	45.75	50.76

5.22.4. **Commission considers Interest on Working Capital at Rs. 41.78 Cr, Rs.45.75 Cr. & Rs. 50.76 Cr for 4th MYT Control period FY 2024-25, FY 2025-26, and FY 2026-27 respectively.**

5.23. Non-Tariff and Other Income

Petitioner’s Submission

5.23.1. The Petitioner submitted that since there is no methodology defined in the 2014 Tariff Regulations for estimating the Non-Tariff Income, an escalation of 5% has been considered over and above the actual non-tariff income of FY 2022-23 (audited) for the purpose of estimation of Non-Tariff Income.

5.23.2. Accordingly, the Non-Tariff Income for the fourth control period is projected as tabulated below,

Table 5-43: Proposed Non-Tariff Income for the Control Period FY 2024-25 to FY 2026-27

				Rs. Cr.
S No	Particular	FY 2024-25	FY 2025-26	FY 2026-27
A	Other Income			
	Interest Income			
	From Banks	2.83	2.97	3.12
	From Others	0.00	0.00	0.00
	Sub-Total A	2.83	2.97	3.12
B	Other Non-Operating Income			
	Rental and Hiring Income	0.00	0.00	0.00
	Fees and Penalties	0.00	0.00	0.00
	Sale of scrap, tender forms, and others	0.05	0.05	0.05
	Miscellaneous receipts	8.38	8.38	8.80
	Revenue Grants for Other Expenditures	0.10	0.10	0.10
	Revenue Grants for UDAY	0.00	0.00	0.00
	Sub-Total B	8.53	8.53	8.96
C	Other Operating Income			
	Meter Rent	9.45	9.45	9.92
	Reconnection Fees	0.00	0.00	0.00
	Delayed Payment Charges Collected from Consumers	0.00	0.00	0.00
	Rebates on Purchase of Energy	0.00	0.00	0.00
	Other Charges from Consumers	21.10	21.10	22.15
	Cross Subsidy Surcharge	8.36	8.36	8.78
	Sub-Total C	38.91	38.91	40.86
	Grand Total	50.28	50.42	52.94

Commission's Analysis:

5.23.3. Commission approves the non-Tariff and other income as estimated by the Petitioner for the control period FY 2024-25 to FY 2026-27.

Table 5-44: Approved Non-Tariff Income for the Control Period FY 2024-25 to FY 2026-27

				Rs. Cr.
Particular	FY 2024-25	FY 2025-26	FY 2026-27	
Non-Tariff Income	50.28	50.42	52.94	

5.23.4. **Commission approves Non-Tariff and Other income at Rs. 50.28 Cr, Rs 50.42 Cr, and Rs 52.94 Cr for FY 2024-25, FY 2025-26, and FY 2026-27 respectively.**

5.24. Revenue from Sale of Surplus power

Petitioner's Submission

5.24.1. The Petitioner would like to submit that the quantum of surplus power available has already been approved by the Commission vide order dated 21.11.2023 in Petition for approval of Business Plan for the fourth Control

Period. The approved Energy balance for the Fourth control period is tabulated below,

Table 5-45: Energy Balance for the Control Period FY 2024-25 to FY 2026-27 submitted by Petitioner.

Sr. No.	Particulars	Calculation	FY 2024-25	FY 2025-26	FY 2026-27
			(Projected)	(Projected)	(Projected)
1	Power purchased from the Eastern Region (ER)	A	0	0	0
2	Inter-state transmission loss for ER	B	1.80%	1.80%	1.80%
3	Net power purchased from the ER	$C=A*(1-B)$	0	0	0
4	Power purchased from the North -Eastern Region (NER)	D	2050.78	2050.78	2050.78
5	Inter-state transmission loss for NER	E	3.00%	3.00%	3.00%
6	Net power available at state bus from external sources on long term	$F=(C+D)*(1-E)$	1989.26	1989.26	1989.26
7	Power purchased from generating stations within the State	G	1293.47	1164.14	1300.30
8	Power purchased from other sources	H			
9	Intra-State Transmission Losses		3.18%	3.18%	3.18%
	Total Availability at MePDCL Periphery	$I=F+G+H$	3,178.34	3,053.12	3,184.94
9	Power to be sold to consumers within the state (including ASEB)	J	1954.53	2088.49	2234.60
10	Transmission & Distribution Losses (%)	K	17.00%	16.50%	16.00%
11	Net power requirement at state bus for sale of power within the state	$L=J/(1-K)$	2354.85	2501.19	2660.23
12	Surplus Power (for sale outside state)	M = I - L	823.49	551.93	524.71

5.24.2. The Petitioner further submitted that the surplus power approved by the Commission provisionally has been considered for the purpose of the estimation of the Revenue from Sale of Surplus Power. The Petitioner added that for the purpose of estimation of the revenue the methodology adopted by the Commission in the previous Tariff Order, i.e., the weighted average cost of power purchase excluding the transmission charges has been considered as the rate for sale of surplus power.

5.24.3. Accordingly, considering the above rates the revenue from sale of surplus power is tabulated as under:

Table 5-46: Proposed Revenue from Sale of Surplus Power for the Control Period FY 2024-25 to FY 2026-27

Particulars	FY 2024-25	FY 2025-26	FY 2026-27
Surplus Energy As per the BP	823.49	551.93	524.71
Rate of Surplus Energy (2023-24)	4.54	4.13	4.00
Revenue from Sale of Surplus Energy	373.50	227.97	209.76

5.24.4. The Petitioner submitted that the rates and revenue in the above table have been taken on assumption basis only for the purpose of the calculation of ARR and are subject to change as per the actuals on the basis of any banking or swapping arrangements.

5.24.5. The Petitioner further mentioned that it has appointed NTPC Vidyut Vyapar Nigam, one of the professional agencies in power management for managing its power portfolio efficiently and craves leave of the Commission to appraise the Commission on the steps taken for the same in future.

Commission’s Analysis:

5.24.6. Energy Balance has been computed in the concerned segment of this order considering the estimated Energy for FY 2024-25 based on actual upto December 2023 submitted by the petitioner in additional information dated 26.02.2024 and as projected in the petition for FY 2025-26 and FY 2026-27 for consideration of Revenue from Sale of Surplus energy for the control period in the table below,

Table 5-47: Approved Revenue from sale of Surplus Power for the Control Period FY 2024-25 to FY 2026-27

Particulars	FY 2024-25	FY 2025-26	FY 2026-27
Surplus Energy during the Year (MU)	367.16	577.81	549.71
Average Tariff (Rs. /Kwh) (Total ARR/Energy Sale)	8.51	7.00	7.08
Revenue from Sale of Surplus Energy (Rs. Cr)	312.45	404.51	389.29

5.24.7. **Commission approves Revenue from sale of surplus power at Rs. 312.45 Cr, Rs 404.51 Cr, and Rs 389.29 Cr for FY 2024-25, FY 2025-26, and FY 2026-27 respectively.**

5.25. Accrued Terminal Benefits

Petitioner’s Submission

5.25.1. The Petitioner submitted before the Commission that as per the directions of the Hon’ble Commission it has done the actuarial valuation for the terminal benefits. The terminal liabilities for the period from 2013 to 2022-23 after considering the payment of Rs. 860 Cr made to the trust comes out to be Rs. 2441.39 Cr which has been accounted for as Actuarial Loss in the FY 2022-23 in the books of accounts of MePDCL, MePGCL, MePTCL and MeECL as under,

Company	Amount (Rs. Cr)
MeECL	21.15
MePDCL	1272.22
MePGCL	749.84
MePTCL	398.17
Total	2441.39

5.25.1. The Petitioner further submitted that the terminal benefits are an integral part of the employee expenses and are ought to be recovered through tariff.

- 5.25.2. However, the Petitioner also takes the cognizance of the fact that the liabilities accrued for the period of 10 years cannot be allowed by the Commission in one year as that would result in substantial tariff shock.
- 5.25.3. In view of the above, the Petitioner proposed that the terminal liabilities that have been accrued in 10 years may be allowed in 15 equal instalments without any carrying cost. Hence, the Petitioner proposed an additional recovery of Rs.84.81 Cr for FY 2022-23 and Rs.0.47 Cr on account of the recovery of terminal benefits of MeECL.
- 5.25.4. The Petitioner further submitted that the amount of recovery of the accrued liabilities shall be over and above the annual contribution towards terminal benefits. Also, the Petitioner mentioned that since these are not the actual O&M expenses, it would not claim the said expenses for computation of working capital and escalation of O&M expenses.
- 5.25.5. Accordingly, the Petitioner requested the Commission to allow the additional recovery of Rs. 85.28 Cr in 2022-23.

Commission's Analysis:

- 5.25.6. The petitioner has approached the Commission for recovery of past period Terminal liabilities through their True Up & ARR petitions for FY2022-23 & FY2024-25 respectively. In this regard, the Petitioner has shared an actuarial valuation report showcasing a liability of **Rs 343991.88 Lakhs with a cutoff date of 31.03.2023**. In this context, it is pertinent to mention that the Commission has earlier disallowed the recovery of past period Terminal liabilities, with the observation that the Pension Trust entrusted with the responsibility to manage and settle all the Terminal liability claims was not in place.
- 5.25.7. However, as per the documentary evidence submitted by the Petitioner it is established that for the period under consideration i.e., during the period FY2024-25, the quoted Pension trust has already been institutionalized and made operational. Thus, Commission thinks it appropriate to evaluate the claim of the Petitioner w.r.t recover the past period Terminal Liability claims.
- 5.25.8. Presently, as per the submissions made by the Petitioner and the actuarial valuation report of the past Terminal Liability and also taking into consideration the audited Statement of accounts (SoA) submitted by the Petitioner, Commission has evaluated the facts of the case and wish to follow the understated principal w.r.t recovery of past period Terminal Liabilities.
- 5.25.9. As per the SOA and the documentary evidence submitted by Petitioner, it is understood that as on the date of effectiveness of the Power Sector Reforms Transfer Scheme 2010, the Govt. of Meghalaya was supposed to contribute Rs 84004.24 Lakhs. to the said pension trust. However, the Govt. of Meghalaya has not made any contribution to the Pension trust till 2023-24. However, in the

year 2023-24, Govt. of Meghalaya has contributed an amount of Rs 16894.49 Lakhs to the Pension Trust.

- 5.25.10. Thus, considering the carrying cost of **7.35% i.e., 10 yr. G-Sec rate** over the period when no contribution was provided by the Govt. of Meghalaya, Commission has independently worked out an outstanding liability of Rs 193690.98 Lakhs as on 01.04.2024 against Govt. of Meghalaya towards the quoted pension trust.
- 5.25.11. After taking into consideration the total Terminal Liability as per the Actuarial Valuation report, the contribution to Pension Fund by Govt. of Meghalaya in 2023-24 and the total o/s liability payable by Govt. of Meghalaya as on 01.04.2024, Commission has worked out an amount of Rs 150209.02 Lakhs as recoverable by the 4 utilities i.e., MeECL, MePGCL, MePTCL & MePDCL as past period Terminal Liabilities through their tariffs.
- 5.25.12. Commission is also of the considerate view that passing the whole of the balance recoverable pension amount from consumers i.e., **Rs 150209.02 Lakhs** in a single year might lead to a huge tariff shock. Additionally, the Petitioner in its petition has also prayed for recovery of past period dues in 10 – 15 yrs.
- 5.25.13. Taking the above matters in to consideration, Commission has decided to allow recovery of the balance amount of Rs 150209.02 Lakhs from the consumers through an annual recovery mechanism through tariff over and above the normal admissible ARR over a period of 10 yrs. starting FY 2023-24. Also, since the amount is being recovered over a period 10 years, Commission has decided to consider an annual carrying cost of 7.35% i.e., 10 yr. G-Sec rate for computation of the annual instalment and accordingly the annual instalment is calculated to be Rs 21733.70 Lakhs in total for all 4 utilities put together.
- 5.25.14. Taking the above into consideration commission has computed the following as the annual instalment recoverable through tariff by each of the 4 utilities:

Entity	Annual Pension recover on account of Terminal Liabilities (Rs Cr.)
MeECL	1.88
MePDCL	113.18
MePGCL	66.71
MePTCL	35.42

- 5.25.15. Additionally, since the cost of pension MeECL is to be borne by the other 3 entities in equal proportion, so Commission allows the figures as represented in the table below to be recovered by the 3 utilities i.e., MePDCL, MePTCL & MePGCL through their annual tariff over and above their normal ARR for the year starting FY 2023-24 till FY 2033-34:

Entity	Annual Pension recover on account of Terminal Liabilities (Rs Cr.)
MePDCL	113.81
MePGCL	67.34
MePTCL	36.05

- 5.25.16. **Accordingly, the Commission considers Rs 113.81 Cr (Rs. 113.18 Crore for MePDCL + 1/3rd of MeECL liability i.e., Rs. 0.63 Crore) to pass through as Accrued Terminal Liabilities in the order for FY 2024-25 to FY 2026-27 for MePDCL.**
- 5.25.17. The Petitioner is hereby directed to timely deposit the amount realized on account of pension through the approved ARR for the year in the Pension Trust.
- 5.25.18. Additionally, the Petitioner is also directed to approach Govt. of Meghalaya for an early remittance of the outstanding amount due from Govt. of Meghalaya on account past period Terminal Liabilities with accrued interest thereof as mentioned above, to ensure that the Pension trust has sufficient funds to cater to the future Terminal Liabilities

5.26. Annual Revenue Requirement for the control period

Petitioner's Submission

- 5.26.1. Based on the above submissions, the ARR for each year of the Control Period has claimed by the Petitioner as shown in the following table below. The Petitioner requested the Commission to approve the ARR for MYT control period and ARR for Retail Tariff for FY 2024-25 as claimed by it in the petition and additional information dated 15.01.2024 (Format D7).

Table 5-48: Proposed ARR projection for the Control Period FY 2024-25 to FY 2026-27

Rs. Cr.				
S.no	Particulars	FY 2024-25	FY 2025-26	FY 2026-27
1	Power Purchase Expenses	1885.78	1583.91	1608.94
2	Return on Equity	43.85	49.18	49.18
3	Interest on Loan	51.34	104.94	170.88
4	O&M Expenses	316.94	335.07	354.24
5	Depreciation	55.40	84.72	120.17
6	Interest on Working Capital	51.36	50.43	54.62
	Total AFC	2404.67	2208.25	2358.03
7	Less: Non-Tariff Income	50.28	50.42	52.94
8	Less: Revenue from Sale of Surplus Power	373.50	227.97	209.76
	Net ARR	1980.90	1929.86	2095.33
9	Revenue at Existing Tariff	1426.86		
	Standalone Gap for FY 2023-24	554.04		
10	Add: True up Gap of FY 2021-22	-68.4		

				Rs. Cr.
S.no	Particulars	FY 2024-25	FY 2025-26	FY 2026-27
11	Add: True up Gap of Review FY 2020-21	1.46		
12	Add: True up Gap Claimed in FY 2022-23	334.70		
13	Add: O&M expenses pertaining to Accrued Terminal Liabilities	85.28		
	Total Gap	907.08		

Commission’s Analysis:

- 5.26.2. The Commission prudently checked the petition and the additional information filed by the Petitioner, took into consideration the objections raised by the stakeholders, the response of the petitioner for the objections, the minutes of the Public Hearing process and views of the State advisory committee.
- 5.26.3. Moreover, the past True-up year Gap/(Surplus) adjustments as had been considered by the Commission in the Current year ARR have been taken into consideration in this Order.
- 5.26.4. Accordingly, the Commission approves the Annual Revenue Requirement for 4th Control period FY 2024-25 to FY 2026-27 as depicted in the table below,

Table 5-49: Approved ARR projection for the Control Period FY 2024-25 to FY 2026-27

Sl. No	Particular	Filed by MePDCL			Approved by the Commission		
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2024-25	FY 2025-26	FY 2026-27
1	Power Purchase Expenses	1885.78	1583.91	1608.94	1554.56	1493.86	1567.21
5	Return on Equity	43.85	49.18	49.18	10.80	17.03	23.80
6	Interest on Loan	51.34	104.94	170.88	17.55	23.87	30.51
7	O&M Expenses	316.94	335.07	354.24	211.76	222.87	234.55
8	Depreciation	55.40	84.72	120.17	1.89	5.77	9.99
9	Interest on Working Capital	51.36	50.43	54.62	42.45	39.80	44.88
10	Gross ARR	2404.67	2208.25	2358.03	1839.27	1803.20	1910.93
11	Less: Non-Tariff Income	50.28	50.42	52.94	50.28	50.42	52.94
12	Less: Revenue from Sale of Surplus Power	373.50	227.97	209.76	312.45	404.51	389.29
13	Net ARR	1980.90	1929.86	2095.33	1476.30	1348.28	1468.69
14	True Up Gap of 2022-23	334.70			140.09		
15	True Up Gap of Review 2020-21	1.46			1.46		
16	True Up Gap Claimed in 2021-22	-68.4			-68.4		
17	Total ARR recoverable for the year (excluding Pension Liability)	2248.66	1929.86	2095.33	1549.45	1348.28	1468.69
18	Comprehensive (Income)/ Expenses (Pension)	84.81			113.18	113.18	113.18
19	Comprehensive (Income)/ Expenses (1/3rd MeECL) (Pension)	0.47			0.63	0.63	0.63
20	Total ARR recoverable for the Year (including Pension Liability)	2333.95	1929.86	2095.33	1663.26	1462.09	1582.50

5.26.5. **Commission Approves ARR for 4th MYT control period at Rs. 1663.26 Crore, Rs. 1462.09 Crore and Rs. 1582.50 Crore for FY 2024-25, FY 2025-26, and FY 2026-27 respectively.**

5.27. Revenue at Existing Tariffs

Petitioner's Submission

5.27.1. The revenue at existing tariff is shown in the table below with the detailed calculations:

Table 5-50: Calculation of Revenue at Existing Tariff

S No.	Category of Consumer	No. of Consumers	Connected Load	Sales MU	Fixed Charges	Energy Charges	Demand Charges - Revenue	Energy Charges - Revenue	Total Revenue
1	Domestic (DLT)	408658	698330.86	417.37	80.00	5.4	67.04	225.38	275.93
2	Commercial (CLT)	41314	116227.94	98.50	140	7.25	19.53	71.41	88.77
3	Industrial (ILT)	832	10497.65	6.62	140	6.8	1.76	4.50	6.27
4	Agriculture (Ape)	22	128.63	0.14	120	3.5	0.02	0.05	0.07
5	Public Lighting (PL)	86	1702.54	1.14	140	7.0	0.29	0.79	1.08
6	Water Supply (WSLT)	525	7594.37	9.89	140	7.3	1.28	7.22	8.50
7	General Purpose	2764	19336.18	15.44	140	7.6	3.25	11.73	14.98
8	BPL	265590	234611.82	122.69	200		63.74		77.30
9	Crematorium (CRM)	1	159.14	0.19	7500	4.5	0.01	0.09	0.09
1	Domestic HT	147	23460.18	24.09	300	6.9	8.45	16.62	25.07
2	Water Supply (WSHT)	78	15976.02	38.72	300	7.3	5.75	28.27	34.02
3	Bulk Supply (BS)	245	56361.76	81.37	300	6.9	20.29	56.15	76.44
4	Commercial (CHT)	230	27594.51	32.27	300	7.4	9.93	23.88	33.82
5	Industrial (IHT)	250	165079.74	161.11	300	7.8	59.43	125.67	185.10
6	Ferro Alloy	3	22881.10	132.13	230	5.0	6.32	66.07	72.38
1	Industrial (EHT)	12	66840.40	318.67	300	7.5	24.06	239.00	263.06
2	Ferro Alloy (EHT)	4	79134.00	494.18	230	4.9	21.84	242.15	263.99
	Total	720761	1545916.83	1954.53					1426.86

Commission's Analysis

5.27.2. The petitioner was asked to furnish the slab wise breakup for no. of consumers, connected load and Revenue assessed for the Domestic (DLT) and Non-Domestic (CLT) vide commission's letter dated 19.12.2023. The petitioner was also asked to reassess the Revenue for excess over 30 units consumption under Kutir Jyoti category for 27.08 MU.

5.27.3. The petitioner in their letter no. MePDCL/SE(RA)/RA-54/Pt-X/16 dated 07.02.2024 has furnished the breakup for no. of consumers, connected load and Revenue assessed for the Domestic (DLT) and Non-Domestic (CLT) along with reassessed Revenue for Kutir Jyoti for excess over 30 units consumption in the following tables.

Table 5-51: Slab Wise Consumption of Domestic (DLT) Category for FY 2024-25

DLT Slabs	MU Slab Wise	Number of Consumers	Connected load	Capacity Charge	Energy charge	Demand Charges	Energy Charges
0-100	208.69	204329	349165.43	80	4.50	33.52	93.91
100-200	146.08	143030.30	244415.80	80	5.00	23.46	73.04
Above 200	62.61	61298.70	104749.63	80	6.70	10.06	41.95
	417.37	408658.0				67.04	208.89

5.27.4. It may be observed that the petitioner has considered the slab wise breakup of No. of consumers and Energy sales at variance for FY 2024-25 compared to the slab wise breakup considered for FY 2023-24 as analysed below.

Table 5-52: Comparison of slab wise breakup for Domestic

Slab wise breakup For Domestic	FY 2023-24				FY 2024-25			
	No. of Consumers	Energy Sales (MU)	(%)	Revenue Assessed (Cr)	No. of Consumers	Energy Sales (MU)	(%)	Revenue Assessed (in Cr)
0-100	144373	81.75	20 %	55.46	204329.00	208.69	50%	127.43
Next 100	115499	54.37	13.30%	42.12	143030.30	146.08	35%	96.50
Above 200	101061	272.68	66.70%	195.76	61298.70	62.61	15%	52.01
Total	360933	408.82		293.33	408658.00	417.37		275.94
ABR				7.18				7.03

5.27.5. The petitioner shall ensure correct classification of slab wise no. of consumers with reference to the actual energy sales during the execution of the Tariff Order for FY 2024-25 so as to boost the Revenue of the utility.

Slab Wise Breakup of No. of Consumers and Energy Sales for Non-Domestic (CLT) for FY 2024-25:

Table 5-53: Slab Wise Consumption of Non-Domestic (CLT) Category for FY 2024-25

Non-Domestic CLT	MU Slab Wise	Number of Consumers	Connected load	Capacity Charge	Energy charge	Demand Charges	Energy Charges
0-100	68.95	28919.80	81359.56	140	6.70	13.67	46.20
100-200	29.55	12394.20	34868.38	140	7.80	5.86	23.05
	98.50	41314	116227.94			19.53	69.25

5.27.6. It may be observed from the slab wise breakup of Energy Sales in respect of commercial (CLT) Consumers considered for FY 2024-25 found to be at variance compared to FY 2023-24 as analysed above which would result in short assessment.

5.27.7. In view of the above analysis, Commission is of the view that the Revenue from Domestic consumers (DLT) and Non-Domestic consumers (CLT) at existing

tariffs shall be considered provisionally as projected vide table no.40 of the petition at Rs. 275.93 Crore (Revenue from Demand Charge of Rs 67.04 Cr + Revenue from Energy Charge of Rs 208.89 Cr) & Rs. 88.78 Crore (Revenue from Demand Charge of Rs 19.53 Cr + Revenue from Energy Charge of Rs 69.25 Cr) respectively.

BPL Category

- 5.27.8. As per the Tariff Schedule notified for Kutir Jyoti Energy sales in excess of 30 units shall be billed on the Tariff as prescribed for normal domestic consumers.

Table 5-54: Basis of Working for Revised Assessment of Revenue from BPL category.

Particulars	Value
Number of Consumers	265590
Threshold Consumption	30
Total Threshold Consumption	95.6124
Consumption projected	122.69
Excess Consumption	27.08

Table 5-55: Revised Revenue Assessment from BPL category for FY 2024-25

Slab	Consumption	Energy Charge Rate	Revenue
0-100	13.54	4.50	6.09
100-200	9.48	5.00	4.74
200 and above	4.06	6.70	2.72
Revenue from Energy Charges			13.55
Revenue from Demand Charges	265590	Rs.200 /pm/con	63.74
Total Revenue from BPL			77.30

- 5.27.9. Commission considers that the Kutir Jyoti excess over 30 units consumption for 27.08 MU shall be computed at normal domestic tariff rates for assessing the Revenue at slab wise existing Tariffs as projected in the additional information dated 07.02.2024 for Rs. 77.30 Crore for FY 2024-25.

- 5.27.10. Accordingly, Revenue from Existing Tariffs considered for FY 2024-25 as depicted in the Table below.

Table 5-56: Revenue from Existing Tariffs for FY 2024-25

Sl. No	Category	Connected Load KW/ KVA	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs. Unit)
A)	LT Category				
1	Domestic (DLT)	698330.86	417.37	275.94	6.61
2	Commercial (CLT)	116227.94	98.50	52.00	5.28
4	Agriculture (Ape)	128.63	0.14	0.07	5.00
5	Public Lighting (PL)	1702.54	1.14	1.08	9.47

Sl. No	Category	Connected Load KW/ KVA	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs. Unit)
6	Water supply (WSLT)	7594.37	9.89	8.50	8.59
7	General Purpose (GP)	19336.18	15.44	14.98	9.70
8	Kutir Jyoti (KJT)	234611.82	122.69	113.15	9.22
9	Crematorium (CRM)	159.14	0.19	0.09	4.74
10	Industrial LT (ILT)	10497.65	6.62	6.27	9.47
B)	HT Category				
1	Domestic (HT)	23460.18	24.09	25.07	10.41
2	Public water supply	15976.02	38.72	34.02	8.79
3	Bulk Supply	56361.76	81.37	76.44	9.39
4	Commercial (HT)	27594.51	32.27	33.81	10.48
5	Industrial (HT)	165079.74	161.11	185.09	11.49
6	Ferro Alloys	22881.10	132.13	72.38	5.48
C)	EHT Category				
1	Industrial	66840.40	318.67	263.07	8.26
3	Ferro Alloys	79134.00	494.18	263.99	5.34
	Total	1545916.84	1954.52	1462.71	7.48

5.28. Revenue Gap for FY 2024-25 at Existing Tariffs

Petitioner's Submission

5.28.1. Based on the ARR projected above and the estimation of Revenue at Existing Tariffs, the Gap for FY 2024-25 is tabulated as under.

Table 5-57: Net ARR for FY 2024-25 (Projected)

Sl No	Particulars	Rs. Cr. Amount
1	ARR of FY 2024-25	1980.90
2	Revenue at Existing Tariff	1426.86
3	Gap/(Surplus)	554.04
4	Add: True up Gap of FY 2021-22	-68.40
5	Add: Revenue Gap of 2020-21	1.46
6	Add: True up Gap for FY 2022-23	334.70
7	Add: O&M expenses Pertaining to Accrued Terminal Benefits	85.28
8	Total Gap	907.08

Commission's Analysis

5.28.2. Commission has considered Revenue as assessed at existing Tariffs for FY 2024-25 and arrived at Net Revenue Gap including True up Gap/Surplus of the previous years as detailed below.

Table 5-58: Approved Revenue Gap/(Surplus) at Existing Tariffs for FY 2024-25

SI No	Particulars	Proposed by Petitioner Amount (Rs. Cr.)	Approved by Commission Amount (Rs. Cr.)
1	Net ARR for FY 2024-25	1980.90	1476.30
2	Add: True up Gap of 2020-21	1.46	1.46
3	Add: True up Gap/(Surplus) of FY 2021-22	-68.40	-68.40
4	Add: True up Gap/(Surplus) for FY 2022-23	334.70	140.09
5	Comprehensive (Income)/ Expenses (Pension)	84.81	113.18
6	Comprehensive (Income)/ Expenses (1/3 MeECL) (Pension)	0.47	0.63
7	Total ARR	2333.94	1663.26
8	Revenue at Existing Tariff	1426.86	1462.71
9	Net Gap/(Surplus)	907.08	200.54

5.28.3. Commission considers a Revenue Gap of Rs. 200.54 Crore at Existing Tariffs taking into account the Gap/(Surplus) of previous years for FY 2024-25.

6. Distribution Tariff for FY 2024-25 for MePDCL

6.1. Time of the day Tariff

6.1.1. The Commission considers Time of the day tariffs shall be applicable for FY 2024-25 as depicted in the table below:

Table 6-1: Approved Time of Day Tariff for FY 2024-25 at existing Tariffs

Time Slot	Existing Energy Charges (Rs. /kVah)		Approved Energy Charges (Rs. /kVah)	
	HT Industrial	EHT Industrial	HT Industrial	EHT Industrial
06:00 hrs. to 17:00 hrs. (normal)	7.80	7.50	6.51	9.43
17:00-23:00hrs (peak)	+20% of Normal	+20% of Normal	+20% of Normal	+20% of Normal
23:00-06:00hrs (night off- peak)	-15% of Normal	-15% of Normal	-15% of Normal	-15% of Normal

6.2. Tariff for Electric Vehicle Charging Stations

Petitioner's Submission

6.2.1. MePDCL would like to humbly submit that the Government of Meghalaya has introduced the Policy for Electric Vehicle 2021, wherein the targets for the penetration of Electric Vehicles in the total vehicles in Meghalaya has been set as 15% by 2025. In view of the same it is expected that the number of Electric Vehicles and charging stations are expected to increase in near future. Hence, MePDCL would like to request Hon'ble Commission to introduce the tariff for Electric Vehicle charging Stations. The Proposed tariff should be such that vehicle owners are encouraged to charge their vehicles at the charging stations and not through the domestic or commercial connections. Hence, MePDCL would like to propose the following tariff for the Electric vehicle charging stations.

Table 5.56: Proposed Tariff for Electric Vehicle Charging Stations

Category	Fixed Charges	Energy Charges
Electric Vehicles	NIL	Rs.5.50/kWh

6.2.1. In addition to the above tariff rates the EV charging stations should also be subject to Time-of-Day Tariff to encourage vehicle owners to charge the vehicles during the off- peak hours for better demand side management.

Commission's Analysis

6.2.2. The petitioner was asked to submit the details of no. of Consumers and connected load for domestic charging station and commercial charging outlets

for the proposed Tariff of Rs.5.50 Ps/Kwh for FY 2024-25 in the commission's letter dated 07.12.2023.

6.2.3. The petitioner in their letter dated 03.01.2024 has submitted that.

“Government of Meghalaya has introduced the policy for Electric Vehicle 2021, wherein the targets for the penetration of Electric Vehicles in the total vehicles in Meghalaya has been set as 15% by 2025. In view of the same it is expected that the number of Electric Vehicles and charging stations are expected to increase in near future. Hence, MePDCL would like to request Hon'ble Commission to introduce the tariff for Electric Vehicle charging stations. The proposed tariff should be such that vehicle owners are encouraged to charge their vehicles at the charging stations and not through the domestic or commercial connections.

Hence, MePDCL would like to propose the following tariff for the Electric vehicle charging stations”

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

6.2.5. **Commission directs the Licensee to submit the status report of EV Charging stations.**

6.2.6. **Till such time detail report on EV is submitted, Commission allows Rs 8.50/kWh tariff for Electric Vehicle Charging stations in Meghalaya.**

6.3. Fuel and Power Purchase Adjustment Methodology

Petitioner's Submission

6.3.1. MePDCL would like to submit that fuel price adjustments and power purchased adjustment are done through supplementary bills raised by the power producers from time to time. However, as of now there is no methodology for timely recovery of these expenses and MePDCL has to claim these expenses at the time of truing up exercise only, which results in blocking of funds in the power purchase which are recovered after a gap of almost two years.

6.3.2. MePDCL would like to further submit that Ministry of Power vide Notification dated 29th December 2022 notified the Electricity (Amendment) Rules, 2022. In the aforesaid rules the Ministry has detailed out the methodology of the timely recovery of the FPPAS. The key highlights of the amendment are as under:

- i) Fuel and power purchase adjustment surcharge shall be calculated and billed to consumers, automatically, without going through regulatory

approval process, on a monthly basis, according to the formula, prescribed by the respective the State Commission, subject to true up, on an annual basis, as decided by the State Commission: Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these rules.

- ii) Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in (n+2)th month, on the basis of actual variation, in cost of fuel and power purchase and Interstate Transmission Charges for the power procured during the nth month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year: Provided that in case the distribution licensee fails to compute and charge fuel and power purchase adjustment surcharge within this time line, except in case of any force majeure condition, its right for recovery of costs on account of fuel and power purchase adjustment surcharge shall be forfeited and in such cases, the right to recovery the fuel and power purchase adjustment surcharge determined during true-up shall also be forfeited.
- iii) The revenue recovered on account of pass-through fuel and power purchase adjustment surcharge by the distribution licensee, shall be trued up later for the year under consideration and the true up for any financial Year shall be completed by 30th June of the next financial year.
- iv) In case of excess revenue recovered for the year against the fuel and power purchase adjustment surcharge, the same shall be recovered from the licensee at the time of true up along with its carrying cost to be charged at 1.20 times of the carrying cost rate approved by the State Commission and the under recovery of fuel and power purchase adjustment surcharge shall be allowed during true up, to be billed along with the automatic Fuel and Power Purchase Adjustment Surcharge amount.

6.3.3. In view of the above Rules MePDCL proposes the methodology provided by Min of Power in the Electricity (Amendment) Rules 2022 for automatic recovery of the FPPAs. The formula for FPPAs as provided in the Rules is as under:

$$\text{Monthly FPPAS for nth Month (\%)} = \frac{(A + B) * C + (D + E)}{\{Z * (1 - \text{Distribution Losses in \% } 100)\} * \text{ABR}}$$

Where,

Nth month means the month in which billing of fuel and power purchase adjustment surcharge component is done. This fuel and power purchase

adjustment surcharge is due to changes in tariff for the power supplied in (n-2)th month.

A is Total units procured in (n-2)th Month (in kWh) from all Sources including Long- term, Medium -term and Short-term Power purchases (To be taken from the bills issued to distribution licensees)

B is bulk sale of power from all Sources in (n-2)th Month. (in kWh) = (to be taken from provisional accounts to be issued by State Load Dispatch Centre by the 10th day of each month).

C is incremental Average Power Purchase Cost= Actual average Power Purchase Cost (PPC) from all Sources in (n-2) month (Rs. / kWh) (computed) - Projected Average Power Purchase Cost (PPC) from all Sources (Rs. / kWh)- (from tariff order)

D = Actual inter-state and intra-state Transmission Charges in the (n-2)th Month, (From the bills by Transco to Discom) (in Rs)

E = Base Cost of Transmission Charges for (n-2)th Month. = (Approved Transmission Charges/12) (in Rs)

Z = [{Actual Power purchased from all the sources outside the State in (n-2) th Month. (in kWh) * (1 - Interstate transmission losses in % /100) + Power purchased from all the sources within the State (in kWh)} *(1 - Intra state losses in %) - B]/100 in kWh

ABR = Average Billing Rate for the year (to be taken from the Tariff Order in Rs/kWh) Distribution Losses (in %) = Target Distribution Losses (from Tariff Order)

Inter-state transmission Losses (in %) = As per Tariff Order

Commission's Analysis

6.3.4. **FPPPA as notified by MOP shall be applicable with effect from 01.04.2024.**

6.4. Unmetered Public Lighting Services

6.4.1. Licensee had requested for an extension of time for replacement of unmetered public lighting services upto 31.03.2024.

6.4.2. Commission had extended the time limit upto 31.03.2024 to replace 100% unmetered public lighting connections with metered LED fittings and fixtures in the Tariff Order for FY 2023-24.

- 6.4.3. The licensee was asked to file status report by 30th June 2023, but utility has failed to file the status report along with the ARR petition for fourth Control period.
- 6.4.4. However, Commission considers continuing the existing arrangement for billing the unmetered public lighting connections as stop gap measure, and the utility shall file the status of completion of the 100% replacement of unmetered public lighting connections with LED fittings and fixtures by end of the FY 2024-25.

6.5. Temporary Supply

- 6.5.1. Commission considers Tariff for Temporary connections to be billed at the double the normal rates for all categories of Temporary connections for the FY 2024-25.

6.6. Load Factor

- 6.6.1. Commission had considered fixed Threshold Load factor at a minimum of 78% to power intensive nature of industries like Ferro Alloys in FY 2022-23.
- 6.6.2. Failure to maintain the load factor of 78%, for reasons other than force majeure and/or grid failure or major break down at consumer end, penal charges of Rs.1.70 per KVAH for EHT consumers and Rs.1.50 Per KVAH for HT Consumer will be applicable on the 33 KV level HT Consumer and 132 KV level EHT Consumer respectively, for non-drawl of units up to the load factor of 78% to be calculated on Monthly billing cycle period.

Load Factor Rebate

- 6.6.3. Commission after due prudence consideration have decided to extend the Load Factor rebate to incentivise the HT and EHT consumers for FY 2024-25 including Ferro Alloy, whose load factor exceed 78% at a rate of 20 paise per unit on energy charges for energy consumption over and above 78% load factor during billing month.
- 6.6.4. The above rebate will be available only on monthly basis and consumers with arrears shall not be eligible for the above rebate. However, the applicable rebate shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate court.

7. Tariff Principles and design and Approved Tariff

7.1. Background

- 7.1.1. The Commission while determining the Revenue Requirement and retail tariff for MePDCL for FY 2024-25, has been guided by the provisions of the Electricity Act, 2003, Revised National Tariff Policy, Regulations on Terms and Conditions of Tariff issued by Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by MSERC. The Act mandates that the tariff determination shall be guided by the factors which encourage competition, efficiency, economical use of resources, good performance and optimum investment. The National Tariff Policy (NTP) notified by Govt. of India provides comprehensive guidelines for determination of tariff and also in working out the revenue requirement of power utilities. The Commission has endeavoured to follow these guidelines as far as possible. The mandate of NTP is that tariff should be within $\pm 20\%$ of the average cost of supply for the year. It is not possible for the Commission to lay down the road map for reduction of cross subsidy, mainly because of lack of data regarding Cost of Supply (CoS) at various voltage levels.
- 7.1.2. In view of the prevailing situation, the Commission has gone on the basis of average cost of supply for working out consumer category wise cost of supply. Commission has always stressed the licensee that better performance in reduction in loss levels would result in substantial reduction in average cost of supply and would be of benefit to the consumer.

7.2. Tariff Proposal

Petitioner's Submission

- 7.2.1. MePDCL would like to submit that as per the exiting tariff for FY 2023-24 the comparison of ABR and ACoS is presented below:

Table 7-1: ABR vs ACOS Approved by Commission for FY 2023-24

Sl. No	Category	Connected Load (MVA)	KWH/ KVA	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs. Unit)	Average Cost of Supply	ABR as % of ACOS
A)	LT Category							
1	Domestic (DLT)	540	486000	408.82	259.32	6.34	7.15	88.71%
2	Commercial (CLT)	87	78300	79.21	69.53	8.78	7.15	122.76%
4	Agriculture (Ape)	0	0	1.07	0.38	3.55	7.15	49.67%
5	Public Lighting (PL)	0	0	0.12	0.09	7.50	7.15	104.89%
6	Water supply (WSLT)	8	7200	13.83	10.86	7.85	7.15	109.81%
7	General Purpose (GP)	21	18900	17.52	15.69	8.96	7.15	125.24%
8	Kutir Jyoti (KJT)	90.83	81747	87.42	37.55	4.30	7.15	60.07%
9	Crematorium (CRM)	0.16	144	0.23	0.10	4.35	7.15	60.80%
10	Industrial LT (ILT)	11	9900	6.34	5.55	8.75	7.15	122.42%
B)	HT Category							

Sl. No	Category	Connected Load (MVA)	KWH/ KVA	Energy (MU)	Total Revenue (Rs. Cr.)	Avg.Rate (Rs. Unit)	Average Cost of Supply	ABR as % of ACOS
1	Domestic (HT)	20	20000	25.50	22.73	8.91	7.15	124.66%
2	Public water supply	10	10000	33.87	26.47	7.82	7.15	109.29%
3	Bulk Supply	46	46000	110.78	88.03	7.95	7.15	111.13%
4	Commercial (HT)	34	34000	28.02	29.56	10.55	7.15	147.53%
5	Industrial (HT)	206	206000	180.91	185.3	10.24	7.15	143.24%
6	Ferro Alloys	11	11000	37.58	20.30	5.40	7.15	75.54%
C)	EHT Category							
1	Industrial	10.7	10700	116.34	82.06	7.05	7.15	98.64%
3	Ferro Alloys	68.17	68170	344.41	174.79	5.08	7.15	70.97%
	Total	1163.86	1088061	1491.97	1028.31	6.89		

7.2.2. It can be observed that there is a huge level of cross-subsidization and some of the categories are beyond the permissible limit of +20% limit of the Average Cost of Supply as per the provisions of the Tariff Policy 2016. As per the clause 8.3 (2) of the Tariff Policy 2016:

“For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.”

7.2.3. The Petitioner requested the Commission to regularize the tariff in order to rationalize the level of cross-subsidization especially for HT and EHT categories as per the Tariff Policy 2016.

7.2.4. Hence, the Petitioner requested Commission to allow the uniform hike in tariff across all categories to recover the gap of Rs. 907.08 Crore.

Commission’s Analysis

7.2.5. Regulation 101 of MSERC Regulations 2014 specifies that -

“For the tariff year, the difference between the net Annual Revenue Requirement and the expected Revenue at the prevailing tariff shall be the ‘Revenue Gap’

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

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

7.2.7. Commission observed that there is huge variance in the Cross-subsidy levels within the consumer categories as depicted in the table below.

Table 7-2: Computation of Cross Subsidy level at Existing Tariffs

Sl. No.	Consumer category	Existing Tariff Payable (Rs. /Kwh)	Level of Cross Subsidy w.r.t avg tariff for FY 2024-25 (%)
A	HT CATEGORY		
1	Domestic (HT)	9.72	27.73%
2	Water Supply (WSHT)	8.36	9.86%
3	Bulk Supply (BS)	8.39	10.25%
4	Commercial (CHT)	11.77	54.66%
5	Industrial (IHT)	11.90	56.37%
6	Ferro Alloys	5.81	-23.65%
B	EHT CATEGORY		
1	Industrial	7.83	2.89%
2	Ferro Alloys	5.45	-28.38%
	Average Cost of Supply	7.61	

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

7.2.2. Commission accordingly considers correction of Fixed Charges/Energy charges for FY 2024-25.

7.3. Determination of Retail Supply Tariff for FY 2024-25

7.3.1. Petitioner has not proposed any increase in the exiting tariffs through the petition.

7.3.2. Petitioner requested Commission to regularize the tariff in order to rationalize the level of cross-subsidization especially for HT and EHT categories as per the Tariff Policy 2016.

7.3.3. Regulation 61 (d) of Electricity Act 2003 reads *“safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner”*

61 (g) reads “that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies in the manner specified by the Appropriate Commission.”

8.3 (2) of National Tariff policy reads

“For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in Cross Subsidy”

- 7.3.4. The total ARR for FY 2024-25 worked out to be Rs. 1663.26 Crore and Revenue at Existing Tariffs works out to be Rs. 1462.71 Crore.
- 7.3.5. The Commission observed that there is huge variance of the Cross-subsidy levels between the consumer categories in the prevailing Tariffs.
- 7.3.6. Commission considers it is desirable to neutralize the Cross Subsidy levels to some extent between the consumer categories in terms of section 62 (3) of Electricity Act 2003 read with Regulation 103 of MSERC MYT Regulations 2014.
- 7.3.7. Commission accordingly consider and determine revision of rates of Energy and Fixed charges for FY 2024-25 as per the schedule of Tariffs followed.

Table 7-3: Approved Category wise Tariffs for FY 2024-25

Sl. No	Category	Existing Tariff		Approved Tariffs	
		Fixed Charges Rs. /KW/Month	Energy Charges Rs. /kWh	Fixed Charges Rs. /KW/Month	Energy Charges Rs. /kWh
	Low Tension				
1	Kutir Jyoti				
	Unmetered (Per Connection)	200/conn/month		210/conn/month	
	Metered up to 30 units /month		3.75		4.57
2	Domestic				
	First 100 Units	80	4.50	90	5.55
	Next 100 Units	80	5.00	90	5.65
	Above 200 Units	80	6.70	90	6.12
3	Commercial				
	First 100 Units	140	6.70	150	7.62
	Above 100 Units	140	7.80	150	7.85
		Rs. /kVA/month			
4	LT Industrial	140	6.80	150	7.20
		Rs. /KW/month			
5	Public Lighting (Metered)	140	7.00	150	5.49
6	Public Water Supply	140	7.30	150	7.95
7	General Purpose	140	7.60	150	7.89
8	Agriculture/Irrigation	120	3.50	130	3.25
9	Crematorium	7500/conn/month	4.50	7510/conn/month	5.12
	High Tension	Rs. /kVA/month	Rs. /kVah	Rs. /kVA/month	Rs. /kVah
10	Domestic	300	6.90	310	6.48
11	General Purpose/Bulk Supply	300	6.90	310	7.55
12	Commercial	300	7.40	310	7.12
13	Industrial HT	300	7.80	310	6.51
14	Ferro Alloys HT	230	5.00	250	6.47
15	Public Water Supply HT	300	7.30	310	8.30
	Extra High Tension	Rs. /kVA/month	Rs. /kVah	Rs. /kVA/month	Rs. /kVah
16	Industries EHT	300	7.50	310	9.43
17	Ferro Alloys EHT	230	4.90	250	6.41

7.3.8. Accordingly, per unit Average Realization is worked out in the table below for FY 2024-25.

Table 7-4: Revenue from Revised Tariffs for FY 2024-25

Sl. No	Category	No. of Consumers	Connected Load	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs./Unit)
A)	LT Category	719792	10,88,589.11	671.98	564.43	
1	Domestic (DLT)	408658	698330.86	417.37	312.10	7.48
2	Commercial (CLT)	41314	116227.94	98.50	96.66	9.81
3	Industrial LT (ILT)	832	10497.65	6.62	6.66	10.05
4	Agriculture (Ape)	22	128.63	0.14	0.07	4.68
5	Public Lighting (PL)	86	1702.54	1.14	0.93	8.18
6	Water supply (WSLT)	525	7594.37	9.89	9.23	9.33
7	General Purpose (GP)	2764	19336.18	15.44	15.66	10.14
8	Kutir Jyoti (KJT)	265590	234611.82	122.69	125.98	10.27
9	Crematorium (CRM)	1	159.14	0.19	0.11	5.59
B)	HT Category	953	311353.31	469.70	431.89	
1	Domestic (HT)	147	23460.18	24.09	24.06	9.99
2	water supply	78	15976.02	38.72	37.89	9.79
3	Bulk Supply	245	56361.76	81.37	81.72	10.04
4	Commercial (HT)	230	27594.51	32.27	32.91	10.20
5	Industrial (HT)	250	165079.74	161.11	164.31	10.20
6	Ferro Alloys	3	22881.10	132.13	91.80	6.95
C)	EHT Category	16	145974.40	812.84	666.93	
1	Industrial	12	66840.40	318.67	324.57	10.19
2	Ferro Alloys	4	79134.00	494.18	338.61	6.85
	Grand Total	720761	1545916.83	1954.53	1663.26	8.51

Table 7-5: Computation of Cross Subsidy at Revised Tariffs for FY 2024-25

Sl. No	Consumer category	Revised Tariff Payable	Level of Cross Subsidy (%)
A	HT CATEGORY		
1	Domestic (HT)	9.99	17.35%
2	Bulk Supply (BS)	10.04	18.02%
3	Commercial (CHT)	10.20	19.84%
4	Industrial (IHT)	10.20	19.85%
5	Ferro Alloys	6.95	-18.35%
6	Water Supply (WSHT)	9.79	14.99%
B	EHT CATEGORY		
1	Industrial	10.19	19.69%
2	Ferro Alloys	6.85	-19.48%
	Average Cost of Supply	8.51	

7.4. Revenue Gap after Revision of Tariff rates for FY 2024-25

- 7.4.1. Commission assessed Revenue at Revised Tariffs at Rs. 1663.26 Crore for FY 2024-25 and arrived at Net Revenue Gap/(Surplus) including True up Gap/Surplus of the previous years as detailed below.

Table 7-6: Approved Revenue Gap/Surplus at Revised Tariffs for FY 2024-25

	Particulars	Amount (Rs. Lakhs)
1	Revised ARR for FY 2024-25	166325.70
2	Revenue at Existing Tariff as approved in ARR for 2023-24	146271.29
3	Revenue at Revised Tariff as proposed in ARR for 2024-25	166325.75
4	Gap/ (Surplus) (w.r.t. revenue at existing tariff)	20054.41
5	Gap /(Surplus) (w.r.t. revenue at Revised tariff)	-0.055

- 7.4.2. **Commission considers a Revenue Surplus of Rs. 0.055 Lakh with the Revised tariffs taking into account the Gap/(Surplus) of previous years for FY 2024-25.**

8. Wheeling Charges and Cross Subsidy Surcharge

8.1. Wheeling Charges

Petitioner's Submission

- 8.1.1. MePDCL has not projected computation of Wheeling Charges and Cross Subsidy surcharges payable for the open access consumers in their petition.

Commission's Analysis:

- 8.1.2. The Commission has determined the ARR of MePDCL for FY 2024-25 as per the Regulations and adopted as the basis for determining the wheeling charges and cross subsidy surcharges in accordance with MSERC (Terms and conditions of open Access) Regulations, 2012.
- 8.1.3. Computation of wheeling charges shall be on the basis of approved sales at 1954.53 MU.

Table 8-1: Approved Wheeling charges for FY 2024-25

Sl No.	Particulars	Amount (Rs. Crore)
1	ARR of MePDCL for FY 2024-25 excluding non-Tariff income (1839.02-50.28)	1663.26
2	<i>Less: Power Purchase cost of MePDCL (excl. Tx Charges)</i>	<i>1306.65</i>
3	<i>Less: Transmission Charges of PGCIL</i>	<i>103.18</i>
4	<i>Less: Transmission Charges of MePTCL</i>	<i>144.73</i>
5	ARR – PPC – Transmission Charges	108.69
6	Energy Sales (MU)	1954.53
7	Wheeling Charges (Rs/KWh) (Sl no 5/ Sl no. 6)	0.56

- 8.1.4. **Wheeling charges per unit works out to Rs. 0.56 Rs/kWh.**

8.2. Tariff Proposal

- 8.2.1. The Tariff determined for Ferro Alloys industries was as a measure of industrial promotion in the state of Meghalaya and as mandated in terms of section 62 (3) of EA 2003.
- 8.2.2. The Cross-subsidy surcharge shall be computed as per the Regulations and National Tariff policy notified by Ministry of Power Resolution dated 28th January 2016 as analysed below.

Surcharge Formula:

$$S = T - [C / (1 - L/100) + D + R]$$

Where,

S is the surcharge

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

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

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

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

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

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

Table 8-2: Weighted Average Power Purchase Cost for FY 2024-25

Sl. No	Particulars	Value
1	Power Purchase Cost (excl. Tx charges)	1306.65
2	Power Purchase (MU) (total availability of units at discom periphery)	2710.07
3	Weighted Avg. Power Purchase cost (3/4) (Rs/kWh)	4.82

Formula:

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

- 8.2.4. For the purpose of computation of CSS, as per the formula, D needs to be computed, where D is the aggregate of transmission, distribution and Wheeling charges applicable to the relevant voltage level. The Commission has considered Wheeling Charges (WC) (as approved in the earlier section of this Order), Transmission Charges – Intra State Charges (TC) & Inter-State Charges (PC).

Table 8-3: Computation of Intra-State Transmission Charges (TC) & Inter-State Charges (PC) for FY 2024-25

Computation of Intra-State Transmission Charges (TC) component	Amount
MePTCL ARR (A) (Rs Cr)	144.73
Energy Handled in Open Access (B) (MUs)	2710.06
Average Intra-State Transmission Charge (TC) $((A/B) * 10)$ (Rs/kWh)	0.53
Computation of Inter-State Transmission Charge (PC) component	Amount
PGCIL Cost (Rs Cr)	103.18
Energy Handled in Open Access (MUs)	2710.06
Average Inter-State Transmission Charge (TC) $((A/B) * 10)$ (Rs/kWh)	0.38
Total transmission Charge (Rs/kWh) (TC + PC)	0.91

8.2.5. Accordingly, Commission considers the aggregate of transmission, distribution and wheeling charge as follows,

Table 8-4: Computation of Aggregate of transmission, distribution, and Wheeling Charges

Particular	Amount (Rs/kWh)
Wheeling Charges (Rs/KWh)	0.56
Total transmission Charge (Rs/kWh) (TC + PC)	0.91
Aggregate of transmission, distribution, and Wheeling Charges (Rs/kWh)	1.47

Table 8-5: Computation of Cross Subsidy Surcharge for FY 2024-25

Voltage Level	T = Tariff (Rs. /kVAh)	C = Average Cost of Power Incl. PGCIL Cost (Rs. /kWh)	L = Losses (%)	D = Aggregate of transmission, distribution, and Wheeling Charges (Rs. /kWh)	R = Regulatory Assets (Rs. /kWh)	S = Surcharge (Rs/kWh)	Limited to 20% of Tariff (Rs. /kWh)
	1	2	3	4	5	6	7
HT Level	10.20	4.82	6%	1.47	0	3.60	2.04
EHT Level	10.19	4.82	4%	1.47	0	3.69	2.04

8.2.6. Commission considers Cross subsidy surcharge for HT consumers and EHT consumers at Rs. 2.04 /kWh for FY 2024-25.

Separate CSS for Ferro Alloys Industries for FY 2024-25:

8.2.7. Licensee has not projected any Cross Subsidy Surcharge for Ferro Alloys industries for FY 2024-25.

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

Table 8-6: Computation of Cross Subsidy Surcharge for Ferro Alloy Industries for FY 2024-25

Voltage Level	T = Tariff (Rs. /kVAh)	C = Average Cost of Power Incl. PGCIL Cost	L = Losses (%)	D = Aggregate of transmission, distribution, and Wheeling Charges (Rs. /kWh)	R = Regulatory Assets	S = Surcharge (Rs/kWh)	Limited to 20% of Tariff (Rs/kWh)
	1	2	3	4	5	6	7
HT Level	6.95	4.82	6%	1.47	0	0.35	1.39
EHT Level	6.85	4.82	4%	1.47	0	0.36	1.37

8.2.8. **Commission considers Cross subsidy surcharge for Ferro Alloy Industries HT consumers at Rs. 0.35/kWh and Ferro Alloy Industries EHT consumers at Rs. 0.36/kWh for FY 2024-25.**

8.2.9. Above formula may not work for all distribution licensees, particularly for those having power deficit, the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances.

9. Commission's Directives

9.1. Introduction

9.1.1. Commission has reviewed the Directives issued earlier in the Tariff Orders up to FY 2023-24 and noted that some of the Directives are complied and some are partially attended. Commission has dropped the Directives complied with and the remaining Directives are consolidated, and fresh Directives are issued.

9.2. Review of Directives

9.2.1. Energy Audit

The licensee shall submit progress report for every quarter in the FY 2023-24.

Status of Compliance

i) MePDCL has filed the action taken report against the directive no.1 in their letter no. MePDCL/CE(P)/T-89/2023-24/55 dated 11th May 2023 with the following progress of infrastructural works in order to achieve reduction of T&D losses and AT&C losses.

ii) Under ADB assisted externally aided project, metering using smart meters of the following are being taken up and is in progress.

1. Single Phase & Three Phase Consumers Smart Meters – 1,80,000 Nos.
2. HT & LT Bulk Consumers Smart Meters – 515 Nos.
3. LT-CT Smart Meters for DTs- 6500 Nos.

iii) As on 31.03.2023, the progress of Smart Metering under ADB assistance is as follows:

Sl	Type of smart Meters	Qty installed (Nos)	Areas installed
1	1 Ph & 3Ph Consumer Smart Meter	83670	WGH-34940 Nos, SGH-6879 Nos, EGH- 34237 Nos, JH-6433, EKH-994 Nos, RB-147 Nos & WKH-40 Nos.
2	HT & LT Bulk Consumer Smart Meter	98	Byrnihat, Nongpoh & Umiam
3	LT-CT Smart Meters for DTs	Nil	Yet to install.

iv) As on 30.04.2023, the progress of Smart Metering under ADB assistance is as follows:

Sl	Type of Smart Meters	Qty installed (Nos)	Areas Installed
1	1 Ph & 3Ph Consumer Smart Meter	89033	WGH-40023 Nos, SGH-6964 Nos, EGH-34418 Nos, JH-6438, EKH-999 Nos, RB-151 Nos & WKH-40 Nos.
2	HT & LT Bulk Consumer Smart Meter	103	Byrnihat, Nongpoh, Uniam, Ribhoi & Williamnagar.
3	LT-CT Smart Meters for DTs	Nil	Yet to install.

v) Remaining Metering is also proposed under Revamped Distribution Sector Scheme (RDSS) using Smart Prepaid Meters. Presently it is in the tendering stage for the following:

Sl.	Type of Smart Meters	Qty Nos	Remarks
1	1Ph & 2Ph Smart Consumer Meters (Prepaid)	4,60,000	50% of the Consumer and DT Metering and 100% of the Feeder & Boundary Metering targeted to complete by December 2023. Remaining by March 2025.
2	Smart DT Metering	11,419	
3	Smart Feeder Metering	904	
4	Smart Boundary Metering	420	

With the completion of ADB & RDSS, there will be 100% consumers metering including system metering with Smart Meters and Advanced Metering Infrastructure.

MePDCL has been submitted the Annual Energy Audit Report for FY 2022-23 and the quarterly report for the FY 2023-24.

9.2.2. **Energy Conservation and DSM**

Commission directs that 100% (277 nos.) CFL fittings shall be replaced with metered LED fittings by September 2023 which will boost the Energy sales and Revenue for sale of power.

Status of Compliance

MePDCL would like to submit that under Shillong smart city project, all the streetlights have been replaced with LEDs. 2300 No. streetlights have been replaced with normal LEDs of 50 W and 700 No. streetlights have been replaced with 90 W smart streetlights. MePDCL is also in the process of replacing the CFL based streetlights with LEDs in other circles also. MePDCL

would like to apprise the Hon'ble Commission that 78 Nos. of CFL fixtures have been replaced with LED fittings in FY 2021-22. Additionally, new LED fittings have been installed at 169 Nos. of locations.

Commission's Views

- a) Licensee stated that 78 nos. CFL fixtures have been replaced with LED fittings in FY 2021-22, and additional new LED fittings have been installed at 169 locations.
- b) The remaining 199 CFL fittings (out of 277) are still pending as per the Directive.
- c) The licensee shall furnish the location wise metered consumption comparing with the assessed Energy for the 78 CFL fixtures replaced out of 277 Nos. The Status of pending 199 nos. and 169 nos. new locations may be submitted for the Commission's review.

9.2.3. **Manpower Utilization Study**

- i. The licensee shall pursue the matter with the MeECL and State Govt. on the subject for deployment of additional manpower.
- ii. Commission shall examine financial commitment in the ARR wherever considered necessary.
- iii. Licensee shall report progress periodically to the commission.

Status of Compliance

- a) MePDCL would like to apprise the Commission that the manpower utilization study has already been completed and the report has been submitted to the Under Secretary, Government of Meghalaya.
- b) The report submitted to the Government of Meghalaya for approval is also annexed to this reply as Annexure-4.

Commission's Views

The licensee shall take follow up action and status may be updated.

9.2.4. **Energy Accounting Under UI/Swapping**

Licensee shall obtain data from the SLDC/Transmission utility and furnish the details along with the True up petition. The same data shall be reported through the Audited accounts for Energy accounting in the True up process.

Status of Compliance

MePDCL would like to apprise the Commission that the directives are being complied with and SLDC is maintaining the data in compliance with the MSERC (Deviation and Settlement Mechanism and Related Matters) Regulations, 2018. The same shall be submitted to the Hon'ble Commission along with the true up Petitions.

Commission's Views

Licensee shall invariably furnish the Energy account of bilateral arrangement source wise transacted under UI and Swapping in the audited accounts for sale and purchase along with the True up petition.

9.2.5. **Functioning of the Trust**

MeECL/MePDCL shall pursue with the Govt. of Meghalaya and ensure operationalise the Trust accounts expeditiously.

Status of Compliance

MePDCL would like to apprise the Commission that the trust is now operational, and both the Government of Meghalaya and the corporation have deposited funds in the trust. The actuarial valuation of 2021-22 and 2022-23 has already been done.

Commission's Views

Licensee shall discharge the liability towards pension, gratuity and leave encashment expenditure from the Trust funds.

9.2.6. **Reduction in AT&C losses**

The licensee shall ensure reduction of AT&C losses in view of the implementation of RDSS programmed in FY 2023-24.

Status of Compliance

- a) MePDCL has filed the action taken report against the directive no.6 in their letter no. MePDCL/CE(P)/T-89/2023-24/55 dated 11th May 2023.
- b) Under DDUGJY Scheme, 9 (nine) numbers of New 33/11 KV, 2.5 MVA Substations were constructed covering rural areas with the following dates of completion and operation:

Sl. No.	Name of Sub Station	District	Date of completion	Date of operation	Remarks
1.	33/11KV, 2.5 MVA Krang Sub Station	East Khasi Hills	03.04.2020	Yet to operate	Manpower required.
2.	33/11KV, 2.5 MVA Mawruksoin Sub Station	West khasi Hills	26.06.2020	26.06.2020	

Sl. No.	Name of Sub Station	District	Date of completion	Date of operation	Remarks
3.	33/11KV, 2.5 MVA Laitlawsang Substation	West khasi Hills	25.02.2021	25.02.2021	
4.	33/11KV, 2.5 MVA Nongpyndeng Substation	West khasi Hills	22.12.2020	Yet to operate	Manpower required.
5.	33/11KV, 2.5 MVA Nongmyndo Substation	West khasi Hills	06.01.2021	Yet to operate	Manpower required.
6.	33/11KV, 2.5 MVA Adokgre Substation	North Garo Hills	15.12.2020	09.01.2023	
7.	33/11KV, 2.5 MVA Rongram Substation	West Garo Hills	14.12.2020	Yet to operate	Manpower required.
8.	33/11KV, 2.5 MVA Purakhasia Substation	West Garo Hills	30.12.2020	Yet to operate	Manpower required.
9.	33/11KV, 2.5 MVA Siju Substation	South Garo Hills	21.12.2020	Yet to operate	Manpower required.

- c) With the operation of the remaining 6(six) numbers of the Sub-Stations, further T&D losses can be achieved.
- d) Under **Meghalaya Power Distribution Sector Improvement Project (MPDSIP)** which is under ADB assisted externally aided project meant for strengthening the state's rural distribution network reduce AT&C losses, improve the power quality, and reduce the outages in Central Circle (East Khasi & West Khasi), West Garo Circle and east Garo Circle of the State.
- e) The project is ongoing with the following parameters completed as on 31.03.2023 concerning the 33/11 KV Sub Stations:

Circle	New 33 /11 KV S/S	Completed as on 31.3.23	Augmentation of 33/11 KV S/S	Completed as on 31.3.23	Upgradation Bay Extension in 33/11 KV S/S	Completed as on 31.03.2023	33/11 KV Mobile S/S	Completed as on 31.3.23	Oil Filtration Plant	Completed as on 31.3.23
East Khasi, Pkg-1	7	0	7	0	4	0	1	0	1	1
West Khasi Pkg-2	5	1	9	3	1	0	0	0	0	0
East Garo pkg-3	8	0	7	0	3	0	0	0	1	0
West Garo Pkg-4	4	1	12	3	2	0	0	0	1	1
Total	24	2	35	6	10	0	1	0	3	2

- f) 33 KV and 11KV Lines as detailed below is also ongoing and targeted to complete by March 2025.

Sl. No	Particulars	Scope Qty	Completed as on 31.3.23	Remarks
1	New 33 KV Single Ckt (S/C) line (Km)	771.2	0	Using Wolf/raccoon conductor, pole/lattice structure
2	Conversion of existing 33 KV S/C line to 100 Sqmm Covered conductor (Km)	52	0	

*MSERC Order on ARR for MYT control Period FY 2024-25 To FY 2026-27
& Distribution Tariff For 2024-25 for MePDCL.*

3	Re-conductoring of 33 KV S/C (km)	444	0	Wolf conductor
4	New 11 KV Single Ckt (S/C) line (Km)	669	0	Raccoon
5	Re-conductoring of 11 KV S/C Line (km)	278	0	
6	Replacement of 11 KV poles (No)	6310	0	
7	Installation of Auto Reclosers (No)	136	0	
8	Installation of FPI (No)	597	324	
9	Supply of Maintenance Vehicles (No)	8	0	

g) The progress of Smart Metering under ADB assistance as on 31.03.2023 is as follows:

Sl.	Type of Smart Meters	Qty to be installed (Nos)	Qty installed (Nos)	Areas installed
1	1Ph & 3Ph Consumer Smart Meter	1,80,000	83670	WGH-34940 Nos, SGH-6879 Nos. EGH 34237 Nos, J11-6433, EKH-994 No. RB- 147 Nos & WKH-40 Nos.
2	HT & LT Bulk Consumer Smart Meter	515	98	Byrnihat Nongpoh & Umiam
3	LT-CT Smart Meters for DTs	6500	Nil	Yet to Install

h) As on 30.04.2023, the progress of the 33/11 KV Substations is as follows:

Circle	New 33/11 KVS/S	Completed as on 31.3.23	Augmentation of 33/11 KV S/S	Completed as on 31.3.23	Upgradation Bay Extension in 33/11 KV S/S	Completed as on 31.03.2023	33/11 KV Mobile S/S	Completed as on 31.3.23	Oil Filtration Plant	Completed as on 31.3.23
East Khasi, Pkg-1	7	0	7	0	4	0	1	0	1	1
West Khasi Pkg-2	5	1	9	3	1	0	0	0	0	0
East Garo pkg-3	8	0	7	0	3	0	0	0	1	0
West Garo Pkg-4	4	1	12	3	2	0	0	0	1	1
Total	24	2	35	6	10	0	1	0	3	2

i) As on 30.04.2023, the progress of the 33 KV & 11 KV lines are:

Sl. No	Particulars	Scope Qty	Completed as on 31.3.23	Remarks
1	New 33 KV Single Ckt (S/C) line (Km)	771.2	0.8	Using wolf/raccoon conductor, pole/lattice structure
2	Conversion of existing 33 KV S/C line to 100 Sqmm Covered conductor (Km)	52	0	
3	Re-conductoring of 33 KV S/C (km)	444	0	Wolf conductor
4	New 11 KV Single Ckt (S/C) line (Km)	669	0	
5	Re-conductoring of 11 KV S/C Line (km)	278	0	
6	Replacement of 11 KV poles (No)	6310	0	

7	Installation of Auto Reclosers (No)	136	0	
8	Installation of FPI (No)	597	326	
9	Supply of Maintenance Vehicles (No)	8	0	

- j) The progress of Smart Metering under ADB assistance as on 30.04.2023 is as follows.

Sl	Type of Smart Meters	Qty installed (Nos)	Areas installed
1	1Ph & 3Ph Consumer Smart Meter	89033	WGH-34940 Nos, SGH- 6879 Nos. EGH 34237 Nos, J11-6433, EKH-994 No. RB-147 Nos & WKH-40 Nos.
2	HT & LT Bulk Consumer Smart Meter	103	Byrnihat Nongpoh & Umiam, Ribhoi & William nagar
3	LT-CT Smart Meters for DTs	Nil	Yet to Install

- k) **Under Revamped Distribution Sector Scheme (RDSS)**, the primary objective is to reduce Aggregated Technical and Commercial losses which occur in the process of supplying electricity to consumers due to technical and commercial origin. The technical losses are due to energy dissipated in the conductors and equipment used for transmission, transformation, sub-transmission, and distribution of power. These technical losses are inherent in a system and can be reduce to an optimum level. On the other side Commercial losses occur on count of non-performing meters, lack of adequate metering, non-realization of billed amount, pilferage etc. This Scheme will improve the quality, reliability, and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector.

- l) The following are the detail of the infrastructure works for Loss Reduction under RDSS which is presently under tendering stage in 10 packages:

Sl. No	Activity	Unit	Quantity
1	HVDS/Extension of HT Line and Reduction of LT line:		
A	New HT line	Ckm	1091.12
B	LT to HT conversion	Ckm	1926.03
C	LT AB Cable (3C x 50 Sqmm (168A) + 1C x 35Sqmm (insulated messenger) + 1C x 16 Sqmm (Street Light)	Ckm	1249.81
D	63 KVA Substation	Nos.	1234
E	100 KVA Substation	Nos.	1354
	250 KVA Substation	Nos.	7
2	RECONDUCTORING/AB CABLE		
A	33 KV reconductoring	Ckm	244.85
B	11 KV reconductoring	Ckm	1137.19
C	Replacement of LT bare conductor with LT AB Cable (3C x 50 Sqmm (168A) + 1C x 35Sqmm (insulated messenger) + 1C x 16 Sqmm (Street light)	Ckm	2373.03

- m) Remaining Metering is also proposed under Revamped Distribution Sector Scheme (RDSS) using Smart Prepaid Meters. Presently it is in tendering stage for the following:

Sl	Type of Smart Meters	Qty Nos	Remarks
1	1Ph & 2Ph Smart Consumer Meters (Prepaid)	4,60,000	50% of the Consumer DT metering and 100% of the Feeder & Boundary Metering targeted to complete by December 2023. Remaining by March 2025.
2	Smart DT Metering	11,419	
3	Smart Feeder Metering	904	
4	Smart Boundary Metering	420	

- n) MePDCL would like to submit that the detailed report of all the schemes ongoing for loss reduction works as well as capital investment plan for implementation of RDSS project is being submitted along with this report as Annexure-5. MePDCL would like to also apprise the Commission that the tendering process for the loss reduction works under the RDSS schemes have already been completed and the LOA have been placed. The works under the RDSS scheme are expected to be commenced shortly.

Commission's Views

Licensee shall expedite implementation of RDSS project and complete by March 2026 to avail the Govt. Grant while achieving the objective of Reduction in AT&C losses.

9.2.7. **Power Purchase**

Licensee shall re-verify the Energy balance computation and point out specifically where it went illogical.

The licensee shall keep in a record of advance estimate of surplus power in the manner estimated before procurement as per Regulations.

Status of Compliance

Report for the same may be seen at Annexure-2.

Commission's Views

Report on sale of surplus power stated to be verified at Annexure 2 is not made available.

9.2.8. **Metering, Billing and Collection Efficiency:**

The licensee shall file a quarterly report on the number of consumer complaints received and complaints addressed and the reasons for pendency for unresolved complaints in the areas of metering, billing, and collections (MBC) as an obligatory under standards of performance as per the EA 2003.

Status of Compliance

- a) The status submitted vide letter no. MePDCL/CE(P)/T-89/2023-24/55 dated 11th May 2023 is not related to directive of MBC.
- b) MePDCL would like to submit that the detailed list of the complaints received in the area of MBC and power supply issues is annexed to this report as Annexure-6.

Commission's Views

The Commission observed from the report that in totality there is 18 Nos. of complaint pending from the month of April to September 2023. MePDCL shall solved the pending complaints and submit the same to the Commission.

9.2.9. **Unbilled Consumers**

Licensee shall expedite the metering of the unbilled consumers and prompt billing.

Status of Compliance

MePDCL would like to re-submit that the RDSS scheme aims at 100% metering. The metering works under the RDSS scheme are under advanced stage of tendering and shall be completed soon.

Commission's Views

- a) The Directive is mistaken by the Licensee, instead, New Connections released were unbilled.
- b) Licensee shall ensure all the new connections are metered and billed invariably.

9.2.10. **Regulatory Accounts**

Commission had notified Directive no.11 of Tariff Order for FY 2022-23 dated 25.03.2022 for filing of impending Regulatory accounts in the absence of specific formats.

Status of Compliance

MePDCL would like to submit that the formats of the Regulatory Accounts have already been submitted to the Hon'ble Commission for approval. Once the formats are approved the formats shall be populated with figures as per the True Up of 2020- 21.

Licensee has submitted the formats for proposed Regulatory Accounts on 07.12.2023.

Commission's Views

Since, Regulatory Formats are communicated this directive is dropped.

9.2.11. **Electric Vehicle Charging Stations Status of Compliance**

MePDCL would like to submit that as on date there is no EV charging station in the state.

Commission's Views

The Commission allows Rs 8.50/kWh tariff for Electric Vehicle Charging stations in Meghalaya.

The Commission directs the Petitioner to submit the status report of EV charging stations.

9.2.12. **Installation of ABT/Smart meters for Ferro Alloy Consumers**

The Licensee shall update the progress on Installation of ABT meters and Penalty clause shall be implemented for under drawl of 78% load factor.

Status of Compliance

- a) Licensee furnished the status of the Installation of ABT/Smart meters vide their letter no. MePDCL/CE(P)/T-89/2023-24/55 dated 11th May 2023.
- b) MePDCL would like to submit that out of 7 Ferro Alloys consumers, 2 have been installed with ABT meter and 4 have been installed with smart meters. The material requisition regarding installation of one remaining consumer is in progress and the same shall be installed immediately on receipt of materials.
- c) MePDCL would also like to apprise Hon'ble Commission that the smart metering is being taken up for all the consumers under ADB and RDSS schemes. As of now 19 Nos. of Smart meters along with 6 Nos. of check meters have been installed at 33 KV voltage level and 12 Nos. of smart meter along with 7 Nos. of check meters are installed at 11 KV voltage level.
- d) MePDCL would like to further submit that under the ADB scheme Feeder meters and DT meters are also being taken up. The Feeder meters will be used for Energy Accounting.

Commission's Views

Licensee shall complete 100% ABT metering of Ferro Alloys and HT/EHT industries, as also DT meters and feeder meters provided in the RDSS project implementation.

9.2.13. **Tariff Rates for FY 2024-25**

- a) Honourable SAC members during the SAC meeting held on 16.04.2024 have opined to arrange publication of the tariff rates to all the consumers.
- b) In this respect, the licensee shall circulate/display the tariff rates approved for the year to every consumer.
- c) Licensee may arrange the pre-printed bills duly notified tariff rates on the back side of the bill. This would have one time commitment in a year.
- d) Compliance report on the above directive may be furnished by 15.02.2025.

9.2.14. **Detection of Theft of Power**

- a) During the SAC meeting held on 16.04.2024, Honourable members has pointed out that rampant power theft noticed in the in-coal mine area.
- b) Licensee shall take immediate action to check the power theft by deploying the vigilance wing of the Discom.
- c) Action taken report may be submitted by 15.02.2025.
- d) Efficiency Measures to be taken by the DISCOM.
- e) Honourable Member Mr. Pravin Bakshi, IAS, Commissioner & Secretary Food, Civil Supplies and Consumers Affairs, Government of Meghalaya, have appreciated the performance of DISCOM in reducing the T&D losses to 12.83 % & and AT&C losses to 18.25% by implementing central Govt. schemes like NERSIP, RDSS over a period of five years.
- f) Honourable Member further opined that the DISCOM shall ensure to employ billing App more user friendly in the areas of prepaid meters, billing, disconnections, bills not received in time and pending payments etc.,
- g) Honourable Member opined to check big defaulters and try their best with the support of law department and law officer to be able to realize defaulting bills.
- h) Further opined that the DISCOM shall take initiative for providing free power for the first few units of BPL consumers, provided it is paid by Government in the form of grant.
- i) Lastly, Honourable Member opined that MePDCL should intimate the load shedding to the Consumers on time through bulk SMS so that it will not affect the genuine consumers.
- j) MePDCL shall take immediate action on the issues raised by the Honourable member and compliance report may be submitted to the Commission.

9.2.15. The Commission hereby directs the Petitioner the following directives and is of the view that non-compliance of the directives may lead to non-admittance of the future petitions,

Table 9-1: Commission's Directive

Sl. No.	Particulars	Timeline															
1.	Petitioner to submit Additional Capitalization funding structure for the respective year.																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Particulars</th> <th style="width: 20%;">Total Additional Capitalization (In Rs. Cr.)</th> <th style="width: 20%;">Funded through Grant (In Rs. Cr.)</th> <th style="width: 20%;">Funded through Equity. (In Rs. Cr.)</th> <th style="width: 20%;">Funded through Debt (In Rs. Cr.)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Particulars	Total Additional Capitalization (In Rs. Cr.)	Funded through Grant (In Rs. Cr.)	Funded through Equity. (In Rs. Cr.)	Funded through Debt (In Rs. Cr.)											To be provided during the Next True-Up petition for FY 2023-24
	Particulars	Total Additional Capitalization (In Rs. Cr.)	Funded through Grant (In Rs. Cr.)	Funded through Equity. (In Rs. Cr.)	Funded through Debt (In Rs. Cr.)												
Petitioner to provide annual Grant data capturing the following details:																	
a. Scheme wise grant allocation details																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Sl. No.</th> <th style="width: 45%;">Scheme of Grant</th> <th style="width: 40%;">Total Grant received</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Scheme-1</td> <td> </td> </tr> <tr> <td style="text-align: center;">2</td> <td>Scheme-2</td> <td> </td> </tr> <tr> <td style="text-align: center;">3</td> <td>Scheme-M</td> <td> </td> </tr> </tbody> </table>	Sl. No.	Scheme of Grant	Total Grant received	1	Scheme-1		2	Scheme-2		3	Scheme-M		To be provided during the Next True-Up petition for FY 2023-24				
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Sl. No.	Particulars	Timeline																																																																
3.	<p>Petitioner to provide yearly Loan data capturing the following details:</p> <p>a. As per Normative calculation/ Regulatory Accounts</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 15%;">Loan -1</th> <th style="width: 15%;">Loan -2</th> <th style="width: 30%;">Loan-N</th> </tr> </thead> <tbody> <tr><td>Loan</td><td></td><td></td><td></td></tr> <tr><td>Opening balance</td><td></td><td></td><td></td></tr> <tr><td>Additional Loan drawl</td><td></td><td></td><td></td></tr> <tr><td>Repayment</td><td></td><td></td><td></td></tr> <tr><td>Closing Balance</td><td></td><td></td><td></td></tr> <tr><td>Applicable Interest rate</td><td></td><td></td><td></td></tr> <tr><td>Interest on Loan</td><td></td><td></td><td></td></tr> </tbody> </table> <p>b. As per Actual /financial account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 15%;">Loan -1</th> <th style="width: 15%;">Loan -2</th> <th style="width: 30%;">Loan-N</th> </tr> </thead> <tbody> <tr><td>Loan</td><td></td><td></td><td></td></tr> <tr><td>Opening balance</td><td></td><td></td><td></td></tr> <tr><td>Additional Loan drawl</td><td></td><td></td><td></td></tr> <tr><td>Repayment</td><td></td><td></td><td></td></tr> <tr><td>Closing Balance</td><td></td><td></td><td></td></tr> <tr><td>Applicable Interest rate</td><td></td><td></td><td></td></tr> <tr><td>Interest on Loan</td><td></td><td></td><td></td></tr> </tbody> </table>	Particulars	Loan -1	Loan -2	Loan-N	Loan				Opening balance				Additional Loan drawl				Repayment				Closing Balance				Applicable Interest rate				Interest on Loan				Particulars	Loan -1	Loan -2	Loan-N	Loan				Opening balance				Additional Loan drawl				Repayment				Closing Balance				Applicable Interest rate				Interest on Loan				<p>To be provided during the Next True-Up petition for FY 2023-24</p>
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4.	<p>Petitioner to provide (in excel and PDF file) LT/HT/EHT Category (including the details of Kutir Jyoti and Special Tariff Category) wise, Metered/Unmetered sub-category wise and Slab wise Billing Determinants (No. of connections, Connected Load, Energy Sale) along with the Revenue earned from those consumer categories for the respective years.</p>																																																																	
5.	<p>Petitioner is directed to submit the RPO compliance during the year with proper documentation including the details of availability of Power from Renewable generators as per PPA signed as well as its own renewable generation vis-à-vis Renewable Power procured with respect to the RPO percentage (%) mentioned in the MSERC RPO regulation.</p>																																																																	

Sl. No.	Particulars	Timeline
6.	The Utility is directed that the amount allowed against terminal benefits be remitted to the Pension Trust and it shall pursue with the Government to release the balance amount due in respect of terminal benefits as per the Transfer Scheme notification along with interest accrued and the same shall be deposited in the Pension Trust.	
7.	The Commission directs the Petitioner to submit the status report of EV charging stations.	

10. Schedule of Approved Tariffs for FY 2024-25

10.1. Low Tension Tariff

10.1.1. Domestic (Low Tension)

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

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

i) Kutir Jyoti/ BPL

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

Metered and Unmetered Kutir Jyoti

The Petitioner has not proposed any tariff of Kutir Jyoti consumers. The Commission has allowed Rs. 4.57 per unit for BPL metered category up to consumption of 30 units. In case, they consume more than 30 Units then the billing of excess units shall be done on the Tariff prescribed for normal domestic consumers at appropriate slab rates.

Tariff for Kutir Jyoti/BPL (Metered) for FY 2024-25

Category	Existing Tariff	Proposed Tariff	Approved Tariff
Kutir Jyoti (Unmetered) (Rs. /Conn/month)	200.00	-	210.00
Kutir Jyoti (up to 30 units PM) Metered	3.75	-	4.57

ii) Domestic Consumers

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

Fixed Charges

Fixed charges for Domestic Consumers for FY 2024-25

Category	Existing Tariff (Rs. /kW/month)	Proposed Tariff (Rs. /kW/month)	Approved Tariff (Rs. /kW/month)
Domestic (DLT)	80.00	-	90.00

Energy Charges

Energy charges for Domestic Consumers for FY 2024-25

Category	Slabs	Existing Tariff (Rs. /kWh)	Proposed Tariff (Rs. /kWh)	Approved Tariff (Rs. /kWh)
Domestic (DLT)	First 100 units	4.50	-	5.55
	Next 100 units	5.00	-	5.65
	Above 200 units	6.70	-	6.12

10.1.2. Non-Domestic Consumers / Commercial Consumers (Low Tension)

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

Fixed Charges

Fixed charges for non-Domestic consumers for FY 2024-25

Category	Existing Tariff (Rs. /kW/month)	Proposed Tariff (Rs. /kW/month)	Approved Tariff (Rs. /kW/month)
Non- Domestic (CLT)	140.00	-	150.00

Energy Charges

Energy charges for non-Domestic consumers for FY 2024-25

Category	Slabs	Existing Tariff (Rs. /kWh)	Proposed Tariff (Rs. /kWh)	Approved Tariff (Rs. /kWh)
Non-Domestic (CLT)	First 100 units	6.70	-	7.62
	Above 100 Units	7.80	-	7.85

10.1.3. Low tension Industrial

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

Fixed Charges

Fixed charges for Industrial (LT) consumer for FY 2024-25

Category	Existing Tariff (Rs. /kVA/Month)	Proposed Tariff (Rs. /kVA/Month)	Approved Tariff (Rs. /kVA/Month)
Industrial (ILT)	140.00	-	150.00

Energy Charges

Energy charges for Industrial (LT) consumer for FY 2020-21

Category	Existing Tariff (Rs. /kWh)	Proposed Tariff (Rs. /kWh)	Approved Tariff (Rs. /kWh)
Industrial (ILT)	6.80	-	7.20

10.1.4. Public Lighting Low Tension

This category comes under Public Lighting Connection gives supply through LT lines. The public lamps are generally unmetered, and their Tariff is based on the fixed charges per KW per month. However, since no connection under the Act can be given without meters, the Licensee is required to install meters on all new connections and shall also progressively place meters on the existing connections. The Commission approves Tariff for metered connections only for the FY 2024-25. All the existing streetlights fixtures shall be replaced immediately with LED fixtures and 100% fixtures shall be metered.

i) Public Lighting (Metered)

Fixed Charges

Fixed charges for Public Lighting (Metered) for FY 2024-25

Category	Existing Tariff (Rs. /kW/Month)	Proposed Tariff (Rs. /kW/Month)	Approved Tariff (Rs. /kW/Month)
Public Lighting (Metered)	140.00	-	150.00

Energy Charges

Energy charges for Public Lighting (Metered) for FY 2024-25

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Lighting (Metered)	7.00	-	5.49

ii) Public Lighting (Unmetered)

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

10.1.5. Public Water Supply/ Sewage Treatment Plants

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

Fixed Charges

Fixed charges for Public Water Supply for FY 2024-25

Category	Existing Tariff (Rs/kW/ Month)	Proposed Tariff (Rs/kW/ Month)	Approved Tariff (Rs/kW/ Month)
Public Water Supply (WSLT)/ Sewage Treatment Plants	140.00	-	150.00

Energy Charges

Energy charges for Public Water Supply for FY 2024-25

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Water Supply (WSLT)/ Sewage Treatment Plants	7.30	-	7.95

10.1.6. General Purpose

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

Fixed Charges

Fixed charges for General purpose for FY 2024-25

Category	Existing Tariff (Rs/kW/ Month)	Proposed Tariff (Rs/kW/ Month)	Approved Tariff (Rs/kW/ Month)
General purpose (GP)	140.00	-	150.00

Energy Charges

Energy charges for General purpose for FY 2024-25

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
General Purpose (GP)	7.60	-	7.89

10.1.7. Agriculture

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

Fixed Charges

Fixed charges for Agriculture for FY 2024-25

Category	Existing Tariff (Rs/kW/HP/ Month)	Proposed Tariff (Rs/kW/HP/ Month)	Approved Tariff (Rs/kW/HP/Month)
Agriculture (AP)	120.00	-	130.00

Energy Charges

Energy charges for Agriculture for FY 2024-25

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Agriculture (AP)	3.50	-	3.25

10.1.8. Crematorium

This category is meant for crematorium using electricity for their day-to-day operation. As per the proposal there is only one consumer in this category. In the last Tariff Order the Commission has considered the nature and purpose of this crematorium which is meant for service to the society and operating on no profit no loss basis. The commission has held that on the basis of their nature of job their rates are considered equivalent to domestic consumers. The similar treatment has been given this year to this category with fixed charges on per connection basis and energy charges on metered consumption.

Fixed Charges

Fixed charges for Crematorium for FY 2024-25

Category	Existing Tariff (Rs/conn/Month)	Proposed Tariff (Rs/conn/Month)	Approved Tariff (Rs/conn/Month)
Crematorium (CRM)	7500	-	7510

Energy Charges

Energy charges for Crematorium for FY 2024-25

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Crematorium (CRM)	4.50	-	5.12

10.1.9. Electric Vehicle Charging Stations

Commission allows Rs 8.50/kWh tariff for Electric Vehicle Charging stations in Meghalaya.

Commission directs the Petitioner to submit the status report of EV charging stations.

10.2. High Tension Tariff

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

10.2.1. Domestic High Tension

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

Fixed Charges

Fixed charges for Domestic (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Domestic HT (DHT)	300.00	-	310.00

Energy Charges

Energy charges for Domestic (HT) for FY 2024-25

Category	Existing Tariff (Rs/ KVAh)	Proposed Tariff (Rs/ KVAh)	Approved Tariff (Rs/ KVAh)
Domestic HT (DHT)	6.90	-	6.48

10.2.2. General Purpose Bulk Supply

Fixed Charges

Fixed charges for General Purpose Bulk (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
General Purpose Bulk Supply (BS)	300.00	-	310.00

Energy Charges

Energy charges for General Purpose Bulk (HT) for FY 2024-25

Category	Existing Tariff (Rs/ KVAh)	Proposed Tariff (Rs/KVAh)	Approved Tariff (Rs/ KVAh)
General Purpose/ Bulk Supply	6.90	-	7.55

10.2.3. Commercial High Tension

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

Fixed Charges

Fixed charges for Non-Domestic (HT) FY 2024-25

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Non-Domestic HT (CHT)	300.00	-	310.00

Energy Charges

Energy charges for Non-Domestic (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Non-Domestic HT (CHT)	7.40	-	7.12

10.2.4. High Tension Industrial

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

Fixed Charges

Fixed charges for Industrial (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial High Tension	300.00	-	310.00

Energy Charges

Energy charges for Industrial (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial High Tension	7.80	-	6.51

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

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

10.2.5. **Ferro Alloy (HT)**

Fixed Charges

Fixed charges for Ferro Alloys (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial High Tension	230.00	-	250.00

Energy Charges

Energy charges for Ferro Alloys (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial High Tension	5.00	-	6.47

10.2.6. **Public Water supply/ Sewage Treatment Plant**

Fixed Charges

Fixed charges for Public Water Supply (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Public Water supply	300.00	-	310.00

Energy Charges

Energy charges for Public Water Supply (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Public Water Supply	7.30	-	8.30

10.2.7. **Electric Vehicle Charging Stations (HT)**

Commission allows Rs 8.50/kWh tariff for Electric Vehicle Charging stations in Meghalaya.

Commission directs the Petitioner to submit the status report of EV charging stations.

10.3. Extra High Tension

10.3.1. **Extra High Tension (Industrial)**

Fixed Charges

Fixed charges for Industrial (EHT) for FY 2024-25

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	300.00	-	310.00

Energy Charges

Energy charges for Industrial (EHT) for FY 2024-25

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	7.50	-	9.43

10.3.2. **Extra High Tension Ferro Alloys Industries**

Fixed Charges

Fixed charges for Ferro Alloys (EHT) for FY 2024-25

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	230.00	-	250.00

Energy Charges

Energy charges for Ferro Alloys (EHT) for FY 2024-25

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	4.90	-	6.41

10.3.3. **Time of Day Tariff**

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

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

10.4. Others

10.4.1. **Temporary Supply**

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

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

11. Recovery of Arrears

- 11.1.1. **The Commission considers that in case of any recovery of arrear, the same shall be billed in 9 equal instalments starting December 2024.**

12. *Applicability of the Order*

This Order shall come into effect from 1 April 2024.

The Petition of Meghalaya State Power Distribution Corporation Limited (MePDCL) in Case No. 32 of 2023 stands disposed of accordingly.

Sd/-

**Ramesh Kumar Soni,
Member (Law)**

Sd/-

**Chandan Kumar Mondol,
Chairman**