

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG**

CASE NO. 36/2023

In the matter of

Petition for approval of True-up of Distribution Business for FY 2022-23

AND

Meghalaya Power Distribution Corporation Limited (the Petitioner)

Coram

R.K. Soni, Principal District & Session Judge (Retd.), Member

ORDER

(Dated: 05.06.2024)

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.

Commission in exercise of functions vested vide Regulation 17 of MSERC Multi Year Tariff Regulations 2014 had approved Aggregate Revenue Requirement (ARR) for FY 2022-23 in its order dated 25.03.2022.

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

MePDCL has filed petition for True-Up of Business for the FY 2022-23 along with audited statement of accounts on 29.11.2023

Petitioner was asked to submit the additional information and data gaps in the commission's letter dated 06.12.2023, 08.02.2024 and 09.02.2024.

Petitioner has submitted the additional information along with data gaps on 29.01.2024, 14.03.2024.

Commission admitted the petition on 01.12.2023 and registered as case no. 36/2023.

Commission taking into consideration of all the facts, additional information/data and after prudence check of the claims as per the MYT Regulations, approves the true up orders for FY 2022-23 in the detailed analysis attached to this order.

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

Sd/-

**Shri. R.K. Soni, Principal District &
Session Judge (Retd.)
Member**

1. Truing Up for FY 2022-23

1.1 Background

Commission vide order dated 25.03.2021 in Case No. 04 of 2021 has allowed the Multi Year ARR for MePDCL including the ARR of FY 2022-23. The ARR for the year was further revised vide order dated 25.03.2022 in Case no. 29 of 2021- Aggregate Revenue Requirement and Distribution Tariff for FY 2022-23. Since, the Annual Statement of Accounts for FY 2022-23 have been audited and hence in terms of the provisions of Regulation 11 of the 2014 Tariff Regulations, MePDCL is filing the true up Petition for FY 2022-23.

1.2 Physical Performance

MePDCL would like to submit that there has been substantial growth in terms of the infrastructure and there has been substantial increase in the infrastructure which shows MePDCL's commitment to improve the performance and cater to the growing demand of the consumers in an efficient manner.

The growth of infrastructure of the MePDCL is tabulated below:

Table 1 : Growth in Infrastructure of MePDCL

S.No	Particular	UOM	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Number of 33/11 KV Sub-Stations	Nos.	98	101	107	114	115
2.	Transformation Capacity of 33/11 KV Sub-Stations	MVA	486.58	600.33	641.88	634.45	625.75
3.	Length of 33 KV Lines	CKM.	2217.03	2332.93	2519.41	2630.655	2794.05
4.	Number of 11/0.4 KV Sub-Stations	Nos.	10381	11563	12436	12798	12951
5.	Transformation Capacity of 11/0.4 KV Sub-Stations	MVA	540815.27	773490.75	834374.54	889235	922714.50
6.	Length of 11 KV Lines	CKM.	15601.68	16810.05	17886.16	19687.60	19361.24
7.	Number of Distribution Transformers	Nos.	10381	11577	12495	12847	13173
8.	Length of LT lines	CKM.	20019.21	24928.55	27762.23	31758.38	32196.44

1.3 Category Wise No. of Consumers, Connected Load and Energy sales for FY 2022-23

The Category wise number of consumers, connected load and Energy sales approved for True up of FY 2022-23 are as shown below.

Table 2 : No. of Consumers, Connected Load and Energy Sales as approved for FY 2022-23

Sl. No	Category	No. of Consumers approved for FY 2022-23	Connected Load approved for FY 2022-23	Energy Sales approved for FY 2022-23
	LT Category	663177	717.09	700.77
1	Domestic	352336	507.00	429.52
2	Commercial	33254	83.00	96.57
3	Industrial	695	11.00	7.40
4	Agriculture	326	0.00	0.20
5	Public Lighting	62	0.00	1.03
6	Water Supply	497	7.00	9.60
7	General purpose	2529	19.00	17.47
8	Kutir Jyoti	273477	89.93	138.78
9	Crematorium	1	0.16	0.18
	HT Category	679	304.20	408.81
1	Domestic	99	20.00	22.18
2	Water Supply	27	10.00	35.37
3	Bulk Supply	252	46.00	77.86
4	Commercial	167	33.00	30.96
5	Industrial	122	131.00	133.25
6	Ferro Alloys	2	11.00	109.20
	Special tariff	10	53.20	0.00
	EHT Category	10	101.70	671.77
1	Industrial	2	10.70	263.36
2	Ferro Alloys	4	56.00	408.41
3	Special tariff	4	35.00	0.00
	Total	663866	1122.99	1781.35

1.4 Energy Sales

Petitioner's Submission

MePDCL would like to submit that it has been operating four of its sub-divisions through distribution franchisee. The distribution franchisee is Input Based Distribution Franchisee in nature where in the input energy is being provided to the franchisee at the injection points of the four sub-divisions. The distribution franchisees are billed at the input energy provided to them at the injection point.

Thus, technically there is no distribution loss on the energy provided to the franchisee.

The total energy sales in the state during FY 2022-23 has been 1718.83 MU which can be verified from the Audited Statement of Accounts, however, since after providing the input energy to the franchisee the losses in the respective sub-divisions is borne by the franchisee, MePDCL for the purpose of instant Petition has proportionately distributed the input energy provided to the franchisee into the consumer categories in proportion to consumption of each category in the area of franchisee. The detailed calculation is being provided in the excel model being submitted along with the Petition. It is further mentioned that the revenue from sale of power is also accounted in the statement of accounts in a similar manner. The revenue from the consumers is accounted separately and revenue from distribution franchisee is accounted separately. Those the method adopted for arriving at the sale to consumers is such so that there is parity between the audited accounts and the true up petition.

The Petitioner craves leave of this Hon'ble Commission to produce the details of the same as and when directed by the Hon'ble Commission.

Table 3 : Energy Sales during FY 2022-23

Sl.No.	Category	Energy Sales approved for FY 2022-23	Actual Sales 2022-23	% Variation
	LT Category	606.14	700.77	16%
1	Domestic	404.7	429.52	6%
2	Commercial	77.28	96.57	25%
3	Industrial	6.21	7.40	19%
4	Agriculture	0.78	0.20	-74%
5	Public Lighting	0.12	1.03	762%
6	Water Supply	12.76	9.60	-25%
7	General purpose	17.52	17.47	0%
8	Kutir Jyoti	86.55	138.78	60%
9	Crematorium	0.22	0.18	-16%
	HT Category	475.44	408.81	-14%
1	Domestic	25.15	22.18	-12%
2	Water Supply	33.35	35.37	6%
3	Bulk Supply	103.64	77.86	-25%
4	Commercial	27.87	30.96	11%
5	Industrial	150.58	133.25	-12%
6	Ferro Alloys	36.28	109.20	201%
7	Special tariff	98.57	0.00	-100%
	EHT Category	465.8	671.77	44%
1	Industrial	53.41	263.36	393%
2	Ferro Alloys	347.54	408.41	18%
3	Special tariff	64.85	0.00	-100%
	Total	1547.38	1781.35	15%

MePDCL requests Hon'ble Commission to approve the sales of FY 2022-23 as 1781.35 MU for the purpose of truing up and calculation of T&D losses and AT&C losses.

Commission's Analysis

It may be observed, there is a variation of Energy sales in the Statement of Accounts and Petition values. Petitioner has projected Energy sales at 1781.35 MU for approval and Energy balance statements vide table no.2, 6 & 7 of the petition.

Petitioner stated that the difference between audited no.s and Energy sales claimed for True up are the gross Energy input to the franchisee billed and the Distribution losses in the respective sub divisions borne by the franchisee.

The **loss of Energy** claimed to be the franchisees' account treated **as Energy sales** against the Consumer Categories filed at 1781.35 MU vide table no.02 of the petition are considered for True up of FY 2022-23.

Commission considers Energy sales at 1781.35 MU as claimed by the petitioner.

Accordingly Approved Energy sales for FY 2022-23 are notified below.

Table 4 : Approved Energy Sales for True up of FY 2022-23

Category	As per Petition Energy Sales (in MU's)	As per Audited Energy Sales (in MU's)	Difference Franchisee loss	Approved for True up
LT				
Domestic	429.52	410.10	19.42	429.52
Kutir Jyoti	138.78	111.47	27.31	138.78
Crematorium	0.18	0.18	0	0.18
Commercial	96.57	86.06	10.51	96.57
Public Lighting	1.03	1.03	0	1.03
Agriculture	0.20	0.13	0.07	0.20
Public Water Works	9.60	8.97	0.63	9.60
LT Industrial	7.40	5.95	1.45	7.40
Total for LT Sales	683.28	623.89	59.39	683.28
HT				
Domestic	22.18	0	-	22.18
Commercial	30.96	0	-	30.96
Industrial (HT+EHT)	133.25+263.36=396.61	1002.00	-	133.25
Bulk Supply	77.86	77.63	-	77.86
Water Supply	35.38		-	35.38
General Purpose	17.47	15.32	-	17.47
Ferro Alloys (HT)	109.20		-	109.20
Total for HT sales	689.66			426.30
Industrial EHT		1094.95	3.12	263.36
Ferro Alloys EHT	408.41			408.41
EHT Total				671.77
Total (LT+HT)	1781.35	1718.84	62.51	1781.35

Commission approves Energy sales at 1781.35 MU while treating difference of 62.51 MU as T&D loss in the Franchisees' Account for True up of FY 2022-23.

1.5 Energy Availability

Petitioner's Submission

MePDCL has two major sources for the long term procurement of power i.e., power projects of MePGCL the state owned generation company and the allocation of power from the Central Generating Stations of NEEPCO, NHPC, NTPC and OTPC. It is also pertinent to note that most of the stations from which MePDCL is having long term agreement for procurement of power are hydro power projects the availability from which is maximum during the monsoon period and during the winter season the availability from these sources go down and hence to cater to the demand of the state and ensure uninterrupted supply of power MePDCL is bound to buy power from the short-term sources such as IEX/bilateral and swapping arrangements.

The comparative statement of the energy availability from various sources as approved by the Hon'ble Commission in the tariff order and actual availability from these sources is tabulated below:

Table 5 : Comparison of Approved Availability and Actual Availability from Various Sources of Power

S No	Source	Quantum Approved	Actual Availability
1	MePGCL	1293.49	1043.53
2	NHPC	40.28	36.87
3	NEEPCO	723.70	646.64
4	OTPC	436.79	517.23
5	NTPC	589.50	0.00
6	Solar Sources	39.42	
	Total Long Terms	3123.18	2244.28
1	Kreate Energy (Swapping)	0.00	281.55
2	Kreate Energy (IEX)	0.00	27.65
3	APPCL (Swapping)	0.00	85.74
4	APPCL (Bilateral Purchase)	0.00	9.05
5	APPCL (IEX)	0.00	25.92
6	GMRTTEL (Swapping)	0.00	92.16
7	Manikaran (Swapping)	0.00	64.80
8	Subheksha (Swapping)	0.00	52.09
10	DSM Intra-State	0.00	0.94
11	DSM Inter-State	0.00	20.83
	Total Short Term	0.00	660.72
	Grand Total	3123.18	2905.00

It is evident from the above table that the actual availability from the long term sources has been 2244.28 MU against the 3123.18 MU approved by the Hon'ble Commission resulting in a gap of 878.90 MU. To cover this gap MePDCL has resorted to the short term sources and has procured 660.72 MU of power from short-term

sources.

MePDCL request Hon'ble Commission to approve the total availability as shown in the table above.

Commission's Analysis

It may be observed that 250 MU short supplied from State owned Generating stations and 77.06 MU short supply from NEEPCO.

There was no supply from NTPC Bongaigoan for 589.50 MU as projected. Petitioner has not procured Energy from Solar sources approved for ARR at 39.42 MU.

Summing up of the above shortfall, petitioner has resorted to procure 170.12 MU bilaterally from power traders, IEX, DSM Interstate and Intrastate, while 490.60 MU procured in Swapping arrangement.

Commission considers availability of power for 2905.00 MU for True up of FY 2022-23.

1.6 Details of Surplus Energy

Petitioner's Submission

As stated in above paragraphs MePDCL is heavily dependent on the hydro power projects for the power procurement. In the monsoon season there is surplus available with MePDCL which is sold in short-term markets such as IEX/Bilateral Sales and swapping arrangements. The details of the surplus short-term power sold in FY 2022-23 is tabulated below:

Table 6 : Details of Surplus Power (Short term)

S No.	Particular	MU
a. Sales on IEX and Bilateral		
1	GMR Energy (IEX)	1.33
2	Kreate Energy (IEX)	50.72
3	APPCL (IEX)	38.05
4	DSM Intra State	35.66
5	Kreate Energy (Bilateral)	20.25
	Sub-Total Sales	146.01
b. Details of Swapping		
1	Kreate Energy (Swapping)	290.99
2	APPCL (Swapping)	99.09
3	GMR Energy (Swapping)	29.23
4	Manikaran (Swapping)	58.25
5	SAPL (Swapping)	24.09
	Sub-Total Swapping	501.65
	Grand Total	647.66

Commission's Analysis

Commission considers Sale of Surplus power as reported through audited accounts vide note no.24.3 found to be admissible.

1.7 Total Energy sales

Petitioner's Submission

Thus, in view of the above statements the total energy sold by MePDCL during 2022-23 is tabulated below:

Table 7 : Total Energy Sale in FY 2022-23

No.	Particulars	Actual
1	Energy sale to inside Consumers	1781.35
2	Energy sale to others both outside and inside the State at State periphery	647.66
3	Total Energy sales	2429.01

Commission's Analysis

Commission considers total energy sales at 1781.35 MU within the state and 647.66 MU sales to others being the surplus Energy.

Table 8 : Approved Total Energy Sales

No.	Particulars	Actual
1	Energy sale to inside Consumers	1781.35
2	Energy sale outside the state	647.66
3	Total Energy sales	2429.01

1.8 Distribution Loss and Energy Balance

1.8.1 Distribution loss

Petitioner's Submission

Based on the availability of power in terms of MU and the sales in terms of MU depicted in Table 2 to Table 4 above the distribution losses for the state for FY 2022-23 and energy balance of the state for FY 2022-23 is computed in the tables below:

Table 9 : Computation of Distribution Loss for FY 2022-23 (Projected)

Sl. No.	Particulars	Calculation	Value
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana North Eastern Region(NER)	D	1200.74
5	Total Power at NER	$E=C+D$	1200.74
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sources on long term	$G=E*(1-F\%)$	1164.72

8	Power purchase from MePGCL	H	1043.53
9	Power purchase from other sources (both from outside & within the State) (incl.swap/UI/bilateral)	I	660.72
10	Power sold to others (both outside & inside the State) (incl.swap/UI/bilateral)	J	647.66
11	Net power available at State Bus for sale of power within the state	K=G+H+I-J	2221.32
12	State Transmission Loss %	L	4.00%
13	State Transmission Loss MU	M=K*L	88.85
14	Sub-Transmission Loss and Aux Consumption (@4%)		88.85
15	Net power available of Discom for sale of power within the state	N=K-M	2043.62
16	Power sold to consumers within the state	O	1781.35
17	Distribution Losses	P=N-O	262.27
18	Distribution Losses (%)	Q=P/N	12.83

MePDCL would like to submit that the sub-transmission losses based on empirical studies done in house have been considered as 2% for the purpose of calculation of the T&D losses. Further, MePDCL has several sub-stations, sub-division offices, head office, workshops etc. where substantial amount of energy is consumed. Hence, MePDCL has considered 2% of the input energy as auxiliary consumption for the purpose of calculation of T&D losses.

MePDCL requested Commission to approve the distribution losses of 12.83% for the FY 2022-23.

Commission's Analysis

The petitioner has projected sub transmission loss and auxiliary consumption of 4% at the distribution periphery for computation of Distribution loss vide table no.06 of the petition.

The petitioner was asked to furnish the Authority and Norms for claiming 4% loss on account of Sub Transmission and Auxiliary consumption over and above the Intra State Transmission loss at 4% vide Commission's letter dated 12.04.2024.

The licensee in their letter dated 30.04.2024 submitted that

"MePDCL has considered the sub-transmission losses of 2% and an auxiliary consumption of 2%. MePDCL would like to further submit that the Ministry of Power, Government of India, Transmission Division vide Notification dated 01.09.2021 has stated that on an average the sub-transmission losses are at 4.8% on an average. However, MePDCL has considered only 2% as sub-transmission losses. The copy of the notification from ministry of power is attached to this reply as Exhibit 1."

The communication of Ministry of Power Transmission division dated 01.09.2021 refers to suggestive measures to be taken up to transfer 33 KV network from Distribution utility to Transmission utility in order to increase availability, Consumer Satisfaction and to reduce the sub transmission and system losses. The action between STU/ State Government with Power Grid has yet to be taken up to resolve the issue.

The suggested measures communicated from the Ministry of Power for improvement of performance of 33 KV networks cannot be made applicable for the Energy handled by the petitioner to be treated as T&D losses for sub transmission and Auxiliary consumption losses.

Commission **does not** consider 2% Sub Transmission loss and 2% auxiliary consumption claimed for computation of T&D loss for the True up of FY 2022-23.

Commission considers Intra State Transmission at 4% as approved in the Tariff Order for FY 2022-23.

Commission considers Distribution loss at 16.47 % as depicted in the table below for True up of FY 2022-23.

Table 9 (A) : Computation of Distribution Loss for FY 2022-23

Sl. No.	Particulars	Calculation	Value
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana North Eastern Region(NER)	D	1200.74
5	Total Power at NER	$E=C+D$	1200.74
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sources on long term	$G=E*(1-F\%)$	1164.72
8	Power purchase from MePGCL	H	1043.53
9	Power purchase from other sources (both from outside & within the State) (incl.swap/UI/bilateral)	I	660.72
10	Power sold to others (both outside & inside the State) (incl.swap/UI/bilateral)	J	647.66
11	Net power available at State Bus for sale of power within the state	$K=G+H+I-J$	2221.32
12	State Transmission Loss %	L	4.00%
13	State Transmission Loss MU	$M=K*L$	88.85
14	Net power available of Discom for sale of power within the state	$N=K-M$	2132.47
15	Power sold to consumers within the state	O	1781.35
16	Distribution Losses	$P=N-O$	351.12
17	Distribution Losses (%)	$Q=P/N$	16.47 %

1.8.2 Computation of Energy Balance

Petitioner's Submission

Table 10 : Computation of Energy Balance for FY 2022-23 (Projected)

Sl. No	Particulars	Calculation	Quantity
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana North Eastern Region (NER)	D	1200.74
5	Total Power at NER	$E=C+D$	1200.74
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sources on long term	$G=E*(1-F\%)$	1164.72
8	Power purchase from State generating stations within the state	H	1043.53
9	Power purchase from other sources (both from outside & within the State)	I	660.72
10	Net power available at state bus for sale of power within the state	$J=G+H+I$	2868.98
11	Total power sold	K	1781.35
12	Distribution Losses (%)	L	12.83%
13	T&D Losses in terms of MU	$M = N - K$	262.27
14	Energy Requirement for sale by Discom within state	$N = K/(1-L)$	2043.62
15	Energy Requirement for sale within state at state bus	$O = N/(1-4\%)$	2221.32
16	Surplus Energy at state bus	$P = J-O$	647.66
17	Power sold to others at state bus (both outside & inside the State) (incl.swap/UI/bilateral)	Q	647.66
18	Unaccounted Energy	$R = P - Q$	0.00

Commission's Analysis

Commission considers Energy balance considering T&D losses at 16.47% computed vide table no.9 (A) for True up of FY 2022-23 as depicted in the table below.

Table 11 : Approved Energy Balance for True up of FY 2022-23

Sl. No.	Particulars	Calculation	Quantity
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana NorthEastern Region (NER)	D	1200.74
5	Total Power at NER	$E=C+D$	1200.74
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sources on long term	$G=E*(1-F\%)$	1164.72
8	Power purchase from State generating stations within the state	H	1043.53
9	Power purchase from other sources (both from outside& within the State)	I	660.72
10	Power sold to others at state bus (both outside & inside the State) (incl. swap/UI/bilateral) (note no.24.3 of SoA)	J	647.66
11	Net power available at state bus for sale of power	$K=G+H+I-J$	2221.31
12	Intra State Transmission Losses		4%
13	Energy available at state bus for sale within the state	$L = K*(1-4\%)$	2132.47
14	Energy Sales within the state	M	1781.35
15	Distribution Losses MU	$N=L-M$	351.12
	Distribution losses (%)	$R=N/L*100$	16.47%
16	Surplus Energy	$S=L-M-N$	0

Commission approves Energy Balance as depicted above for True up of FY 2022-23.

2. Analysis of Components of Annual Revenue Requirement (ARR) FY 2022-23

2.1 Power Purchase Cost & Transmission charges

Petitioner's Submission

As explained in the Chapter 2 the Power Purchase has been strictly considered as per the audited statement of accounts. The surcharge on delayed payment has not been considered in the power purchase. Further, as explained in details the adjustment has been done in the power purchase from NTPC and NHPC. The detailed statement of power purchase is tabulated below:

Table 12 : Source wise Power Purchase Cost including Transmission charges for FY 2022-23

S No	Source	Quantum Approved	Quantum Procured	Amount Rs. Cr	Per Unit Cost
A	Long Term Sources				
1	MePGCL	1293.49	1043.53	241.67	2.32
2	NHPC	40.28	36.87	17.04	4.62
3	NEEPCO	723.70	646.64	402.56	6.23
4	OTPC	436.79	517.23	149.07	2.88
5	NTPC	589.50	0.00	4.20	0.00
6	Solar Sources	39.42			
	Total Long Terms	3123.18	2244.28	814.54	3.63
B1	Short Term Purchase				
1	Kreate Energy (IEX)	0.00	27.65	2.89	1.04
2	APPCL (Bilateral Purchase)	0.00	9.05		
3	APPCL (IEX)	0.00	25.92	21.68	6.20
4	DSM Intra-State	0.00	0.94		
5	DSM Inter-State	0.00	20.83	7.88	3.62
	Sub-Total Purchase from Short Term Sources		84.39	32.44	3.84
B2	Power Swapped In				
1	Kreate Energy (Swapping)	0.00	281.55	0.84	0.03
2	APPCL (Swapping)	0.00	85.74	0.26	0.03
3	GMRTCL (Swapping)	0.00	92.16	0.30	0.03
4	Manikaran (Swapping)	0.00	64.80	0.22	0.03
5	Subheksha (Swapping)	0.00	52.09	0.17	0.03
	Sub-Total Energy Swapped In		576.34	1.78	0.03
	Total Short Term	0.00	660.72	34.23	0.52
	Grand Total	3123.18	2905.00	848.77	2.92
	Transmission and Other Charges				
1	Transmission Charges MePTCL			73.49	
2	Transmission Charges PGCIL			103.11	
3	POSOCO Charges			1.21	
4	VAR Charges			0.54	
	Total Power Purchase Cost			1027.11	
5	Less RRA Settlement			-0.27	
	Net Power Purchase Cost	3123.18	2905.00	1026.84	3.53

Table 13 : Reconciliation of Power Purchase with Audited Accounts (Excluding RRAS)

Reco of Power Purchase with Accounts	Amount in Crs.
Power Purchase as Per Accounts	1113.24
Less: Surcharge	1.06
Less: NTPC Surcharge Included	85.07
Net Power Purchase Expenses	1027.11
Considered	1027.11
Difference	0.00

MePDCL requested Commission to allow the Power Purchase expenses of Rs. 1026.84 Cr. for FY 2022-23.

Commission's Analysis

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

NTPC

The petitioner has claimed Power purchase cost at Rs.94.86 Crore for True up of FY 2022-23 including Rs.85.06 Crore LPSC which shall not be considered for determination of Tariff.

NTPC has adjusted RRAS credit from the Gross value for Rs.0.85 Crore. NTPC has wrongly calculated the invoice value for Rs.7,31,17,250 Crore (LPSC) as against Rs.7,27,82,380 by adding RRAS credit of Rs.1,67,435 instead of reducing from the Gross bill value for the month of September 2022. Thus invoice value shall be Rs. 7.28 Crore for September 2022 and Gross claim shall be Rs.9.76 Crore excluding LPSC for FY 2022-23.

Commission considers power purchase cost of NTPC as depicted in the table below.

Particulars	Gross (Rs.Cr)	1% Rebate (Rs.Cr)	Net Admissible (Rs.Cr)
Power Purchase cost	94.82		94.82
Less : LPSC	- 85.06	-	- 85.06
Gross Admissible	9.76	0.95	8.81
RRAS Adjustment	- 0.85		- 0.85
Gross Total	8.91	0.95	7.96

Commission considers Power purchase cost for NTPC at Rs. 7.96 Crore for True up of FY 2022-23.

POSOCO

Licensee has claimed point of connection charges of POSOCO at Rs.1.20 Crore for True up of FY 2022-23

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2022-23.

Particulars	Amount in Cr
POSOCO charges	1.20
Less: 1% rebate	0.01
Net Admissible	1.19

Commission considers the claim for Rs.1.19 Crore after adjusting 1% rebate for True up of FY 2022-23.

KEIP Ltd.

Licensee has claimed power purchase cost towards Trading margin and open access charges at Rs.0.94 Crore for FY 2022-23.

Licensee has projected power purchase through IEX for Rs.2.82 Crore for FY 2022-23.

As per the summary, total power purchase cost has been considered at Rs.3.76 Crore for True up of FY 2022-23.

The claim is admitted as depicted in the table below.

Particulars	Claimed	Admitted
Power Purchase cost towards Trading margin and Open access charges (Rs.Cr)	0.94	0.94
Purchase from IEX	2.82	2.82
Net Admissible (Rs.Cr)	3.76	3.76

Commission considers the claim at Rs. 3.76 Crore for True up of FY 2022-23.

NEEPCO

Licensee has claimed Power Purchase cost of NEEPCO projects at Rs.402.56 Crore which includes Interest cost in 7 no.s Invoices for Rs.7.65 Crore.

On a query, Licensee has submitted that the claim is made as per CERC Regulation 13 (4) of 2019 on account of Truing up of business from FY 2014-2019 Tariff period.

The Regulation 13 (4) reads as follows;

“After truing up, if the tariff already recovered exceeds or falls short of the tariff approved by the Commission under these regulations, the generating company or the transmission licensee, shall refund to or recover from, the beneficiaries or the long term customers, as the case may be, the excess or the shortfall amount along with simple interest at the rate equal to the bank rate as on 1st April of the respective years of the tariff period in six equal monthly installments.”

Commission is of the view, any liability towards power purchase cost or interest shall become payable from the date of raising invoice before due date.

Petitioner shall consider date of raising invoice and due date of payment to give effect

admissible interest against the invoice value.

Commission considers 7 no's invoices valued for Rs.7.65 Crore towards interest claim shall be admitted on the responsibility of the petitioner for True up of FY 2022-23.

Accordingly Power purchase expenses of NEEPCO are admitted as detailed in the table below.

Particulars	Claimed	Admitted
Power Purchase cost incl. Supplementary bills and interest	402.56	402.56
Less: 1% rebate		4.03
Net Admissible (Rs.Cr)		398.53

Commission considers the claim for Rs.398.53 Crore after adjusting 1% rebate for True up of FY 2022-23.

APPCL

Licensee has claimed power purchase cost for bilateral and IEX procurement including swapping at Rs. 21.96 Crore for True up of FY 2022-23.

The claim is admitted as per Regulations for True up of FY 2022-23.

Particulars	Amount in Cr
Power Purchase cost for FY 2022-23	21.96
Credit bills	-
Net Admissible	21.96

Commission considers the claim and admitted for Rs. 21.96 Crore for True up of FY 2022-23.

OTPC

The licensee has claimed power purchase cost at Rs.149.07 Crore as against actual power purchase expenses as per the summary of the invoices amounted to Rs.168.39 Crore which includes Rs.1.06 Crore towards net saving due to loan refinancing by OTPC vide invoice no.063 dated 06.10.2022 for Rs.15.91 Crore which shall be a credit element for Rs.1.06 Crore in the invoice for MePDCL.

On a query, the petitioner has projected Regulation 26 (7) of CERC Tariff Regulations 2014 which specifies:

“The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries

and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.”

Further petitioner stated that as per regular practice followed by CERC the entire benefit of the refinancing is passed on to the beneficiaries, as CERC considers the actual rate of interest during the truing up exercise.

The petitioner has further quoted CERC order dated 09.01.2023 in the petition no.21/RP/2022 decided the following:

“12. It is evident from the above, that the weighted average rate of interest (WAROI) shall be calculated based on the actual loan portfolio i.e., with actual loans carrying actual rate of interest. Further, in terms of the above regulations, the net savings on interest, on account of refinancing of loan, is to be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

The CERC Order dated 09.01.2023 provides:

In the event of any dispute regarding sharing of net savings on account of refinancing any of the parties may approach the Commission for its resolution. However, the beneficiaries shall not withhold any payment on account of the interest claimed by the generating company during the pendency of such dispute.

Petitioner stated that there is no error in the invoice no. OTPC/EB/2223/063 dated 06.10.2022.

Commission is of the view that objective of the Regulation 26 (7) of CERC Tariff Regulations 2014 is clearly stated **the net savings** on interest in the event of the refinancing of the loan shall be shared between the generating company and beneficiary MePDCL.

Petitioner shall register disputing the net saving in interest on account of refinancing of loan for Rs.1.06 Crore included in the invoice no. OTPC/EB/2223/063 dated 06.10.2022 instead of giving credit.

However the value of the invoice no. OTPC/EB/2223/063 dated 06.10.2022 for Rs.15.91 Crore is admitted on the responsibility of the petitioner.

The Power purchase cost of OTPC is admitted for True up of FY 2022-23 as detailed in the table below after adjusting 1% rebate.

Particulars	Gross	Net Admissible
Power Purchase cost for FY 2022-23	167.90	167.90
Supplementary	0.49	0.49
1% rebate		(-) 1.68
Net Admissible	168.39	166.71

Commission considers power purchase cost at Rs. 166.71 Crore for True up of FY 2022-23.

NHPC

Licensee has claimed Power Purchase cost of NHPC at Rs.17.07 Crore for purchase of 36.87 MU which includes Rs.5,257.00 towards Interest and Rs.1.80 Crore towards balance claim of excess amount adjusted during Power Regulation period 01.04.2014 to 30.09.2015. The petitioner has acknowledged the claim of NHPC on a letter addressed by General Manager (FIN) dated 04.07.2022 without presenting proforma invoice. The claim is admitted on the responsibility of the petitioner.

Particulars	Amount in Cr
Power Purchase cost for FY 2022-23	17.07
(-) 1% rebate	0.17
Net Admissible	16.90

The claim is admitted as power purchase cost at Rs.16.90 Crore for True up of FY 2022-23.

GMR ET Ltd (Swapping)

The Licensee has claimed Power Purchase cost at Rs.0.29 Crore for True up of FY 2022-23.

The claim is admitted as power purchase cost at Rs.0.29 Crore for True up of FY 2022-23.

Manikaran Power Ltd (Swapping)

The Licensee has claimed Power Purchase cost at Rs.0.22 Crore for True up of FY 2022-23.

The claim is admitted as power purchase cost at Rs.0.22 Crore for True up of FY 2022-23.

Shubheksha Advisors Pvt Ltd (Swapping)

The Licensee has claimed Power Purchase cost at Rs.0.16 Crore for True up of FY 2022-23.

The claim is admitted as power purchase cost at Rs.0.16 Crore for True up of FY 2022-23.

Deviation (Inter State)

Licensee has claimed power purchase cost for Deviation (Interstate) at Rs.7.88 Crore including ZCV Surcharge for True up of FY 2022-23.

The claim is admitted as depicted in the table below.

Particulars	Amount in Cr
DSM Inter State	7.88
1% Rebate	0.08
Net Admissible	7.80

The claim is admitted as power purchase cost at Rs.7.80 Crore for True up of FY 2022-23.

MePGCL

The Licensee has claimed power purchase cost of MePGCL at Rs.241.67 Crore for True up of FY 2022-23. The station wise break up figure is annexed.

The claim is admitted after adjusting 1% rebate for True up of FY 2022-23 as depicted in the table below.

Particulars	Amount in Cr
Power Purchase Cost	241.67
1% Rebate	2.42
Net Admissible	239.25

Commission considers power purchase cost at Rs.239.25 Crore for True up of FY 2022-23.

Table 14 : Power Purchase Bills Claimed by MePGCL for FY 2022-23

(in..Rs)

Months	Umiam -I	Umiam -II	Umiam -III	Umiam IV	Umtru Power station	Sonapani Mini Power Station	MLHEP	NUHEP	Lakroh Mini HEP	Total
Apr-22	19937551	12826523	33681030	27197039	0	725893	76350111	16939129	0	187657276
May-22	22626993	14617847	37575796	35257283	0	1125912	91929994	23995272	0	227129097
Jun-22	36580223	24614528	35901720	40931140	0	1272634	94379988	25301011	0	258981244
Jul-22	37863933	25849169	44902302	47968924	0	1235685	97393589	30102343	778587	286094532
Aug-22	30584073	20720445	43708088	49774691	0	1309132	75869624	30967975	892622	253826650
Sep-22	20117399	12939961	40874583	39502427	0	1266067	90110646	28785781	781251	234378115
Oct-22	16893501	10445970	40229301	36661937	0	1298288	81580143	26431389	795742	214336271
Nov-22	16434538	10124542	35022168	30332314	0	1138029	46375814	21735995	638154	161801554
Dec-22	17703443	10978099	32514763	28691717	0	979325	41506997	19316242	553173	152243759
Jan-23	18065876	11287933	30533148	27107499	0	906977	40361759	17904603	481650	146649445
Feb-23	15917092	9716555	28270414	25374249	0	801857	39683798	16475260	0	136239225
Mar-23	19395997	12329515	31797145	28036527	0	805221	46787379	17604210	561337	157317331
										2416654499
Total	272120619	176451087	435010458	416835747	0	12865020	822329842	275559210	5482516	2416654499
Less: 1% Rebate	2721206.19	1764510.87	4350104.58	4168357.47	0.00	128650.20	8223298.42	2755592.10	54825.16	24166544.99
Net	269399412.81	174686576.13	430660353.42	412667389.53	0.00	12736369.80	814106543.58	272803617.90	5427690.84	2392487954.01

Transmission Charges

PGCIL

Licensee has claimed PGCIL Transmission charges for Rs. 104.33 Crore including Rs.0.19 Crore Surcharge vide bill no. MI6006220186 dated 26.09.2022 which shall not be considered for determination of Tariff and supplementary bills valued at Rs.21.21 Crore.

There has been a wrong summation in the invoice no. MI6003220002 dated 01.06.2022. PGCIL adjusted credit of STOA for Rs.17,52,446/- and Rebate adjustment for Rs.10,005/- from the Gross value at Rs.7,86,00,414/-. The net value shall be Rs.7,68,57,963/-, instead the adjustment value of Rs.17,62,451/- has been added to Gross bill, thus value projected for Rs.8,03,42,855/- as against actual net value Rs.7,68,57,963/-

Commission considers Power purchase cost of PGCIL at Rs.102.75 Crore excluding surcharge for Rs.0.19 Crore after adjustment of 1% rebate for True up of FY 2022-23.

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

Particulars	Gross Claim	1% rebate	Net Admissible (Rs.Cr)
PGCIL Transmission charges for FY 2022-23	82.58	1.04	102.75
Supplementary bills	21.21		
Total	103.79		
Surcharge claim	0.19	-	-
Net Admissible	103.98	1.04	102.75

Commission considers PGCIL Transmission charges at Rs. 102.75 Crore for True up of FY 2022-23.

MePTCL

The Licensee has claimed Transmission charges of MePTCL at Rs.73.49 Crore for True up of FY 2022-23

The claim is admitted after adjusting 1% rebate as per Regulations for True up of FY 2022-23

Particulars	Amount in Cr
Transmission charges	73.49
Less: 1% rebate	0.73
Net Admissible	72.76

Commission considers the Transmission charges for Rs.72.76 Crore for True up of FY 2022-23.

Table 15 : Approved Power Purchase Cost for True up of FY 2022-23

Sl. no	Name of the Generator/Source	Energy Drawn in MU	MePDCL Actuals (in Rs Cr)	Approved for True up (Rs Cr)
1	NTPC	0	4.20	7.96
2	OTPC	517.23	149.07	166.71
3	NEEPCO	646.65	402.56	398.53
4	NHPC	36.87	17.04	16.90
5	APPCL	120.71	21.94	21.96
	a) Swapping	85.74		
	b) Bilateral	9.05		
	c) IEX	25.92		
6	Kreate Energy (MPPL)	309.20	3.73	3.76
7	POSOCO	0	1.21	1.19
8	Deviation Inter	20.83	7.88	7.80
9	Deviation Intra	0.94	-	-
10	GMR ET (Swapping)	92.16	0.29	0.29
11	Manikaran Power Ltd (Swapping)	64.80	0.22	0.22
12	Subheksha (SAPL) (Swapping)	52.09	0.17	0.16
13	VAR Charges		0.54	-
14	MePGCL	1043.53	241.67	239.25
	Sub-Total (A)		850.51	864.73
	Transmission Charges			
15	PGCIL	0	103.11	102.75
16	MePTCL	0	73.49	72.76
	Sub Total (B)	0	176.60	175.51
	Total (A+B)			
	Average Power Purchase Cost	2905.01	1027.11	1040.24

Commission considers Power Purchase cost at Rs. 1040.24 Crore for True up of FY 2022-23.

2.2 Gross Fixed Assets

Petitioner's Submission

MePDCL has considered the opening GFA as considered by the Hon'ble Commission in the order dated 21/11/2023 in Case No. 01 of 2023 for Truing Up of Expenses for FY 2021-22. The addition and deletion have been considered as per actuals as per the audited statement of accounts.

Table 16 : Gross Fixed Assets for FY 2022-23

Particular	Amount
Opening GFA	1010.19
Addition During the Year	483.59
Deletion During the Year	0.00
Closing GFA	1493.78

Commission's Analysis

Commission considers Opening and closing GFA as projected in the petition for True up of FY 2022-23. Average GFA being considered at 1251.98 Crore for True up

Table 17 : Gross Fixed Assets for FY 2022-23

Particulars	Amount
Opening GFA	1010.19
Addition During the Year	483.59
Deletion During the Year	0.00
Closing GFA	1493.78
Average GFA	1251.98

2.3 Capital Structure

Petitioner's Submission

MePDCL would like to reiterate that the grants available in the books of accounts do not pertain to the Gross Fixed Assets only but also to the capital works in progress. Hence in line with the judgements of the Hon'ble APTEL and the methodology adopted by other Commissions MePDCL proposes the capital structure as under:

Particular	Amount
Opening GFA	825.39
Opening CWIP	1207.94
Opening Capex	2033.33
Closing GFA	1308.97
Closing CWIP	987.19
Closing Capex	2296.16

Opening Grants and Consumer Contribution	1177.28
Closing Grants and Consumer Contribution	1322.01
Grants in Opening GFA	477.89
Grants in Closing GFA	753.64
Opening Loan	243.25
Closing Loan	388.73
Average Loan	
Opening Gross Equity	104.25
Closing Gross Equity	166.60
Average Equity	135.42
Funding Pattern of Capitalization During the Year	
Total Capitalization	483.59
Grants in Capitalization	275.75
Equity in Capitalization	62.35
Loan in Capitalization	145.49

It is pertinent to note that there is a difference in the audited accounts and as considered by Hon'ble Commission in the previous true ups due to the Ind AS adjustments not considered by the Hon'ble Commission. However, the grants in the books of accounts pertains to the GFA in the books of accounts hence the capital structure has been considered as per the books of accounts. However, the subsequent calculations of the dependent components are based on the GFA considered by the Hon'ble Commission only in the previous true ups. MePDCL request the Hon'ble Commission to accept the methodology proposed by it for capital structuring and calculation of subsequent components depending on the capital structure.

Commission's Analysis

The petitioner has projected Capital structure not considerable in the process of True up of the business for FY 2022-23.

Commission shall notify the Capital Structure in the computations for depreciation, RoE and Interest on loans in the Respective chapters as per the Regulations.

2.4 Return on Equity

Petitioner's Submission

MePDCL would like to submit that the return on equity has been calculated in line with the provisions of Regulation 27 of the 2014 Tariff Regulations and the capital structure presented in the Table 9 in the petition.

The calculation of Return on Equity is tabulated below:

Table 18 : Return on Equity

Particulars	FY 2022-23
Opening Equity	127.59
Closing Equity	190.12
Average Equity	158.85
Rate of Return on Equity	14%
Return on Equity	22.24

Commission's Analysis

According to Regulation 31 of MSERC MYT Regulations 2014 -

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

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

Licensee has claimed Return on Equity projecting average equity Rs. 858.39 Crore which has no relevance to the books of accounts.

Commission has considered opening GFA at Rs.1007.40 Crore as approved for closing balance of FY 2020-21 and closing GFA at Rs. 1010.19 Crore as per the note no.02 of audited accounts for FY 2021-22.

MePDCL has claimed in the addendum to True up petition that the Govt grants and contributions were utilized for capital works in progress (CWIP) and hence Govt. grants shall not be considered for deduction in the true up process for admission of Return on Equity.

Regulations does not provide for excluding the Grants and Contributions utilized for capital work in progress for computation of Return on Equity.

Licensee has submitted that the issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC: APTEL Case no 46 of 2016) is still under subjudice.

Table 19 : Computation of Return on Equity for True up FY 2022-23

Sl.No	Particulars	(Rs. in Crore)
1	GFA as on 31.03.2021	1010.19
2	Addition during year	483.59
3	(-) Retirements	0.00
4	GFA as on 31.03.2022	1493.78
5	Average Assets (1+4)/2	1251.98
6	Less: Grants and contributions as per note 17.1 of SOA	1249.65
7	Net Capital cost for ROE	2.33
8	Opening Equity	-26.43
9	Closing Equity Capital (2.33*30%)	0.70
10	Avg Equity (8+9)/2	-26.08
11	ROE at 14% (-26.08*14%)	- 0.00

Commission considers Return on Equity as -NIL- for True up of FY 2022-23.

2.5 Interest and Finance Charges

Petitioner's Submission

Interest on loan has been computed as per the provisions of Regulations 27 and Regulation 32 of the 2014 Tariff Regulations. The weighted average rate of interest has been computed on the actual loans running as tabulated below:

Table 20 : Computation of Weighted Average Rate of Interest

S No.	Details of Loan	Opening Balance	Fresh Drawl	Repayme nt	closing Balance	Average Loan	Interest in 2022-23 as Per SOA	Rate of Interest
1	Restructured REC Loan	9.55	0	6.07	3.48	6.52	0.22	3.44%
2	PFC Loan R- APDRP A	33.89	0	0.00	33.89	33.89	3.05	9.00%
3	PFC Loan R- APDRP B	82.36	0	0.00	82.36	82.36	7.41	9.00%
4	PFC Loan IPDS	5.19	0	0.37	4.82	5.00	0.54	10.80%
	WAROI	130.99		6.44	124.55	127.77	11.23	8.79%

Table 21 : Calculation of Interest on Loan

Particulars	Amount in Rs. Cr
Gross Normative Loan-Closing	297.71
Cumulative Repayment	85.94
Net Normative Loan-Opening	211.77
Addition	145.49
Repayment	6.44
Net Normative Loan-Closing	350.82
Average Normative Loan-Closing	324.26
Weighted Average Rate of Interest	8.79%
Interest on Loan	28.49
Other Financing Charges	8.16

MePDCL requested Commission to allow interest and finance charges of Rs. 36.65 Cr for FY 2022-23

Commission's Analysis

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

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

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

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

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

Table 22 : Approved Interest and finance charges for True up of FY 2022-23

(Rs. Cr)

Sl. No	Particulars	Opening balance	Additions	Re payment	Closing Loan	Avg Loan	Interest
		(1)	(2)	(3)	(4)		(5)
1	Opening balance						
	a) 8% restructured REC loan	9.62		6.14	3.48	6.55	0.52
	b) 9% PFC loan R-APDRP-A	33.89*					
	c) 9% PFC loan R-APDRP-B	59.26*					
	d) 11.15% PFC Loan IPD Scheme	4.66		0.37	4.29	4.48	0.50
	Total	14.28			7.77	11.02	1.02
2	Interest and Finance charges						1.02

* The interest cost on the Outstanding R-APDRP A&B loans shall not be admitted in the True up process as already notified in the True up order for FY 2021-22.

Commission approves Interest and finance charges at Rs. 1.02 Crore for True up of FY 2022-23.

2.6 Depreciation

Petitioner's Submission

The depreciation has been computed as per the methodology adopted by Hon'ble Commission in the previous true ups. Further the opening balance of GFA has been considered as per the GFA approved by Hon'ble Commission in the order dated

21/11/2023 in Case No. 01 of 2023 in true up of 2021-22. The calculation of depreciation is tabulated below:

Table 23 : Calculation of Depreciation for FY 2022-23

(Rs. Cr)

Asset Details	As on 1 st April 2022	Additions	Disposals / deductions	As on 31 st March 2023	Average GFA	Depreciation Rate	Depreciation
Land	1.86	0.17	0.00	2.03	1.94	0.00%	0.00
Buildings	13.60	31.68	0.00	45.28	29.44	3.34%	0.98
Plant and Equipment	106.18	118.35	0.00	224.52	165.35	5.28%	8.73
Furniture and Fixtures	0.99	0.00	0.00	0.99	0.99	6.33%	0.06
Vehicles	0.69	0.00	0.00	0.69	0.69	9.50%	0.07
Office equipment	2.20	1.62	0.00	3.81	3.00	6.33%	0.19
Others	0.00	0.00	0.00	0.00	0.00		0.00
Hydraulic Works	0.09	0.00	0.00	0.09	0.09	5.28%	0.00
Other Civil Works	3.05	0.00	0.00	3.05	3.05	3.34%	0.10
Lines and Cable Network	881.56	331.77	0.00	1211.14	1046.35	5.28%	55.25
Total	1010.20	483.59	0.00	1491.60	1250.90		65.39
Rate of Depreciation							5.23%
Average Grants in GFA	615.77						
Depreciation on Grants							32.19
Claim of Depreciation							33.20

MePDCL requested Commission to allow the depreciation of Rs.33.20 Cr as for FY 2022-23.

Commission's Analysis

As per the Regulation 33 of MSERC Regulations 2014:

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

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

The petitioner has claimed Depreciation at Rs.33.20 Crore for True up of FY 2022-23.

There has been capitalization of assets at Rs. 483.58 Crore as per note no.2 of Audited Accounts.

Licensee reported Grants and contributions during the year at Rs.306.41 Crore while amortization of Grants reported at Rs.161.69 Crore as per note no.17.1 of SoA.

The average Grants and contributions works out to be Rs.1249.65 Crore.

Commission considers depreciation for True up of FY 2022-23 as depicted in the table below.

Table 24 : Computation of Depreciation for True up of FY 2022-23

(Rs.Cr)							
Particulars	Opening GFA	Additions	Retire ments	Closing GFA	90% of GFA	% of Depr	Amount of Depreciation
Land	1.86	0.17		2.03		-	-
Buildings	13.60	31.68		45.28	26.49	3.34%	0.88
Plant and Equipment	106.16	118.35		224.51	148.80	5.28%	7.86
Furniture and Fixtures	0.99	-		0.99	0.89	6.33%	0.06
Vehicles	0.69	-		0.69	0.62	9.50%	0.06
Office Equipment	2.20	1.61		3.81	2.70	6.33%	0.17
Hydraulic works	0.09			0.09	0.08	5.28%	0.00
Other Civil works	3.04			3.04	2.74	3.34%	0.09
Lines and Cable Network	881.56	331.77		1213.33	942.70	5.28%	49.77
Total	1010.19	483.58		1493.77	1125.02		58.89
Average assets				1251.98		4.70%	
Less : Depreciation on Avg Grants and contributions				1249.65			58.73
Net Dep for Discom							0.16
(+) 1/3rd Dep on MeECL assets							0.08
Total depreciation							0.24

Commission considers Deprecation at Rs.0.24 Crore for True up of FY 2022-23.

2.7 O&M Expenses

As per the settled practice followed by Hon'ble Commission in past the operation and maintenance expenses have been claimed as per the audited accounts of FY 2022-23.

The details of operation and maintenance expenses are tabulated below.

2.7.1 Employee Expenses

Petitioner's Submission

Employee expenses have been claimed as per the audited accounts. It is further reiterated that the actuarial valuation for the FY 2022-23 has

already been done and the terminal benefits have been accounted in the accounts as per the same.

Table 25 : Employee Expenses for FY 2022-23

S No	Particular	Actual in Rs. Cr.
1	Salaries and Wages	147.35
2	Gratuity Expenses	6.05
3	Leave Encashment Expenses	22.41
4	Pension Expenses	44.33
5	Contribution to PF	6.50
6	Apportionment of Employee Benefit of Holding Company	11.92
	Total	238.56
	1/3rd of Employee Expenses of MeECL	1.62
	Total	240.18

MePDCL requested Commission to allow the employee expenses of Rs. 240.18 Cr for FY 2022-23.

Commission's Analysis

Petitioner has reported Employee benefit expenses at Rs.238.56 Crore vide note no.27 of SoA which includes pension, gratuity, leave encashment expenses for Rs.76.61 Crore apportionable employee benefit expenses of holding company which shall be met from Trust funds.

Commission considers Employee benefit expenses for MePDCL including 1/3rd share of Employee benefit expenses of holding company as depicted in the table below.

Table 26 : Approved Employee Expenses for True up of FY 2022-23

Particulars	Rs. Cr
Salaries and wages (Note. no.27 of SoA)	147.35
Contributions to provident and other funds	6.50
Apportionment of Employee Benefit Expenses (from Holding Company)	8.10
(a) Salaries and wages of Deputationists (Note. no. 23 of MeECL SoA)	8.01
(b) Staff welfare expenses & exgratia.	0.02
(c) Contribution to CPS (Corporation Contribution)	0.07
Total Employee Expenses	161.95
Employee Expenses of MeECL Apportioned (actuals) MeECL (Rs.4.86 Cr/3)	1.62
Net Actual Employee Expense admissible for True up	163.57

Commission considers Employee expenses at Rs.163.57 Crore for True up of FY 2022-23.

2.7.2 R&M Expenses

Petitioner's Submission

R&M expenses have been claimed as per the audited statement of accounts.

The MeECL expenses have been apportioned in the three companies in equal proportion.

Table 27 : R&M Expenses for FY 2022-23

S No	Particular	Actual in Rs. Cr.
1	Buildings	0.16
2	Plant and Equipments	1.64
3	Civil Works	0.04
4	Lines and Cables	4.07
5	Vehicles	0.11
6	Furniture and Fixtures	0.04
7	Office Equipments	0.22
	Total	6.28
	1/3rd of MeECL	0.34
	Total R&M Expenses	6.62

MePDCL requested Commission to allow the R&M expenses of Rs.6.62 Cr for FY 2022-23.

Commission's Analysis

As reported vide note no.30 of SoA for MePDCL and note no.26 of SoA of MeECL, the R&M expenses projected for True up of FY 2022-23 at Rs.6.62 Crore found to be admissible as depicted below.

Table 28 : R&M expenses for FY 2022-23

Particulars	Amount in Cr
R&M Expenses of MePDCL	6.28
1/3 rd R&M expenses of MeECL	0.34
Total R&M expenses	6.62

Commission approves R&M expenses of Rs. 6.62 Crore for True up of FY 2022-23.

2.7.3 Administration and General Expenses

Petitioner's Submission

In line with the claims of the employee expenses and R&M expenses the A&G expenses have also been claimed as per the statement of accounts. The A&G expenses of MeECL has been apportioned in the three companies in equal proportion.

MePDCL would like to further submits that the A&G expenses of MeECL also includes the penalty of Rs.1.21 Cr which has been excluded from the claim as a principle of honesty.

Table 29 : A&G expenses for FY 2022-23

S No.	Particular	Actual
1	Insurance Expenses	0.02
2	Rent, Rates and Taxes	0.09
3	Billing Software Expenses	4.12
4	Postage Expenses	0.15
5	Training and Conveyance	8.37
6	Printing and Stationary	0.38
7	Auditor's Remuneration	0.06
8	Consultancy Charges	0.31
9	License and Registration Charges	0.00
10	Technical Fees	0.02
11	Books and Periodicals	0.00
12	Fee and Subscription	0.00
13	Advertisement	0.19
14	Legal and Professional Charges	0.61
15	MSERC Fees	0.15
16	Electricity and Water Charges	0.53
17	Meter Reading Expenses	0.00
18	Franchisee Commission	0.84
19	Franchisee Transmission Loss	1.03
20	Discount Allowed	0.25
21	Stamp Duty	0.01
22	Bank Charges	0.13
23	GST Expenses	0.01
24	ROC Charges	0.01
25	Entertainment Expenses	0.01
26	Compensation for Injuries	0.13
27	Misc. Expenses	0.17
	Total	17.60
	1/3rd of MeECL Expenses	0.61
	Grand Total	18.21

Commission's Analysis

As reported vide note no.30 of SoA for MePDCL, the A&G expenses projected for True up of FY 2022-23 at Rs.17.60 Crore includes Franchisee Transmission loss for Rs.1.03 Crore which shall not be considered.

Thus Net Admissible Adm General expenses shall be Rs.16.57 Crore for MePDCL and 1/3rd share of MeECL Adm General expenses as claimed in the petition for Rs.0.61 Crore is allowed for True up of FY 2022-23 as detailed in the table below.

Table 30 : Adm & General expenses for FY 2022-23

Particulars	Amount in Rs.Cr
Adm & General Expenses of MePDCL	16.57
1/3 rd A&G expenses of MeECL	0.61
Total A&G expenses	17.18

Commission approves A&G expenses at Rs.17.18 Crore for True up of FY 2022-23.

Total O&M expenses for FY 2022-23

As per the above analysis the O&M expenses of MePDCL are approved as detailed below including 1/3rd share of MeECL O&M expenses for True up of FY 2022-23.

Table 31 : Approved O&M expenses for True up of FY 2022-23

Particulars	(Rs.Cr)			
	MePDCL Claimed	MePDCL	1/3 rd MeECL	Total
Employee expenses	240.18	153.85	9.72	163.57
R&M	6.62	6.28	0.34	6.62
A&G Exp	18.21	16.57	0.61	17.18
Total	265.01	176.70	10.67	187.37

Commission approves O&M expenses at Rs.187.37 Crore for True up of FY 2022-23.

2.8 Interest on Working Capital

Petitioner's Submission

Regulation 34.3 of the 2014 Tariff Regulation details out the methodology of the computation of the Interest on Working Capital for distribution business. As per the Regulation 34.3:

“34.3 Distribution Business

(i) 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.”

In line with the provisions of the above Regulations MePDCL has computed the interest on working capital which is tabulated below. The State Bank of India

Advance Rate as on 01.04.2022 has been considered for the purpose of computation of the interest on working capital.

Table 32 : Computation of Interest on Working Capital for FY 2022-23

Particulars	Amount (Rs Cr)
O&M for 1 Months	22.08
Maintenance Spares	5.73
Receivables for 2 Months	182.25
Total	210.07
Interest Rate (%)	12.15%
Interest on Working Capital	25.84

MePDCL humbly requests Hon'ble Commission to allow the interest on working capital as Rs. 25.84 Cr. for the FY 2022-23.

Commission's Analysis

As per Regulation 34.3 of MYT MSERC Regulations 2014,

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

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

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

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

Table 33 : Approved Interest on Working Capital for true up of FY 2022-23

Particulars	Rs.in Cr
O&M expenses for 1 Month excl. MeECL cost (176.70/12)	14.73
Maintenance Spares at *1% of escalation at 6% (GFA 1010.19 *1%*6%)	10.71
Receivables for 2 Months (1007.23 *2/12)	167.87
Total	193.31
Interest Rate (%) (SBIAR as on 1st April 2022)	12.30%
Interest on Working Capital	23.78

Commission considers Interest on working capital at Rs.23.78 Crore for True up of FY 2022-23.

2.9 Revenue from Sale of Power

Petitioner's Submission

Revenue from sale of surplus power has been claimed as per the audited statement of accounts. The details of revenue from sale of surplus power is tabulated below:

Table 34 : Revenue from sale of power in FY 2022-23

(Rs. Cr)

Particular	MU	Amount in Rs.Cr	Rate Discovered Rs./kWh
Sale of Power On IEX	110.34	54.77	4.96
Inter State DSM Charges	35.66	19.54	5.48
Total	146.00	74.31	5.09

Further, MePDCL has entered into swapping arrangements where in MePDCL provides return power in lieu of the power swapped depending on the availability of surplus and deficit in the power. The ratio of return is generally 1:1.05. MePDCL would like further emphasize that these transactions do not have any monetary value as they are settled in terms of energy only. The details of swapping return are provided below:

Table 35 : Details of Swapping Return during FY 2022-23

Particular	MU
Kreate Energy (Swapping)	290.99
APPCL (Swapping)	99.09
GMR Energy (Swapping)	29.23
Manikaran (Swapping)	58.25
SAPL (Swapping)	24.09
Total	501.66

MePDCL requested Commission to approve the revenue from sale of surplus power as Rs.74.31 Cr for FY 2022-23.

Commission's Analysis

Licensee has submitted Revenue from sale of surplus power at Rs.74.31 Core for 146 MU sold under UI & IEX which is also reported through audited accounts vide note no.24 found to be acceptable.

Commission considers Revenue from sale of surplus power at Rs.74.31 Crore for True up of FY 2022-23

2.10 Non Tariff and Other Income

Petitioner's Submission

The details of the Non-Tariff Income for FY 2022-23 is tabulated below:

Table 36 : Non Tariff and Other Income in FY 2022-23

		(Rs. Cr)
S No	Particular	Amount
A	Other Income	
	Interest Income	
	From Banks	2.57
	From Others	0.00
	Sub-Total A	2.57
B	Other Non-Operating Income	
	Rental and Hiring Income	0.00
	Fees and Penalties	0.00
	Sale of scrap, tender forms and others	0.05
	Miscellaneous receipts	7.60
	Revenue Grants for Other Expenditures	0.09
	Revenue Grants for UDAY	0.00
	Sub-Total B	7.74
C	Other Operating Income	
	Meter Rent	8.57
	Reconnection Fees	0.00
	Delayed Payment Charges Collected From Consumers*	20.29
	Rebates on Purchase of Energy	4.91
	Other Charges From Consumers	19.14
	Cross Subsidy Surcharge	7.58
	Sub-Total C	60.49

MePDCL requested Commission to allow the Non-Tariff Income as Rs.70.80 Cr for FY 2022-23

Commission's Analysis

Licensee has reported Non Tariff, Other income and Cross subsidy surcharge vide note no. 24, 24.2 and 25.

The Other income of MeECL as reported in Note no. 22 of audited accounts amounted for Rs.9.49 Crore.

Out of Other Income reported, Rs.0.38 Crore representing share of subsidiaries companies and share of MePDCL amounted to Rs.0.20 Crore.

The balance Rs.9.11 Crore shall be shared among three subsidiary companies equally amounted to Rs.3.04 Crore apportionable to MePDCL.

In all the Revenue from MeECL other income amounted to Rs.3.24 Crore.

The details are as shown in the table below considered for True up of FY 2022-23.

Table 37 : Approved Non Tariff and Other Income for True up of FY 2022-23

(Rs. Cr)

Sl.No	Particulars	For the Year ended 31 st March 2023
	Non Tariff Income (Note no.24)	
1	Meter Rent	8.57
2	Margin Payment Charges collected from consumers	0
3	Reconnection fees	0.004
4	DPS Collected from Consumers	36.83
5	Rebates on Purchase of Energy	5.85
6	Other charges from Consumers	19.14
	Sub Total (A)	70.39
1	Cross Subsidy Surcharge (Note no.24.2) (B)	7.58
	Other Income (Note no.25)	
1	Interest on Deposits from Banks	2.57
2	From Others	0.002
3	Rental and Hiring Income	0.001
4	Fees and Penalties	0.001
5	Sale of scrap, tender forms and others	0.05
6	Miscellaneous receipts	7.60
7	Amortization of Grants and subsidies	61.03
8	Amortization of Consumer Contributions	3.20
9	Revenue Grants for Other Expenditure	0.09
10	Revenue Grant for UDAY Scheme	100.00
11	RRAS from NEEPCO	0.27
	Sub Total- (C)	174.81
1	The Other Income from MeECL apportioned share reported in note no.22 of audited accounts (D) (Rs.0.20 Cr+Rs.3.04 Cr)	3.24
	Total (A+B+C+D)	256.02

Commission considers Non tariff and Other income at Rs.256.02 Crore for True up of FY 2022-23.

2.11 Computation of AT&C losses

Petitioner's Submission

MePDCL has adopted the settled practice followed by Hon'ble Commission in the previous years. Further, since the energy sold to distribution franchisee as the input energy hence technically there are no losses involved there. Accordingly, the sales of 1781.35 MU has been considered for calculation of AT&C losses. Further, the opening debtors and closing debtors have been considered as per the statement of accounts for computation. Further, the sub-transmission losses and auxiliary consumption have been considered as per the methodology adopted in the calculation of T&D losses.

The computation of the AT&C losses is tabulated below:

Table 38 : Computation of AT&C Losses for FY 2022-23

S No	Particular	Legend	Value
1	Input Energy (MU)	A	2257.34
2	Transmission Losses (MU)	B	213.73
3	Net Input Energy (MU)	C=(A-B)	2043.62
4	Energy Sold (MU)	D	1781.35
5	Revenue from Sale of Power (Rs. Cr.)	E	1093.51
6	Adjusted Revenue (Rs. Cr)	F	1093.51
7	Opening Debtors (Rs Cr)	G	444.68
8	Closing Debtors (Rs. Cr.)	H	593.46
9	Collection Efficiency (%)	I=(F+G-H)/E	86.39%
10	Units Realized (MU)	J=I*D	1538.98
11	Units Un Realized (MU)	K=C-J	504.64
	AT&C Loss (%)	L=K/C	24.69%

MePDCL requested Commission to allow the AT&C losses for FY 2022-23 as 24.69%.

Commission's Analysis

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

Format-D2 (A)

Information regarding Distribution Loss and AT & C Loss of Licensee FY 2022-23

Sl. No	Particulars	Calculation	Unit	Previous Years 2021-22 (Actuals)	Current Year 2022-23 (R.E)
1	Generation (own as well as any other connected generation, net after deducting auxiliary consumption) within area of supply of DISCOM	A	MU	2428.80	2898.97
2	Input energy (metered import) received at interface points of DISCOM network	B	MU	2428.80	2868.97
3	Input Energy (metered Export) by the DISCOM at interface point of DISCOM network including balance surplus energy	C	MU	293.91	647.66
4	Total energy available for sale within the licensed area to the consumers of the DISCOM periphery	D=B-C-4%	MU	2049.49	2132.47
5	Energy billed to metered consumers within the licensed area of the DISCOM	E	MU	1603.60	1781.35
6	Energy billed to unmetered consumers within the licenses area of the DISCOM	F	MU	-	-
7	Total Energy billed	G=E+F	MU	1603.60	1781.35
8	Amount billed to consumer within the licensed area of DISCOM	H	Rs.Cr	910.29	1093.51
9	Amount realized by the DISCOM out of the amount Billed at H	I	Rs.Cr	861.49	941.34
10	Collection efficiency (%) (=Revenue realized Amount billed)	J=(I/H)X100	%	94.64%	86.08%
11	Energy realized by the DISCOM	K= GxJ	MU	1517.65	1534.80
12	Distribution Loss (%)	L={(D -G)/D}x100	%	21.76 %	16.47%
13	AT&C Loss (%)	M={((D-K)/D}x100	%	25.95 %	28.03%

Commission considers AT&C loss for FY 2022-23 based on the computation in the Format D2 (A) above.

Petitioner has adopted opening balance of Receivables at Rs.444.68 Crore in table no.23 of the petition instead of Rs.441.29 Crore closing balance approved in the True up for FY 2021-22.

Table 39 : Approved AT&C Loss for True up of FY 2022-23

(Rs.Cr)

S.no	Particulars (MePDCL)	Amount
1	Opening balance of receivables as approved closing balance for FY 2021-22 (as per audited accounts of FY 2021-22)	441.29
2	Revenue from sale of power within the state in FY 2022-23 (Note no.24 of SoA)	1093.51
3	Total	1534.80
4	Less: Closing balance of receivables as at Note no. 7.4 of SOA	593.46
5	Revenue realized in FY 2022-23 from sale of power within the state (Sl.no.3-4)	941.34
6	Collection Efficiency (%) (941.34/1093.51*100)	86.08 %
7	Distribution losses (%) (vide table no. 9(A))	16.47 %
8	AT&C Losses (%) (As analyzed vide Format D2 (A))	28.03 %

AT&C Loss Penalty

Regulation 83.1 of MSERC MYT Regulations specifies that

“ (a) The licensee shall provide complete information of the total AT & C Losses during the previous year and that projected for the year for which the application is being made, including the basis on which such losses have been worked out.

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

Provided also that in the case of a licensee whose AT&C losses during the previous year were less than 30 percent, it would be obligatory for such licensee to reduce such AT&C losses by a minimum of 1.5 percent only during the year for which a Tariff Application is made. Failure to achieve this level of reduction may be penalized in the same manner as set out in clause (a) above. Further, provided that the overall penalty, of any, may be

limited by relevant Central Guidelines, as may be notified from time to time.”

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

Table 40 : Calculation of AT&C Loss Penalty for FY 2022-23

1	Actual AT&C loss for FY 2021-22	25.95%
2	Target level for FY 2022-23 (1.5% less of Sl.no.1)	24.45%
3	Actual AT&C loss for FY 2022-23 as per the Format D2(A)	28.03 %
4	Short fall over the Targeted Level (Sl.no.3-2)	3.58%
5	AT&C loss in terms of Energy for FY 2022-23 (1781.35x3.58%)	63.77 MU
6	Average Unit cost of sale of power as per Reg.83.1 (1093.51/1781.35)	Rs.6.13 Ps/Kwh
7	Penalty to be levied on the short fall of AT&C loss (sl.no.5x6)	Rs. 39.09 Cr

Commission considers AT&C loss penalty at Rs.39.09 Crore for not achieving the AT&C loss target.

3. Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2022-23

Petitioner's Submission

Based on the computation of various components of ARR as detailed out in previous paragraphs the ARR for 2022-23 is estimated as under:

Table 41 : Aggregate Revenue Requirement & Revenue Gap/ (Surplus) for FY 2022-23 (Projected)

Sl. No	Particulars	Approved in Tariff Order 2022-23 (Rs. Cr.)	Actual as Per True Up (Rs.Cr.)	Variation
1	Power Purchase cost	856.32	850.51	-1%
2	Transmission Charges (PGCIL)	68.38	103.11	51%
3	Transmission Charges (MePTCL)	73.49	73.49	0%
	Less RRAS Settlement		-0.27	0%
4	Employee Expenses	182.86	240.18	31%
5	Repair & Maintenance Expenses	6.46	6.62	2%
6	Administration & General Expenses	12.63	18.21	44%
7	Depreciation	0	33.20	0%
8	Interest and Finance charges	10.14	36.65	261%
9	Interest on working capital	23.77	25.84	9%
10	Return on Equity	0	22.24	0%
11	Bad & Doubtful Debt	0		0%
	Gross Annual Revenue Requirement (ARR)	1234.05	1409.77	14.24%
12	Less: Non-Tariff Income and Other Income	104.71	70.80	-32%
13	Less: Sale of Surplus Power	395.72	74.31	-81%
	Net ARR	733.62	1264.66	72.39%
14	Add: True up Gap/(Surplus) for FY 2018-19	-15.88	-15.88	
15	Add: True up Gap for FY 2019-20	179.43	179.43	
16	ARR for FY 2022-23	897.17	1428.21	59.19%

MePDCL requests Hon'ble Commission to approve the ARR for FY 2022-23 as Rs.1428.21 Cr.

Commission's Analysis

True up petition filed by MePDCL has been scrutinized considering the Additional information/data, Audited accounts with reference to the MSERC MYT Regulations 2014, and admissible expenses have been approved for True up of FY 2022-23 as depicted in table below.

Table 42 : Approved Aggregate Revenue Requirement for True up of FY 2022-23

Sl. No	Particulars	(Rs.Cr)		
		Approved in Tariff Order for FY 2022-23	MePDCL Actuals	Approved for True up
1	Power Purchase Cost	856.32	850.51	864.73
2	Transmission Charges (PGCIL)	68.38	103.11	102.75
3	Transmission Charges (MePTCL)	73.49	73.49	72.76
4	Employee Expenses	182.86	240.18	163.57
5	Repair & Maintenance Expenses	6.46	6.62	6.62
6	Administration & General Expenses	12.63	18.21	17.18
7	Depreciation	0.00	33.20	0.24
8	Interest and Finance Charges	10.14	36.65	1.02
9	Interest on Working Capital	23.77	25.84	23.78
11	Return on Equity	0.00	22.24	0
	Bad & Doubtful debt	0.00	0	
	Total Expenses (A)	1234.05	1409.77	1252.65
12	Less: Non-Tariff and Other income	104.71	70.80	256.02
13	Less: Revenue from Sale of Surplus Power	395.72	74.31	74.31
14	Less: Penalty for AT&C loss			39.09
	Sub Total (B)	733.62	1264.66	369.42
	Net ARR (C = A – B)	500.43		883.23
16	Add: True up Gap/(Surplus) for FY 2018-19	-15.88	-15.88	-15.88
17	Add: True up Gap for FY 2019-20	179.43	179.43	179.43
	Total ARR	897.17	1428.21	1046.78

Commission approves ARR at Rs.1046.78 Crore for True up of FY 2022-23.

4. Revenue from Operations Petitioner's Submission

As per the settled methodology adopted by the Hon'ble Commission the Revenue from Sale of Power has been considered as per the audited statement of accounts. MePDCL would like to humbly submit that the as of now the practice of accounting the revenue for certain categories are clubbed together, however, MePDCL is in process of further bifurcating the revenue accounting into further categories as determined by Hon'ble Commission.

Table 43 : Details of Revenue From Sale of Power for FY 2022-23

Categories of other Consumers:	Amount (Rs. Cr.)
Domestic and Residential	282.23
Commercial	113.51
Industrial Medium and Low Voltage	4.76
Industrial High and Extra High Voltage	563.42
Public Lighting	1.25
Irrigation and Agriculture	0.03
Public Water Works	35.14
Bulk Supply to others	67.49
Miscellaneous and General Purpose	1.16

Construction Project High Tension	-
Revenue from sale of power through Franchisee	24.52
Total	1,093.51

MePDCL requested Commission to approve the revenue for FY 2022-23 as Rs. 1093.51 Cr.

Commission's Analysis

Petitioner has reported Revenue from operations excluding Electricity duty at Rs.1175.68 Crore which includes Revenue from sale of surplus power at Rs.74.31 Crore, Cross subsidy surcharge for Rs.7.59 Crore and Rs.0.27 Crore representing RRAS from NEEPCO which is separately accounted as Non Tariff and Other income for FY 2022-23. RRAS income from NTPC has been set off from the power purchase bills.

The net Revenue from operations amounted to Rs.1093.51 Crore for FY 2022-23 as reported vide note no.24 of audited accounts as detailed below.

Table 44 : Revenue from Operations for True up of FY 2022-23

Particulars	Rs.Crore	Rs.Crore
Gross Revenue from Operations		1175.68
Less: Non Tariff and Other Income		82.17
Income from Sale of Surplus Power	74.31	
Cross Subsidy Surcharge	7.59	
RRAS from NEEPCO	0.27	
Net Revenue from Operations		1093.51

Commission approves Revenue from operations at Rs.1093.51 Crore for True up of FY 2022-23.

5. Revenue Gap/Surplus

Petitioner's Submission

Based on the ARR and Revenue presented above the Revenue Gap for FY 2022-23 is presented below:

Table 45 : Revenue Gap for FY 2022-23

Particulars	Amount (Rs. Cr.)
Aggregate Revenue Requirement	1428.21
Revenue from Sale of Power	1093.51
Stand Alone Gap for FY 2022-23	334.70

Commission's Analysis

Commission has analyzed the True up ARR with reference to the additional information filed by the licensee and also as per Regulations, Revenue Gap/Surplus has been computed in the table below.

Table 46 : Approved Revenue Gap/Surplus for True up of FY 2022-23

(Rs.Cr)			
Sl. No	Particulars	MePDCL Actuals	Approved for True up
1	Net ARR	1428.21	1046.78
2	Less: Revenue from Sale of Power	1093.51	1093.51
3	Net Gap / (Surplus)	334.70	(46.73)

Commission approves Net Surplus at Rs. 46.73 Crore for True up of FY 2022-23 and shall be appropriated in the next Tariff Order.

6. Accrued Terminal Benefits

Petitioner's Submission

MePDCL would like to submit before this Hon'ble 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 in Rs. Cr
MeECL	21.15
MePDCL	1272.22
MePGCL	749.84
MePTCL	398.17
Total	2441.39

MePDCL would like to further submit that the terminal benefits are an integral part of the employee expenses and are ought to be recovered through tariff.

However, MePDCL also takes the cognizance of the fact that the liabilities accrued for the period of 10 years cannot be allowed by the Hon'ble Commission in one year as that would result in substantial tariff shock.

In view of the above MePDCL would like to propose that the terminal liabilities that have been accrued in 10 years may be allowed in 15 equal installments without any carrying cost. Hence MePDCL proposes 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. MePDCL would also like to submit that the amount of recovery of the accrued liabilities shall be over and above the annual contribution towards terminal benefits. Also since these are not the actual O&M expenses MePDCL would not claim the said expenses for computation of working capital and escalation of O&M expenses.

Accordingly, MePDCL request Hon'ble Commission to allow the additional recovery of Rs. 85.28 Cr in 2022-23.

Accordingly, the total Gap of FY 2022-23 comes out to be Rs.419.99 Cr.

Commission's Analysis

As already notified in the True up order for FY 2019-20,

"The Meghalaya Power Sector Reforms and Transfer Scheme,2010, in its provisions laid down in clause 9, state that the Holding company, MeECL will be responsible for setting up a pension Trust Fund and it will also take necessary action to operate it, maintain it and ensure progressive funding of the pension Trust Fund. All benefits of retired MeECL employees relating to pension and all other terminal benefits of retired employees are to be met from this Trust Fund. This is a statutory provision."

Para 6 (9) (i to iv) of the Meghalaya Power Sector Transfer Scheme 2010 provides;

"(i) The funds and trusts established for and existing on the date of transfer relating to pension, provident fund, gratuity, leave encashment and all other terminal benefits including for the retired Personnel of the Board shall be vested under the control of MeECL in such manner as the State Government may notify for the purpose.

(ii) MeECL shall be responsible to ensure that the Terminal Benefit Trusts including Pension, Gratuity and Leave encashment, etc. of the Board personnel are progressively funded in regard to the unfunded part to meet the pension, gratuity and leave encashment payments pertaining to the years of service rendered by the personnel of

the Board including retired personnel in the Board as determined as per actuarial valuation to be done for the purpose or;

(iii) In the event of any shortfall of funds with the trusts at any point of time relating to the period prior to the Date of Transfer, the State Government shall pay the shortfall of the required funds to meet the ongoing outflow on annual basis;

(iv) MeECL shall be responsible to ensure that the contribution to the Trusts relating to personnel related funds, for the services after the effective date of transfer, of their respective personnel are made as required from time to time.”

The petitioner shall take action, to discharge the liability of Pension, Gratuity, leave encashment etc., as per the Transfer Scheme provision.

Sd/-

**Shri. R.K. Soni, Principal District &
Session Judge (Retd.)
Member**