



Meghalaya State Electricity Regulatory Commission

TARIFF ORDER

Case No. 30 of 2023

**Aggregate Revenue Requirement for control period
FY 2024-25 to FY 2026-27**

&

Generation Tariff for FY 2024-25

For

Meghalaya Power Generation Corporation Limited

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

1ST Floor (Front Block Left Wing), New Administrative Building

Lower Lachumiere, **Shillong-793001**

East Khasi Hills District, Meghalaya

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ABBREVIATIONS

A&G	Administration & General
ARR	Aggregate Revenue Requirement
APTEL	Appellate Tribunal For Electricity
CAGR	Compound Annual Growth Rate
CD	Contract Demand
CoD	Commercial Operation Date
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
CoS	Cost of Supply
CWIP	Capital Work In Progress
DE	Debt Equity
EHT	Extra High Tension
FY	Financial Year
GOM	Government of Meghalaya
GFA	Gross Fixed Assets
HT	High Tension
KV	Kilo Volt
KVA	Kilo Volt Amps
KVAh	Kilo Volt Ampere hour
KW	Kilo Watt
kWh	kilo Watt hour
LT	Low Tension
MVA	Million Volt Amps
MU	Million Unit
MW	Mega Watt
MYT	Multi Year Tariff
MeECL	Meghalaya Energy Corporation Limited
MePGCL	Meghalaya Power Generation Corporation Limited
MePDCL	Meghalaya Power Distribution Corporation Limited
MePTCL	Meghalaya Power Transmission Corporation Limited
MSERC	Meghalaya State Electricity Regulatory Commission
ROE	Return on Equity
SLDC	State Load Despatch Centre
SBIMCLR	State Bank of India Marginal Cost Lending Rate

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

1ST Floor (Front Block Left Wing), New Administrative Building

Lower Lachumiere, Shillong-793001

East Khasi Hills District, Meghalaya

Case No. 30/2023

In the matter of

Petition for Approval of Aggregate Revenue Requirement for 4th MYT Control Period FY 2024-25 to FY 2026-27 and Generation Tariff for FY 2024-25 for Meghalaya Power Generation Corporation Limited (MePGCL) for Old plants and Sonapani, MLHEP, New Umtru Project and Lakroh mini HEP under the MSERC (Multi Year Tariff) Regulations, 2014.

AND

Meghalaya Power Generation Corporation Limited **the Petitioner**
(here in after referred to as MePGCL)

Coram

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

Member, Law

ORDER

(Date:06.06.2024)

1. The Meghalaya Power Generation Corporation Limited (herein after referred to as MePGCL) is engaged in the business of power generation in the state of Meghalaya.
2. Regulation 6 of MSERC MYT Regulations 2014 specifies that Generation Utility shall file an application before the Commission (here in after referred to as Commission or MSERC) for approval of ARR for 4th MYT Control period FY 2024-25 to FY 2026-27 and determination of Annual Fixed Charges for the generating stations for FY 2024-25.

3. MSERC has extended applicability of MSERC MYT Regulations 2014 for a further control period commencing from 01.04.2024 to 31.03.2027 in its proceedings dated 03.08.2023. Accordingly MePGCL has filed the Petition on 30.11.2023 under the MSERC (Multiyear Tariff) Regulations 2014 for approval of ARR for the control period from FY 2024-25 to FY 2026-27 and Determination of Annual Fixed Charges for FY 2024-25.
4. Petitioner has filed the application for approval of ARR for MePGCL old projects, MLHEP, New Umtru and lakroh projects separately.
5. MePGCL has filed petition for determination of ARR for 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 and Generation tariff for FY 2024-25 for all the existing generating stations. Keeping in view the desirability for timely completion of tariff process, Commission admitted the petition on 01.12.2023 provisionally for further processing subject to the condition that the petitioner shall furnish additional information/data as deemed necessary during the processing of the petition. MePGCL has submitted the additional information/data on 18.01.2024 & 23.01.2024.
6. Commission further directed to publish the notice of petition in accordance with Tariff Regulations detailing the salient features of the ARR for 4th Control period FY 2024-25 to FY 2026-27 and Generation tariff for FY 2024-25 inviting objections/suggestions by stake holders and public at large.
7. The petitioner was also directed to place the petition on its website in the Headquarters/other offices for inspection and to obtain relevant extracts by the stakeholders and public.
8. Commission received some of the objections and sent them to MePGCL for their response.
9. Commission in order to ensure transparency and for convenience of the stakeholders and general public across the state, decided to hold a public hearing at head quarters of the state on 18.03.2024. Accordingly the Commission held public hearing at Shillong as scheduled.
10. The application of MePGCL was also placed before the state advisory committee in its meeting held on 16.04.2024 and various aspects of the Petition were discussed by the

committee. Commission took into consideration the advice of the State advisory committee on the ARR for 4th MYT control period and Generation Tariff for FY 2024-25.

11. Commission took into consideration the facts presented by the MePGCL in its petition and subsequent various filings, the objections /suggestions received from stakeholders, consumers' organizations, general public, the response of the MePGCL to those objections/suggestions and views of State Advisory Committee.
12. After prudence check having deliberations with the utilities staff, considering the public hearing, and minutes of the State Advisory committee meeting, Commission passed this order for approval of Aggregate Revenue Requirement for 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 and Generation Tariff for FY 2024-25 as per the MSERC MYT Regulations 2014.
13. Commission has reviewed the Directives issued earlier in the Tariff Orders for FY 2013-14 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.
14. For the sake of convenience and clarity, this Order has been divided into following chapters.

- Chapter 1** - Introduction
- Chapter 2** - Company Profile
- Chapter 3** - Summary of MYT ARR for FY 2024-25 to FY 2026-27 & Determination of Generation Tariff for FY 2024-25
- Chapter 4** - Public Hearing process
- Chapter 5** - Commission's Approach
- Chapter 6** - Analysis of ARR for 4th MYT Control period FY 2024-25 to FY 2026-27.
- Chapter 7** - Determination of Annual Fixed Charges and Energy Charges for FY 2024-25.
- Chapter 8** - Directives

15. MePGCL shall implement the Tariff order for the generating stations and compliance of the same shall be submitted to the Commission.

This order shall be effective from 1st June, 2024 and shall remain in force till 31st March, 2025 or next Tariff Orders of the Commission.

Sd/-

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

1. Introduction

1.1 Meghalaya Power Generation Corporation Limited

The Government of Meghalaya has unbundled and restructured the Meghalaya State Electricity Board with effect from 31st March, 2010 into the Generation, Transmission and Distribution businesses. The erstwhile Meghalaya State Electricity Board was transformed into four successor entities, viz:

1. Generation : Meghalaya Power Generation Corporation Limited (MePGCL)
2. Transmission : Meghalaya Power Transmission Corporation Limited (MePTCL)
3. Distribution : Meghalaya Power Distribution Corporation Limited (MePDCL)
4. Meghalaya Energy Corporation Limited (MeECL) a holding company.

The Government of Meghalaya issued further notification on 29.04.2015 notifying the revised statement of assets and liabilities as on 1st April, 2012 to be vested in Meghalaya Energy Corporation Limited. As per the said notification issued by the Government of Meghalaya a separate corporation "Meghalaya Power Generation Corporation Limited" (MePGCL) was incorporated for undertaking Generation Business.

MePGCL has started Commercial operations with effect from 01.04.2013.

1.2 Meghalaya State Electricity Regulatory Commission

Meghalaya State Electricity Regulatory Commission (herein after referred to as "MSERC" or the Commission) is an independent statutory body constituted under the provisions of the Electricity Regulatory Commission (ERC) Act, 1998 read with 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. The MSERC has notified the terms and conditions for determination of tariff regulations on multiyear basis which gives the procedure and requirement of filing of the ARR for ensuing year. Commission has also notified MSERC (Terms and Conditions for determination of Tariff for Generation from Renewable Energy Sources) Regulations, 2014.

1.3 Filing of Tariff Petition

Regulation 6.3 of MSERC MYT Regulations 2014 specifies, the Generation Utility shall file an application before the Commission for Approval of ARR for 4th Control period FY 2024-25 to FY 2026-27 and Generation Tariff for FY 2024-25.

In compliance MePGCL has filed the Petition on 30.11.2023 under the MSERC (Multiyear Tariff) Regulations 2014 for approval of ARR and generation Tariff for FY 2024-25.

1.4 Multiyear Tariff Regulations

Regulation 11 of the MSERC Tariff Regulations 2014, provides that the Commission shall undertake the true up of previous year's expenses and revenues approved with audited accounts made available subject to prudence check including pass through of impact of uncontrollable factors if any.

1.5 Admission of the Petition

MePGCL has filed petition for approval of ARR for 4th MYT Control period FY 2024-25 to FY 2026-27 and generation tariff for FY 2024-25.

Commission undertook the technical validation of the Petition and admitted the Petition Provisionally on 01.12.2023.

1.6 Public hearing process

Regulation 19 of the Tariff Regulations, 2014 read with section 64 of Electricity Act 2003 provides for giving adequate opportunity to all stake holders and general public for making objections/ suggestions on the Tariff Petition as mandated. In the admission order the Commission has directed the Generating Corporation to publish a notice in the abridged format in the leading newspapers widely circulated in the State and invite comments/suggestions from stake holders and other general public. Accordingly MePGCL has published the Notice in the following newspapers inviting comments/suggestions within 30 days from the date of publication.

Table 1.1: Details of Public Notice

Sl. No	Name of News paper	Language	Date of Publication
1	The Shillong Times	English	08.12.2023 & 11.12.2023
2	Salantini Janera	Garo	08.12.2023 & 11.12.2023
3	Nongsain Hima	Khasi	08.12.2023 & 11.12.2023

The Petitioner has also placed the public notice and the Petition in the website (www.meecl.nic.in) inviting objections and suggestions.

Commission received some objections/suggestions from Consumers/consumer organizations which were sent to the utility for their response. Commission examined the objections/ suggestions received and fixed the date for public hearing on the petition to be held on 18.03.2024.

Communication has also been sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission.

The Public hearing was conducted at Shillong as scheduled.

Commission also held meeting with State Advisory committee on the petition on 16.04.2024. Proceedings of the meeting are given in Annexure-I.

The names of consumers/consumer organizations those who filed their objections and the objectors who participated in the public hearing for presenting their views are given in the Annexure III.

A short note on the main issues raised by the objectors in the written submission and also in the public hearing along with response of MePGCL and the Commission's views on the response are briefly annexed in the Chapter-4.

2. Company Profile and Performance Overview

2.1. Existing Generating stations and Installed Generation Capacity

All the Generating Stations except Sonapani Mini Hydel Project and Lakroh, as indicated in the table below are hydel power stations with the main reservoir at Umiam for all the stages. Therefore, all these stages depend mainly on water availability in the Umiam reservoir. The total installed capacity of MePGCL projects as on 31.03.2019, is as shown in the table below.

Table 2.1: Installed Capacity of MePGCL

Sl. No	Name of the Station	No. of Units	Capacity (MW)	Total Capacity (MW)	Year of Commissioning
1	Umiam Stage	I	9	36	21.02.1965
		II	9		16.03.1965
		III	9		06.09.1965
		IV	9		09.11.1965
2	Umiam Stage- II	I	10	20	22.07.1970
		II	10		24.07.1970
3	Umiam Stage- III	I	30	60	06.01.1979
		II	30		30.03.1979
4	Umiam Stage- IV	I	30	60	16.09.1992
		II	30		11.08.1992
5	Umtru Power Station	I	2.8	11.2	01.04.1957
		II	2.8		01.04.1957
		III	2.8		01.04.1957
		IV	2.8		12.07.1968
6	Sonapani Mini Hydel	I	1.5	1.5	27.10.2009
7	MLHEP (Leshka)	I	42.	126	01.04.2012
		II	42		01.04.2012
		III	42		01.04.2013
8	New Umtru		40	40	01.07.2017
9	Lakroh		1.5	1.5	01.03.2019
	Total			356.20	

MePGCL had commissioned 356.20 MW projects by the end of FY 2018-19 and all the projects, except Umtru Power station, are operating for full capacity during FY 2024-25. The generating Units of Umtru Power Station could not be operating on account of aging of Civil and E&M works and siltation of hydraulic works which prevented the project from generating power.

2.2. Upcoming Projects

In addition to the existing capacity, MePGCL is currently executing works of Ganol SH Project and Riangdo SH Project which are proposed for commissioning in FY 2023-24 and FY 2024-25.

Table 2.2 : Details of Capital Outlay of upcoming Stations

Sl. No	New Station	Design Energy (MU)	Capex Outlay (Rs. Cr)	Debt (Rs .Cr)	Equity (Rs. Cr)	Grant (Rs. Cr)	Year of Commissioning
1	Ganol SHP (3x7.5 MW)	67.00	507.71	223.11	54.62	229.98	01.08.2023
2	Riangdo SH Project (3 MW)	17.92	33.97	11.40	8.57	20	2025-26

MePGCL filed petition for approval of generic tariff for 22.5 MW Ganol SHP under Renewable Energy Sources Regulations 2014 for which the Tariff orders are issued separately.

2.3. Normative Plant Availability Factor (NAPAF) as approved for Business Plan

As per Regulation 58.1 of MYT Regulation,2014 the Normative Plant Availability Factor norms for various types of hydro plants of MePGCL areas given below:

- a) Storage and pondage type plants where plant availability is not affected by silt and
 - (i) With head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of upto 8 % 90%
 - (ii) with head variation between FRL and MDDL of more than 8% = (Head at MDDL/Rated Head) x 0.5+0.2
- b) Pondage type plant where plant availability is significantly affected by silt85%
- c) Run-of- River type plants: NAPAF to be determined plant-wise, based on 10-day design energy data, moderated by past experience where available/relevant.

Note:

- (i) A further allowance may be made by the Commission under special circumstances, eg. Abnormal silt problem or other operating conditions, and known plant limitations.
- (ii) A further allowance of 5 % may be allowed for difficulties in the North East Region.

(iii) In case of new hydro electric project the developer shall have the option of approaching the Commission in advance for further updating the norms

Table 2.3 : NAPA of MePGCL Generating Stations

Sl.No	Name of the Station	FY 2024-25	FY 2025-26	FY 2026-27
1	Umiam Stage-I	59.83%	59.83%	59.83%
2	Umiam Stage- II	85.00%	85.00%	85.00%
3	Umiam Stage- III	63.67%	63.67%	63.67%
4	Umiam Stage- IV	61.79%	61.79%	61.79%
5	SonapaniMHP	45.00%	45.00%	45.00%
6	MyntduLeshka	39.00%	39.00%	39.00%
7	NewUmtru	62.60%	62.60%	62.60%
8	LakrohMHP	85.00%	85.00%	85.00%
9	Ganol SHP	34.00%	34.00%	34.00%

2.4. Auxiliary Consumption

As per Regulation 58.2 of MYT Regulation, 2014, the Auxiliary Energy consumption for various types of hydro stations of MePGCL are as given below:

- (a) Surface hydro-electric power generating stations with rotating exciters mounted on the generator shaft0.7% of energy generated.
- (b) Surface hydro-electric power generating stations with static excitation system.....1.0% of energy generated.
- (c) Underground hydro- electric power generating stations with rotating exciters mounted on the generator shaft.....0.9% of energy generated.
- (d) Underground hydro- electric power generating stations with static excitation system.....1.2% of energy generated.

Regulation 58.3 of MYT Regulation, 2014 reads as below.

58.3 Transformation Loss:

From generation voltage to transmission voltage.....0.5% of energy generated.

Only Umiam Stage IV, Myntdu Leshka, New Umtru HEPs are provided with Static Excitation System for which the Auxiliary consumption is 1.0% and other stations are provided with rotating exciter mounted on the generator shaft for which the auxiliary consumption is 0.7%.

As discussed above, Commission has considered Auxiliary Consumption (%) for Lakroh MHP and Ganol SH projects at 1%.

Table 2.4 : Auxiliary Consumption and Transformation Loss

Sl. No	Name of the Station	Auxiliary Consumption (%)	Transformation Loss (%)	Total (%)
1	Umiam Stage-I	0.7	0.5	1.2
2	Umiam Stage-II	0.7	0.5	1.2
3	Umiam Stage-III	0.7	0.5	1.2
4	Umiam Stage-IV	1.0	0.5	1.5
5	Sonapani MHP	0.7	0.5	1.2
6	Myntdu Leshka HEP	1.0	0.5	1.5
7	New Umtru HEP	1.0	0.5	1.5
8	Lakroh MHP	1.0	0.5	1.5
9	Ganol SHP	1.0	0	1.0

2.5. Design Energy

Commission considers the Design Energy for generating stations of MePGCL available shall be adopted for the 4th Control Period FY 2024-25 to FY 2026-27 as shown in the table below:

Table 2.5 : Design Energy of Generating Stations

Sl. No	Name of the Station	Design Energy (MU)
1	UmiamStage-I	116.00
2	UmiamStage-II	46.00
3	UmiamStage-III	139.00
4	UmiamStage-IV	207.00
5	Sonapani	5.00
6	MyntduLeshka	486.00
7	NewUmtru	235.00
8	Lakroh	11.00
9	GanolSHP	67.00

2.6. Summary of the Technical Details Considered for MePGCL Generating Stations.

Table 2.6 : Various Parameters

Sl. No	Name of the Station	Installed Capacity (MW)	Type of Station	Type of Excitation	NAPAF (%)	Aux. Cons. (%)	Design Energy (MU)
1	Umiam Stage-I	36	Storage	Rotating Exciter as Generator	59.83	0.7	116
2	Umiam Stage-II	20	Pondage	Rotating Exciter as Generator	85.00	0.7	46
3	Umiam Stage-III	60	Pondage	Rotating Exciter as Generator	63.67	0.7	139
4	Umiam Stage-IV	60	Pondage	Static Excitation	61.79	1.0	207
5	Sonapani MHP	1.5	RoR	Rotating Exciter as Generator	45.00	0.7	5
6	Myntdu Leshka	126	RoR	Static Excitation	39.00	1.0	486
7	New Umtru	40	Pondage	Static Excitation	62.60	1.0	235
8	Lakroh MHP	1.5	RoR	Rotating Exciter as	85.00	1.0	11

				Generator			
9	Ganol SHP	22.5	Pondage	Rotating Exciter as Generator	34.00	1.0	67

2.7. Gross and Net Generation

The Gross and Net Generation for various generating stations are as shown below:

Table 2.7 : Estimated Energy Gross and Net Generation for FY 2023-24

Sl. No	Name of Station	Gross Generation (MU)	Aux. Cons (%)	Transformation Loss (%)	Total Loss Auxiliary + Transformation (%)	Auxiliary Consumption+ Transformation Loss (MU)	Net Generation (MU)
1	Umiam Stage-I	116	0.7	0.5	1.2	1.392	114.608
2	Umiam Stage-II	46	0.7	0.5	1.2	0.552	45.448
3	Umiam Stage-III	139	0.7	0.5	1.2	1.668	137.332
4	Umiam Stage-IV	207	1	0.5	1.5	3.105	203.895
5	Sonapani MHP	5	0.7	0.5	1.2	0.06	4.940
6	Myntdu Leskha HEP	486	1	0.5	1.5	7.29	478.71
7	New Umtru HEP	235	1	0.5	1.5	3.525	231.475
8	Lakroh MHP	11	1	0.5	1.5	0.165	10.835
9	Ganol S.H.P (New)	67	1	0	1.0	0.67	66.33
	Total	1312				18.427	1293.573

The Gross and Net Generation for various stations as approved by the Commission for the Control period i.e., .FY 2024-25 to FY 2026-27 based on Design Energy, Auxiliary Consumption and Transformation losses discussed in the earlier paras are given in the Tables below:

Table 2.8 : Gross and Net Generation approved for FY 2024-25

Sl. No	Name of Station	Gross Generation (MU)	Aux. Cons (%)	Transformation Loss (%)	Total Loss Auxiliary + Transformation (%)	Auxiliary Consumption+ Transformation Loss (MU)	Net Generation (MU)
1	Umiam Stage-I	116	0.7	0.5	1.2	1.392	114.608
2	Umiam Stage-II	46	0.7	0.5	1.2	0.552	45.448
3	Umiam Stage-III	139	0.7	0.5	1.2	1.668	137.332
4	Umiam Stage-IV	207	1	0.5	1.5	3.105	203.895
5	Sonapani MHP	5	0.7	0.5	1.2	0.06	4.94
6	Myntdu Leskha HEP	486	1	0.5	1.5	7.29	478.71
7	New Umtru HEP	235	1	0.5	1.5	3.525	231.475
8	Lakroh MHP	11	1	0.5	1.5	0.165	10.835
9	GanolS.H.P (New)	67	1			0.67	66.33
	Total	1312				18.427	1293.573

Table 2.9 : Gross and Net Generation approved for FY2025-26

Sl. No	Name of Station	Gross Generation (MU)	Aux. Cons (%)	Transformation Loss (%)	Total Loss Auxiliary + Transformation (%)	Auxiliary Consumption+ Transformation Loss (MU)	Net Generation (MU)
1	Umiam Stage-I	116	0.7	0.5	1.2	1.392	114.608
2	Umiam Stage-II	46	0.7	0.5	1.2	0.552	45.448
3	Umiam Stage-III	139	0.7	0.5	1.2	1.668	137.332
4	Umiam Stage-IV	207	1	0.5	1.5	3.105	203.895
5	Sonapani MHP	5	0.7	0.5	1.2	0.06	4.94
6	Myntdu Leskha HEP	486	1	0.5	1.5	7.29	478.71
7	New Umtru HEP	235	1	0.5	1.5	3.525	231.475
8	Lakroh MHP	11	1	0.5	1.5	0.165	10.835
9	Ganol S.H.P (New)	67	1	-	1.0	0.67	66.33
10	Riangdo	18	1	0.5	1.5	0.27	17.73
	Total	1330				18.697	1311.303

Table 2.10 : Gross and Net Generation approved for FY 2026-27

Sl. No	Name of Station	Gross Generation (MU)	Aux. Cons (%)	Transformation Loss (%)	Total Loss Auxiliary + Transformation (%)	Auxiliary Consumption+ Transformation Loss (MU)	Net Generation (MU)
1	Umiam Stage-I	116	0.7	0.5	1.2	1.392	114.608
2	Umiam Stage-II	46	0.7	0.5	1.2	0.552	45.448
3	Umiam Stage-III	129	0.7	0.5	1.2	1.548	127.452
4	Umiam Stage-IV	207	1	0.5	1.5	3.105	203.895
5	Sonapani MHP	5	0.7	0.5	1.2	0.06	4.94
6	Myntdu Leskha HEP	486	1	0.5	1.5	7.29	478.71
7	New Umtru HEP	235	1	0.5	1.5	3.525	231.475
8	Lakroh MHP	11	1	0.5	1.5	0.165	10.835
9	Ganol S.H.P (New)	67	1	-	1.0	0.67	66.33
10	Riangdo	18	1	0.5	1.5	0.27	17.73
	Total	1320				18.577	1301.423

3. Summary of Petition for 4th MYT Control period FY 2024-25 to FY 2026-27 and Generation Tariff for FY 2024-25

3.1 Separate Petition for MePGCL's Generating Stations

As per the recent tariff orders as well as applicable regulations MePGCL needs to file separate petitions for the different generating plants. In accordance with the directives of the Honorable Commission and MSERC MYT Regulations 2014, the utility is filing a separate petition for,

- 1) Old plants including Sonapani
- 2) Myntdu Leshka Power Plant
- 3) New Umtru
- 4) Lakroh Mini HEP

Due to non- availability of segregated accounts for Old Plants and Sonapani, MePGCL has filed a separate petition for approval of ARR for MePGCL Old plants and sonapani, MLHEP, New Umtru and lakroh mini HEP in the tables below.

Accordingly MePGCL has filed separate ARR for 4th MYT Control period FY 2024-25 to FY 2026-27 and determination of generation Tariff for FY 2024-25.

3.2 Capex and Capitalization Allowed by Commission in Business Plan for Fourth Control Period

Commission vide order dated 16.11.2023 has approved the business plan for generation business for fourth control period i.e., FY 2024-25 to FY 2026-27. The approved Capex and capitalization in the aforesaid order are tabulated below:

Table 3.1 : Approved Capitalization for Fourth Control Period FY 2024-25 to FY 2026-27

Financial Year	Lakroh	MLHEP	NUHEP	Old Project	Grand Total
2024-25	0.6	1.00	0.00	0.00	1.60
2025-26	1.14	44.50	0.50	0.00	46.14
2026-27	0.00	76.38	0.14	1070.10	1146.62
Grand Total	1.74	121.88	0.64	1070.1	1194.36

3.3 Summary of Capital Expenditure (Capex)

Table 3. 2 : CAPEX-Station wise summary

Sl No	Station	CAPEX	Funding Pattern (Rs. Cr)		
			Equity	Debt	Grant
A. Existing Stations					
1	Umiam Stage-I HE Project (36 MW)	114.83	79.09	35.73	
2	Umiam Stage-II HE Project (20MW)	48.74	40.86	7.96	
3	Umiam Stage-III HE Project (60MW)	499.49	151.8	63.63	284.13
4	Umiam Stage-IV HE Project (60 MW)	31.67	11.02	20.74	
5	Umtru Power Station (11.2 MW)	0.10	0.09	0.1	
6	Sonapani MHP (1.5 MW)	0.34	0.102	0.24	
7	MyntduLeshka HE Project (126MW)	46.85	42.175	4.92	
8	New Umtru HE Project (40MW)	0.64	0.126	0.1	
9	Lakroh MHP (1.5 MW)	1.74	1.57	0.17	
10	System Protection and Communication	8.99	2.697	6.29	
11	Dam Rehabilitation and Improvement Project (DRIP)	441.00	123.48		317.52
12	Ganol SHP (22.5 MW)	45.00	13.50	31.50	
	Total Existing projects	1239.36	466.521	171.39	601.65
B. On-going Generation plants					
13	Riangdo SHP (3MW)	39.97	8.57	11.40	20.00
Up-coming Generation Plants					
14	MyntduLeshka Stage-II HE Project (210 MW)	2187.88	113.81	248.24	1707.11
15	Umrina Stage-I SHP (6MW)	122.91	6.45	15.05	101.4
16	Nan-Ramnian (9MW)	163.7	1.44	3.36	158.9
17	Ganol Stage-II (14MW)	283.73	85.16	198.71	
18	Upper Khri Diversion Project	899.59	269.82	629.71	
	Total On-going/Upcoming projects	3697.78	485.25	1106.47	1987.41
C. Survey & Investigation					
19	MLHEP-II (3X70)MW	2.13		0.21	1.92
20	UMNGI(2X31)MW	9.82		0.98	8.84
21	SELIM(2X40)MW	4.66		0.46	4.19
22	MAWBLEI(2X38)MW	5.62		0.56	5.06
23	NONGKOHLAIT(2X60)MW	8.84		0.88	7.96
24	Amkshar Stage-II (21 MW)	3.01			3.01
25	Lower Rongdi SHP (15MW)	2.72			2.72
26	Nan Ramnian Umkhyrni Stage-II SHP (15MW)	2.79			2.79
27	Sidiguri SHP (13 MW)	1.83			1.83
	Total S&I Works	41.42	0	3.107	38.31
	GRAND TOTAL (A+B+C)	4978.56	951.77	1280.97	2627.37

MePGCL would like to submit that only capital expenditure and capitalization for the existing plants have been considered in the instant Petition.

3.4 ARR filed for MLHEP for the control period FY 2024-25 to FY 2026-27.

Table 3.3 : ARR of MLHEP for Control Period (projected)

Particular	2023-24	2024-25	2025-26	2026-27
Depreciation	61.41	61.43	62.52	64.12
Interest on Loan	34.53	27.10	22.68	13.61
Return on Equity	53.99	54.01	54.97	56.37
Operation and Maintenance	39.6	41.8	44.2	46.8
Interest on Working Capital	6.27	6.22	6.31	6.31
ARR	195.77	190.60	190.70	187.16
Non-Tariff Income	0	0	0	0
Net ARR	195.77	190.60	190.70	187.16

MePGCL requested Commission to approve the ARR for MLHEP as projected above.

3.5 ARR filed for NUHEP for control period FY 2024-25 to FY 2026-27.

Table 3.4 : ARR of NUHEP for Control Period (projected)

Particular	2023-24	2024-25	2025-26	2026-27
Depreciation	29.39	29.39	29.40	29.42
Interest on Loan	29.06	24.62	20.21	15.74
Return on Equity	25.43	25.43	25.44	25.45
Operation and Maintenance	19.7	20.8	22.0	23.3
Interest on Working Capital	3.36	3.31	3.28	3.24
ARR	106.92	103.56	100.33	97.11
Non-Tariff Income	0	0	0	0
Net ARR	106.92	103.56	100.33	97.11

MePGCL requested Commission to approve the ARR for NUHEP as projected above.

3.6 ARR filed for LAKROH for control period FY 2024-25 to FY 2026-27.

Table 3.5 : ARR of Lakroh MHP for Control Period (projected)

Particular	2023-24	2024-25	2025-26	2026-27
Depreciation	1.06	1.07	1.12	1.15
Interest on Loan	1.40	1.39	1.38	1.25
Return on Equity	0.90	0.91	0.95	0.97
Operation and Maintenance	0.6	0.7	0.7	0.8
Interest on Working Capital	0.12	0.13	0.13	0.13
ARR	4.12	4.18	4.29	4.25
Non-Tariff Income	0	0	0	0
Net ARR	4.12	4.18	4.29	4.25

MePGCL requested Commission to approve the ARR for Lakroh Small HEP as projected above.

3.7 ARR filed for MePGCL Old Stations (incl. Sonapani) for control period FY 2024-25 to FY 2026-27.

Table 3.6 : ARR of MePGCL Old Stations for Control Period (projected)

Particular	2023-24	2024-25	2025-26	2026-27
Depreciation	15.06	15.06	15.06	28.24
Interest on Loan	9.56	9.33	9.09	25.98
Return on Equity	12.54	12.54	12.54	23.51
Operation and Maintenance	118.2	136.1	143.8	152.1
Interest on Working Capital	8.47	9.58	10.07	11.63
ARR	1.94	1.94	1.94	1.94
Non-Tariff Income	165.78	184.51	192.54	243.36
Net ARR	4.67	4.90	5.15	5.41

MePGCL requested Commission to approve the ARR for Old Stations (Including Sonapani) as projected above.

3.8 CONSOLIDATED ARR FOR MEGCL AS A WHOLE AND DETERMINATION OF TARIFF FOR 2024-25

Based on the calculation of the ARR for individual plants in the above chapters the consolidated ARR and Revenue Gap for MePGCL as a whole is tabulated below:

Table 3.7 : Consolidated ARR for MePGCL for Fourth Control Period (Projected)

AFC	FY 2024-25				FY 2025-26				FY 2026-27			
	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant
Depreciation	61.43	29.40	1.07	15.06	62.52	29.40	1.12	15.06	64.12	29.42	1.15	28.24
Interest on Loan	27.10	20.21	1.39	9.33	22.68	20.21	1.38	9.09	13.61	15.74	1.25	25.98
Return on Equity	54.01	25.44	0.91	12.54	54.97	25.44	0.95	12.54	56.37	25.45	0.97	23.51
Operation and Maintenance	41.8	22.0	0.7	136.1	44.2	22.0	0.7	143.8	46.8	23.3	0.8	152.1
Interest on Working Capital	6.22	3.28	0.13	9.58	6.31	3.28	0.13	10.07	6.31	3.24	0.13	11.63
SLDC Charges	0.00	0.00	0.00	1.94	0.00	0.00	0.00	1.94	0.00	0.00	0.00	1.94
ARR	190.60	100.33	4.18	184.51	190.70	100.33	4.29	192.54	187.16	97.11	4.25	243.36
Non-Tariff Income	0.00	0.00	0.00	4.90	0.00	0.00	0.00	5.15	0.00	0.00	0.00	5.41
Net ARR	190.60	100.33	4.18	179.60	190.70	100.33	4.29	187.39	187.16	97.11	4.25	237.96
Adjustment of Gaps												
Review Gap 2020-21	0.00	0.00	0.00	0.00								
Gap Allowed in 2021-22	72.19	54.42	1.15	-0.90								
Gap Claimed in 2022-23	-7.40	231.47	5.00	-77.78								
Gap of Terminal Liabilities	17.85	5.67	0.21	26.73								
Total Previous Gaps	82.64	291.56	6.36	-51.95								
ARR after Adjustment of Gaps	273.24	391.89	10.54	127.66	190.70	100.33	4.29	187.39	187.16	97.11	4.25	237.96

Table 3.8 : Calculation of Generation Tariff of Each Plant

Particular	MLHEP	NUHEP	Lakroh	Old Station
ARR for 2024-25	273.24	391.89	10.54	127.66
Projected Generation	478.71	231.48	10.868	506.22
Rate (Rs/kWh)	5.71	16.93	9.70	2.52

MePGCL would like to submit that the per unit cost is inclusive of the previous year gaps as claimed in the table above.

MePGCL requests Commission to approve the Total ARR and per Unit Cost of each project as projected above.

4. Public Hearing Process

4.1 General

Section 64 (2) of electricity act 2003 read with Regulation 19 of MSERC MYT Regulations 2014 mandates the Generation licensee to publish the Tariff petition in an abridged format in the leading news papers inviting the objections/suggestions on the Tariff petition from the stakeholders.

In pursuance of the publication of the Tariff petition in the leading newspapers, M/s Byrnihat Industries Association (BIA) and Jaintia Hills Cement Manufactures Association (JHCMA) has filed written objections/ suggestions on the petition filed by the MePGCL seeking approval of ARR for MYT control period FY 2024-25 to FY 2026-27 and Determination of Generation Tariff for FY 2024-25.

4.2 Objections / Suggestions of Stakeholders

1 Byrnihat Industries Association (BIA)

Capex and Capitalization for the Fourth Control period

(10-15) Commission vide order dated 16.11.2023 in Case No.20/2023 has approved the business plan for generation business for fourth control period i.e., FY 2024-25 to FY 2026-27 (hereinafter “Business Plan Order”).

The Petitioner has outlined the following capitalization plan for each generation plant for fourth control period in the Petition.

Capitalisation plan for fourth control period

(Rs. Cr)

Financial Year	Lakroh	MLHEP	NUHEP	Bal. Project	Total
2024-25	0.6	1.00	0.00	0.00	1.60
2025-26	1.14	44.50	0.50	0.00	46.14
2026-27	0.00	76.38	0.14	1070.10	1146.62
Grand Total	1.74	121.88	0.64	1070.1	1194.36

It is submitted that as per the Business Plan Order, Commission has approved the capitalization as per Table 3.21 of the Order, which is reproduced below:

“3.14 Fund Requirement & capitalization for the Control Period

Table 3.21 : Expected Capitalization in the Control Period

(Rs Cr)

Category	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Existing Plants	596.11	1.6	46.14	1191.71	1835.56
Upcoming Generation Plants/ S&I	0	0	39.97	1469.93	1509.90
Survey&Investigation	2.13	0	0	39.28	41.41
Total Capitalization (Generation)	598.24	1.6	86.11	2700.92	3386.87

**Garnol Project has been commissioned in FY 2023-24 and the capital cost of the plant would be capitalized in FY 2023-24.*

It is submitted that the capitalization claimed by the Petitioner for FY 2026-27 is not in line with the approved capitalization in the Business Plan Order for the existing plants and the same is outlined in the following table:

Capitalisation approved and submitted for Fourth Control Period (Rs. Crore)

Financial Year	As per MePGCL	Approved	Variation
2024-25	1.60	1.60	-
2025-26	46.14	46.14	-
2026-27	1146.62	1191.71	-45.09
Grand Total	1194.36	1239.45	-45.09

In view of the above, it is submitted that the Capitalization for FY 2026-27 has been understated by Rs. 45.09 Crore without any justification provided by the Petitioner in the petition. Therefore, the Objector requests the Commission may disallow the additional amount of Rs.45.09 Cr. as claimed by the Petitioner for FY 2026-27 during finalization of MYT for the period of FY 2024-25 to FY 2026-27.

It is pertinent to note that in Table 3.20 of the Business Plan Order, the CAPEX proposed and approved for the Fourth Control Period was Rs. 1240.44 Crore whereas in the Petition, the Petitioner has claimed the fund requirement of Rs. 1239.36 Crore for existing plants, resulting in understatement of CAPEX by Rs. 1.08 Crores. Table 3.20 of the Business Plan Order is reproduced below:

Table 3.20 : Fund Requirement for MePGCL Works

(Rs Cr)

Category	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Existing Plants	140.27	346.315	306.13	447.73	0	1240.44
On-Going/Upcoming Generation Plants	13.73	402.212	526.80	524.264	112.56	1579.56
Survey & Investigation	8.24	12.03	12.43	7.43	1.27	41.40
Total Fund Requirement (Generation)	162.24	760.557	845.36	979.428	113.83	2861.41

MePGCL Reply

BIA has alleged that the capitalization claimed by the Petitioner for FY 2026-27 in the Petition is not in line with the approved capitalization in the Business Plan Order dated 16.11.2023 passed in Petition No.20/2023 for the existing plants. BIA has further alleged that the Capitalization for FY 2026- 27 has been understated by Rs. 45.09 Crores without any justification provided by the Petitioner in the Petition and that Commission may disallow the additional amount of Rs. 45.09 Crores.

The above allegations of BIA are baseless and devoid of merits. BIA has made the above allegations without having undertaken the proper analysis of the business plan. It is submitted that the Petitioner has claimed an amount of Rs.45 Crores towards Ganol

Project, however, it was clearly stated in the business plan Petition that Commission may grant only in-principle approval. In this regard, the following extract from Business Plan Order dated 16.11.2023 passed by Commission, inter-alia, reads as under:

3.Business Plan of MePGCL for the Control Period FY 2024-25 to FY 2026-27

3.15. Summary of Capital Expenditure (CAPEX)

MePGCL would like to submit that though the Ganol project has been commissioned in FY 2023-24 and the entire project cost is expected to be capitalized in 2023-24. However, since the plant is still under stabilization phase and there might be some unforeseen expenses, balance works etc. Keeping this in view MePGCL has kept a provision of Rs. 45 Crs in the fourth control period i.e., FY 2024-25 to FY 2026-27. MePGCL requests Commission to grant in principle approval for the same. MePGCL would approach the Commission along with all the relevant details as when it incurs expenditure against the in principle approval granted.

Since the Ganol Project is not a part of the present Petition hence the amount of Rs.45 Crores has not been included in the instant Petition.

BIA has further alleged that in the Business Plan Order, the Capital Expenditure proposed and approved for the Fourth Control Period was Rs. 1240.44 Crores whereas in the present Petition the Petitioner has claimed the fund requirement of Rs. 1239.36 Crores for existing plants, resulting in understatement of Capital

Expenditure by Rs.1.08 Crores.

In regard to the above, it is submitted that the total capital expenditure approved by the Commission in the Business Plan Order dated 16.11.2023 is Rs.1239.36 Crores {Ref: Table 3.22 and Annexure-I to the said order- In annexure I, please see internal page 79 of the Order- heading 'Total Capital Expenditure approved by MSERC/Govt/DPR/FI'}. Hence, the contention of BIA is baseless.

Commission's Views

Commission noted the Response of the Utility.

ARR FOR THE FOURTH CONTROL PERIOD FY 2024-25 TO FY 2026-27 AND DETERMINATION OF GENERATION TARIFF FOR FY 2024-25

a) Gross Fixed Assets (GFA)

(18-26) It is humbly submitted that the GFA balances considered by the Petitioner for certain plants is not in line with the balances as approved by the Commission in the True up Order for FY 2021-22 in Case No. 4/2003 dated 13.11.2023 and after incorporating the capitalization for FY 2022-23. For the sake of convenience, the closing balance of FY 2022-23 and opening balance considered for FY 2023-24 considered by the Petitioner are depicted below:

Opening Balance of GFA of MePGCL as a whole for FY 2023-24 (Rs. Crore)

Name of the Station	Cl. GFA for FY 2022-23	Op. GFA for FY 2023-24 as per MePGCL	Variation
MePGCL as a whole	1,944.86	2,351.07	-406.21
MLHEP	1,285.71	1,285.50	0.21
NUHEP	586.03	605.40	-19.37
LHEP	22.68	26.47	-3.79
MePGCL OLD PROJECTS INCLUDING SONAPANI	50.44	433.7	-383.26

As can be seen from the above table, the total variation in Closing GFA for FY 2022-23 and Opening GFA for FY 2023-24 considered by the Petitioner is overstated by Rs. 406.21 Crore. Due to Non availability of Audited Annual Accounts for FY 2023-24, any addition of GFA could not be justified. Therefore, the Commission may disallow the impact of such additional GFA during finalization of MYT.

In view of the above, the closing GFA for the FY 2022-23 must be considered as the

opening GFA for the FY 2023-24. The Objector hereby proposes the following GFA for the fourth control period and request the 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 MePGCL				Proposed to be considered			
	MLHEP				MLHEP			
Opening GFA	1,285.50	1,285.50	1,286.50	1,331.00	1,285.71	1,285.71	1,286.71	1,331.21
Addition	-	1.00	44.50	76.38	-	1.00	44.50	76.38
Closing GFA	1,285.50	1,286.50	1,331.00	1,407.38	1,285.71	1,286.71	1,331.21	1,407.59
	NUHEP				NUHEP			
Opening GFA	605.40	605.40	605.40	605.90	586.03	586.03	586.03	586.53
Addition	-	-	0.50	0.14	-	-	0.50	0.14
Closing GFA	605.40	605.40	605.90	606.04	586.03	586.03	586.53	586.67
	LHEP				LHEP			
Opening GFA	26.47	26.47	27.07	28.21	22.68	22.68	23.28	24.42
Addition	-	0.60	1.14	-	-	0.60	1.14	-
Closing GFA	26.47	27.07	28.21	28.21	22.68	23.28	24.42	24.42
	Old Plants				Old Plants			
Opening GFA	433.70	433.70	433.70	433.70	50.44	50.44	50.44	50.44
Addition	-	-	-	1,070.10	-	-	-	1,115.19
Closing GFA	433.70	433.70	433.70	1,503.80	50.44	50.44	50.44	1,165.63
	Total MePGCL				Total MePGCL			
Opening GFA	2,351.07	2,351.07	2,352.67	2,398.81	1,944.86	1,944.86	1,946.46	1,992.60
Addition	-	1.60	46.14	1,146.62	-	1.60	46.14	1,191.71
Closing GFA	2,351.07	2,352.67	2,398.81	3,545.43	1,944.86	1,946.46	1,992.60	3,184.31

Further, the funding pattern was submitted by the Petitioner in Case No. 20/2023 whereby the Commission has accorded in-principal approval subject to sanction of working estimates by the competent authority and admissible with filing of references as notified during the control period FY 2024-25 to FY 2026-27.

However, it is observed that the funding pattern has been prepared on the consolidated basis for cumulative CAPEX of fourth control period with no bifurcation of debt:equity:grant requirement on yearly basis. Due to this, the Petitioner in its current petition, has submitted that the grant of Rs. 601.65 Crore for the work to be carried out in existing generating station will be available only in the last year of the fourth control period.

According to the standard practice followed by other states across India, each CAPEX programme is followed by Grant and Loan (Debt-Equity) combination with proper supporting documents. Assumption of such funding pattern of the Petitioner without any justification will result in additional burden of interest cost and Return on Equity

on the end consumers.

Hence it is proposed to allocate the Grant of Rs. 601.65 Crore in the fourth control period based on the expected capitalization of the said station. The Objector hereby propose the following funding pattern for capitalization to be carried out by the Petitioner in the Fourth Control Period.

Proposed funding patter of Capitalisation for Fourth Control Period

(Rs. Crore)

Funding Pattern	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePGCL				Proposed to be considered			
	MLHEP				MLHEP			
Loan	-	0.70	31.15	15.65	-	0.70	12.24	34.56
Equity	-	0.30	13.35	6.71	-	0.30	5.25	14.81
Grant				54.02			27.01	27.01
Total	-	1.00	44.50	76.38	-	1.00	44.50	76.38
	NUHEP				NUHEP			
Loan		-	0.35	0.10	-	-	0.35	0.10
Equity		-	0.15	0.04	-	-	0.15	0.04
Grant								
Total	-	-	0.50	0.14	-	-	0.50	0.14
	LHEP				LHEP			
Loan		0.42	0.80	-	-	0.42	0.80	-
Equity		0.18	0.34	-	-	0.18	0.34	-
Grant								
Total	-	0.60	1.14	-	-	0.60	1.14	-
	Old Plants				Old Plants			
Loan		-	-	365.73	-	-	-	397.29
Equity		-	-	156.74	-	-	-	170.27
Grant				547.63				547.63
Total	-	-	-	1,070.10	-	-	-	1,115.19
	Total MePGCL				Total MePGCL			
Loan	-	1.12	32.30	381.48	-	1.12	13.39	431.95
Equity	-	0.48	13.84	163.49	-	0.48	5.74	185.12
Grant	-	-	-	601.65	-	-	27.01	574.64
Total	-	1.60	46.14	1,146.62	-	1.60	46.14	1,191.71

It is submitted that, in line with the approach adopted by this Commission in the True up of FY 2021-22 in Order dated 13.11.2023, the Objector has evaluated the grant component for FY 2022-23, amounting to Rs. 180.30 Crore for MLHEP, Rs. 25.43 Crore for Old plants (incl. Sonapani), Rs. 4.95 Crore for Lakroh MHP and no Grants for NUHEP (based on Govt. Notification on Equity infusion).

In view of the above and the proposed grant allocation in the fourth control period, the Objector hereby proposes 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 MePGCL				Proposed to be considered			
	MLHEP				MLHEP			
Opening Grant	-	-	-	-	180.30	180.30	180.30	207.31
Addition	-	-	-	54.02	-	-	27.01	27.01
Closing Grant	-	-	-	54.02	180.30	180.30	207.31	234.32
	NUHEP				NUHEP			
Opening Grant	-	-	-	-	-	-	-	-
Addition	-	-	-	-	-	-	-	-
Closing Grant	-	-	-	-	-	-	-	-
	LHEP				LHEP			
Opening Grant	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95
Addition	-	-	-	-	-	-	-	-
Closing Grant	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95
	Old Plants				Old Plants			
Opening Grant	135.06	135.06	135.06	135.06	25.43	25.43	25.43	25.43
Addition	-	-	-	547.63	-	-	-	547.63
Closing Grant	135.06	135.06	135.06	682.69	25.43	25.43	25.43	573.06
	Total MePGCL				Total MePGCL			
Opening Grant	140.01	140.01	140.01	140.01	210.67	210.67	210.67	237.68
Addition	-	-	-	601.65	-	-	27.01	574.64
Closing Grant	140.01	140.01	140.01	741.66	210.67	210.67	237.68	812.32

It is submitted that the Commission may consider the proposed Funding Pattern during finalization of MYT for FY 2024-25 to FY 2026-27, as mentioned above.

MePGCL Reply

BIA has alleged that the GFA balances considered by the Petitioner for certain plants is not in line with the balances as approved by the Commission in the True up Order dated 13.11.2023 passed in Case No.4/2003 for FY 2021-22 and after incorporating the capitalization for FY 2022-23.

It regard to the above, it is submitted that detailed explanation has been provided in the Petition regarding the opening balances considered in the FY 2024-25. The Petitioner has considered the GFA balances as per the Fixed Asset Register submitted to the Commission.

BIA has further alleged that due to non-availability of Audited Annual Accounts for FY 2023-24, any addition of GFA could not be justified and that the Commission may disallow the impact of such additional GFA during finalization of MYT.

In regard to the above, it is submitted that the Commission has approved the capitalization of Rs.154.90 Crores in the business plan order for third control period and as of now the Petitioner is within the limit approved by the Commission.

Accordingly, the contention of the BIA is baseless as this would violate the principle of MYT laid down in Tariff Policy 2016 which states that:

“MYT framework would minimise risks for utilities and consumers, promote efficiency and appropriate reduction of system losses and attract investments. It would also bring greater predictability to consumer tariffs on the whole by restricting tariff adjustments to known indicators of power purchase prices and inflation indices. The framework should be applied for both public and private utilities.”

BIA has further alleged that:

the funding pattern has been prepared on the consolidated basis for cumulative Capital Expenditure of fourth control period with no bifurcation of debt:equity:grant requirement on yearly basis and that due to the same, in the present Petition the Petitioner has submitted that grant of Rs. 601.65 Crores for the work to be carried out in existing generating station will be available only in the last year of the fourth control period. According to the standard practice followed by other states across India, each Capital Expenditure programme is followed by Grant and Loan (Debt-Equity) combination with proper supporting documents. Assumption of such funding pattern of the Petitioner without any justification will result in additional burden of interest cost and Return on Equity on the end consumers. Hence it is proposed to allocate the Grant of Rs. 601.65 Crore in the fourth control period based on the expected capitalization of the said station.

The above contention of BIA is totally flawed and has been made to misguide the Commission. In the business plan, the Petitioner has clearly specified the funding pattern of each of the scheme under which the capital expenditure has been claimed. Further, expected date of capitalization of each scheme has also been provided in detail in the Business Plan Petition. It is submitted that the grants can be taken into account only once the scheme has been capitalized. Hence, the Petitioner submits that the actual grants should be considered in the funding pattern as submitted in the Petition and not on presumption basis as prayed for by BIA which defies the concept of accounting.

Commission's Views

Commission noted the Response of the Utility.

b) Gross Fixed Assets (GFA)

(27-35)The Petitioner has claimed Depreciation for all 4 sets of plants as per the depreciation rate specified in the MYT Regulations 2014 and average rate of depreciation for FY 2022-23 has been considered for calculation of depreciation in the entire control period.

It is submitted that the methodology adopted by the Petitioner for the computation of the Depreciation is not aligned with the provisions of the MYT Regulations 2014. As per Regulation 33.1 of 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 as shown below:

“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:

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.

b) 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.

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.

d) 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.

e) 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.

f) 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.”

In view of the above Regulations, the opening GFA should be considered as per the closing GFA approved by this Commission for the FY 2021-22. Furthermore, the Petitioner has not provided for the amortization of assets while computing Depreciation which is strictly against the MYT Regulations, 2014. The Commission in the True up of FY 2021-22 in Order dated 13.11.2023, has clearly stated that the Grants reported against NEC, PDSF and DRIP needs to be appropriated in the MePGCL old projects. The relevant extracts of the True up Order of FY 2021-22 dated 13.11.2023 are reproduced below:

“3.2 ...

The Status of Govt. Grants and contributions notified in the True up orders for FY 2020-21 vide page no.12 shall be made effective for computation of depreciation for FY 2021-22.

Particulars	As on 1 st April 2020 (Rs. Cr)	Additions during the year (Rs. Cr)	Amortization (Rs. Cr)	Closing Grants as on 31.03.2021 (Rs. Cr)
Govt Grants (note no 17.1)	189.69	2.24	12.89	179.04
Grants disclosed as Equity share capital	187.64	5.59	12.89	180.34
Grants disclosed as Equity share capital	187.64	57.39	12.89	232.14
Average Grants (Rs.187.64 Cr+Rs.232.14 Cr)/2				209.89

The Grants reported vide note no.15.1 and 17.2 of SoA for Rs.21.46 Crore against NEC, PDSF and DRIP shall be appropriated in the MePGCL old projects.

The computation of depreciation shall be as depicted in the table below for True up of FY 2021-22.

Computation of Depreciation for MLHEP True up for FY 2021-22

(Rs.Cr)

Sl No	Particulars	Value of Assets at the beginning of the year (01.04.2021)	Additions during the year	Asset Value at the end of the year (31.03.2022)	Average Assets	90% of the Assets	Dep Rate	Depreciation
	1	2	3	4	5	6		7
1	Land	23.90	-	23.90	23.90	0.00		0.00
2	Buildings	146.67	-	146.67	146.67	132.00	3.34 %	4.41
3	Hydraulic Works	622.94	-	622.94	622.94	560.65	5.28 %	29.60
4	Other Civil Works	122.70	-	122.70	122.70	110.43	3.34 %	3.68
5	Plant & Machinery	364.11	-	364.11	364.11	327.70	5.28 %	17.30
6	Lines & cables	4.57	-	4.57	4.57	4.11	5.28 %	0.22
7	Vehicles	0.46	-	0.46	0.46	0.41	9.50 %	0.04
8	Furniture	0.08	-	0.08	0.08	0.07	6.33 %	0.004
9	Office Equipment	0.28	-	0.28	0.28	0.25	6.33 %	0.02
10	Total	1285.71	0.00	1285.71	1285.71	1135.62		55.28
11	Average rate of dep (55.28/1285.71)*100							4.30%
12	Avg Grants					209.89		
13	Less: Depreciation on Grants							9.03
14	Net Depreciation for True up (sl.no 10-13)							46.25

Commission approves Depreciation at Rs. 46.25 Crore for True up of FY 2021-22.”

Accordingly, following grants were considered against each plant in the said True-up order for FY 2021-22:

Grant Considered for each HEP in True up order for FY 2021-22 (Rs. Crore)

Name of the Station	Grant
MePGCL as a whole	234.96
MLHEP	209.89
NUHEP	0
LHEP	11.75
MePGCL OLD PROJECTS INCLUDING SONAPANI	13.32

It is submitted that, in line with the approach adopted by this Commission in the True up of FY 2021-22 in Order dated 13.11.2023, the Objector, for FY 2022-23, has evaluated the grant component amounting to Rs. 180.30 Crore for MLHEP, Rs. 25.43 Crore for Old plants (incl. Sonapani), Rs. 4.95 Crore for Lakroh MHP and no Grants for NUHEP (based on Govt. Notification on Equity infusion).

In view of the above, and on consideration of the CAPEX, Capitalization and grant approved for the fourth control period in the Business Plan Order, the impact of the same is considered for computation of depreciation.

As far as the 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

MePGCL- ARR for FY 2024-25 to FY 2026-27 and Generation Tariff for FY 2024-25

computed for FY 2022-23 has been considered and the similar approach has been adopted by the Petitioner.

In view of the above arguments, the Objector submits 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	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePGCL				Proposed to be considered			
	MLHEP				MLHEP			
Opening GFA	1,285.50	1,285.50	1,286.50	1,331.00	1,285.71	1,261.81	1,238.91	1,259.51
Less: land					23.90	23.90	23.90	23.90
Opening GFA without Land	1,285.50	1,285.50	1,286.50	1,331.00	1,261.81	1,237.91	1,215.01	1,235.61
Addition during the Year	-	1.00	44.50	76.38	-	1.00	44.50	76.38
Closing GFA	1,285.50	1,286.50	1,331.00	1,407.38	1,261.81	1,238.91	1,259.51	1,311.99
Average GFA	1,285.50	1,286.00	1,308.75	1,369.19	1,261.81	1,238.41	1,237.26	1,273.80
Rate of Depreciation	4.78%	4.78%	4.78%	4.78%	4.87%	4.87%	4.87%	4.87%
Depreciation	61.41	61.43	62.52	65.41	61.42	60.28	60.23	62.00
Less: Amortization of Grant	-	-	-	27.01	180.30	180.30	193.80	220.81
Depreciation on Grants	-	-	-	1.29	8.78	8.78	9.43	10.75
Net Depreciation	61.41	61.43	62.52	64.12	52.64	51.50	50.79	51.26
	NUHEP				NUHEP			
Opening GFA	605.40	605.40	605.40	605.90	586.03	586.03	586.03	586.53
Less: land					1.66	1.66	1.66	1.66
Opening GFA without Land	605.40	605.40	605.40	605.90	584.37	584.37	584.37	584.87
Addition during the Year	-	-	0.50	0.14	-	-	0.50	0.14
Closing GFA	605.40	605.40	605.90	606.04	584.37	584.37	584.87	585.01
Average GFA	605.40	605.40	605.65	605.97	584.37	584.37	584.62	584.94
Rate of Depreciation	4.85%	4.85%	4.85%	4.85%	4.87%	4.87%	4.87%	4.87%
Depreciation	29.39	29.39	29.40	29.42	28.45	28.45	28.46	28.48
Less: Amortization of Grant	-	-	-	-	-	-	-	-
Depreciation on Grants	-	-	-	-	-	-	-	-
Net Depreciation	29.39	29.39	29.40	29.42	28.45	28.45	28.46	28.48
	LHEP				LHEP			
Opening GFA	26.47	26.47	27.07	28.21	22.68	22.68	23.28	24.42
Less: land					-	-	-	-
Opening GFA without Land	26.47	26.47	27.07	28.21	22.68	22.68	23.28	24.42
Addition during the Year	-	0.60	1.14	-	-	0.60	1.14	-
Closing GFA	26.47	27.07	28.21	28.21	22.68	23.28	24.42	24.42
Average GFA	26.47	26.77	27.64	28.21	22.68	22.98	23.85	24.42
Rate of Depreciation	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%
Depreciation	1.30	1.32	1.36	1.39	1.12	1.13	1.17	1.20
Less: Amortization of Grant	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95
Depreciation on Grants	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Net Depreciation	1.06	1.07	1.12	1.15	0.87	0.89	0.93	0.96
	Old Plants				Old Plants			
Opening GFA	433.70	433.70	433.70	433.70	50.44	50.44	50.44	50.44
Less: land					-	-	-	-
Opening GFA without Land	433.70	433.70	433.70	433.70	50.44	50.44	50.44	50.44
	As per MePGCL				Proposed to be considered			
Addition during the Year	-	-	-	1,070.10	-	-	-	1,115.19
Closing GFA	433.70	433.70	433.70	1,503.80	50.44	50.44	50.44	1,165.63
Average GFA	433.70	433.70	433.70	968.75	50.44	50.44	50.44	608.04
Rate of Depreciation	5.04%	5.04%	5.04%	5.04%	5.13%	5.13%	5.13%	5.13%
Depreciation	21.87	21.87	21.87	48.85	2.59	2.59	2.59	31.19

MePGCL- ARR for FY 2024-25 to FY 2026-27 and Generation Tariff for FY 2024-25

Less: Amortization of Grant	135.06	135.06	135.06	408.88	25.43	25.43	25.43	299.24
Depreciation on Grants	6.81	6.81	6.81	20.62	1.30	1.30	1.30	15.35
Net Depreciation	15.06	15.06	15.06	28.24	1.28	1.28	1.28	15.84
	Total MePGCL				Total MePGCL			
Average GFA	2,351.07	2,351.87	2,375.74	2,972.12	1,919.30	1,896.20	1,896.17	2,491.20
Rate of Depreciation	4.85%	4.85%	4.85%	4.88%	4.88%	4.88%	4.88%	4.93%
Depreciation	113.97	114.01	115.15	145.07	93.57	92.45	92.45	122.87
Less: Amortization of Grant	140.01	140.01	140.01	440.84	210.67	210.67	224.18	525.00
Depreciation on Grants	7.05	7.05	7.05	22.15	10.32	10.32	10.98	26.34
Net Depreciation	106.92	106.96	108.10	122.92	83.25	82.12	81.46	96.53

Due to non-availability of Audited Annual Accounts and asset wise break-up of MePGCL, it is humbly submitted that the computation and approval of Depreciation must be in line with MYT Regulations 2014 and the Objector requests this Commission to approve the depreciation for 4 set of plants of the Petitioner during finalization of MYT for FY 2024-25 to FY 2026-27, as shown above.

MePGCL Reply

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

In regard to the above, it is submitted that the Petitioner has claimed the Depreciation strictly in accordance with the provisions of the MSERC Tariff Regulations 2014 and the grants have been apportioned in the plants based on the grants approved by this Commission in the respective capital cost orders. Since, the Commission has already considered the amortization of the grants as a non-tariff income in the previous true up orders, only the grants in the books of accounts in FY 2022-23 have been considered for the apportionment of grants. Further, it is relevant to note that the grants should be considered only against the assets capitalized and grants towards works under CWIP (Capital Works in Progress) ought to be excluded from the calculation. The Petitioner has provided a detailed justification for the same in Chapter 2 of the Petition.

It is further submitted that capitalization and the funding pattern of the capitalization have been considered strictly as per the business plan order for the fourth control period.

Commission’s Views

Commission noted the Response of the Utility.

c) Return on Equity

(36-42)The Petitioner has claimed Return on Equity (RoE) for all 4 set of plants as per closing equity of FY 2022-23 and has claimed 30% of the addition in GFA during the year, allegedly in accordance with the Regulation 27 of the 2014 MYT Regulations.

It is submitted that the methodology adopted by the Petitioner 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.

The methodology adopted by this Commission in True-up Order for FY 2021-22 dated 13.11.2023 is reproduced below:

“3.3

... Commission’s Analysis

The Return on Equity is computed as per Regulation 31 read with Regulation 27 of MSERC MYT Regulations 2014. The Grants and contributions reported as per the accounts stood at Rs.209.89 Crore to be apportioned as already notified in the True up orders for FY 2020-21 dated 22.03.2023.

The Grants reported vide note no.15.1 and 17.2 of SoA for Rs.21.46 Crore against NEC, PDSF and DRIP shall be appropriated in the MePGCL old projects.

Computation of Return on Equity for True up of FY 2021-22 for MLHEP

Sl.no	Particulars	FY 2021-22
1	Average GFA / Capital Cost for FY 2021-22	1285.71
2	Less: Average Grants	209.89
3	Net Assets	1075.82
4	70% Debt component	753.07
5	30% Equity	322.75
6	Equity Considered for FY 2020-21	322.75
7	Average Equity for FY 2021-22	322.75
8	Return on Equity @ 14%	45.19

Commission considers Return on Equity at Rs.45.19 Crore for True up of FY 2021-22.”

In line with the above methodology, the Objector has proposed the following RoE for the FY 2022-23 as depicted in the table below:

Proposed RoE to be allowed for FY 2022-23

(Rs. Cr)

Particular	MLHEP	NUHEP	MLHEP	Old plants + Sonapani	Total
Average GFA / Capital Cost for FY 2022-23	1,285.71	586.03	22.68	50.45	1,944.87
Less: Average Grants	180.30	-	4.95	25.43	210.67
Net Assets	1,105.41	586.03	17.73	25.02	1,734.20
70% Debt component	773.79	410.22	12.41	17.52	1,213.94
30% Equity	331.62	175.81	5.32	7.51	520.26
Actual Equity for FY 2021-22 as per Tariff Order	322.75	164.71	3.24	11.13	501.83
Average / Min Equity for FY 2022-23	327.19	164.71	3.24	9.32	504.46
Return on Equity @ 14%	14%	14%	14%	14%	14%
Return on Equity	45.81	23.06	0.45	1.30	70.62

It is submitted that, of the total average Grant of Rs. 210.67 Crore, the Petitioner has considered the grant of Rs. 140.01 Crore resulting into higher equity base and higher RoE burden on the end consumers.

In line with the grants considered in the Gross Fixed Assets section and in line with the methodology of the Commission in its previous Orders (ref. True up Order for FY 2021-22 dated 13.11.2023), it is humbly submitted that the Commission may allow RoE for the fourth control period as depicted in the table below:

Proposed RoE for the fourth Control Period

(Rs. Cr)

Return on Equity	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePGCL				Proposed to be considered			
	MLHEP				MLHEP			
Opening Equity	385.65	385.65	385.95	399.30	331.62	331.62	331.92	337.17
Addition	-	0.30	13.35	6.71	-	0.30	5.25	14.81
Closing Equity	385.65	385.95	399.30	406.01	331.62	331.92	337.17	351.98
Average Equity	385.65	385.80	392.63	402.65	331.62	331.77	334.55	344.58
Rate of ROE	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
ROE	53.99	54.01	54.97	56.37	46.43	46.45	46.84	48.24
	NUHEP				NUHEP			
Opening Equity	181.62	181.62	181.62	181.77	164.71	164.71	164.71	164.86
Addition	-	-	0.15	0.04	-	-	0.15	0.04
Closing Equity	181.62	181.62	181.77	181.81	164.71	164.71	164.86	164.90
Average Equity	181.62	181.62	181.70	181.79	164.71	164.71	164.79	164.88
Rate of ROE	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
ROE	25.43	25.43	25.44	25.45	23.06	23.06	23.07	23.08
	LHEP				NUHEP			
Opening Equity	6.44	6.44	6.62	6.96	3.24	3.24	3.42	3.76
Addition	-	0.18	0.34	-	-	0.18	0.34	-
Closing Equity	6.44	6.62	6.96	6.96	3.24	3.42	3.76	3.76
Average Equity	6.44	6.53	6.79	6.96	3.24	3.33	3.59	3.76
Rate of ROE	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
	As per MePGCL				Proposed to be considered			
ROE	0.90	0.91	0.95	0.97	0.45	0.47	0.50	0.53
	Old Plants				Old Plants			

Opening Equity	89.59	89.59	89.59	89.59	7.51	7.51	7.51	7.51
Addition	-	-	-	156.74	-	-	-	170.27
Closing Equity	89.59	89.59	89.59	246.33	7.51	7.51	7.51	177.78
Average Equity	89.59	89.59	89.59	167.96	7.51	7.51	7.51	92.64
Rate of ROE	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
ROE	12.54	12.54	12.54	23.51	1.05	1.05	1.05	12.97
	Total MePGCL				VTotal MePGCL			
Opening Equity	663.30	663.30	663.78	677.62	507.08	507.08	507.56	513.30
Addition	-	0.48	13.84	163.49	-	0.48	5.74	185.12
Closing Equity	663.30	663.78	677.62	841.11	507.08	507.56	513.30	698.42
Average Equity	663.30	663.54	670.70	759.37	507.08	507.32	510.43	605.86
Rate of ROE	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
ROE	92.86	92.90	93.90	106.31	70.99	71.02	71.46	84.82

In view of the above, is submitted that Commission may consider the proposed Return on Equity during finalization of MYT for FY 2024-25 to FY 2026-27, as shown above.

MePGCL Reply

BIA has alleged that: The Petitioner has claimed Return on Equity (RoE) for all 4 set of plants as per closing equity of FY 2022-23 and has claimed 30% of the addition in Gross Fixed Assets during the year, allegedly in accordance with the Regulation 27 of MSERC Tariff Regulations 2014. The methodology adopted by the Petitioner 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 regard to the above, it is submitted that the Petitioner has given a detailed justification for the grants in the Chapter 2 of the Petition as well as in the individual chapters for each plant separately. The contention of BIA that Petitioner has adopted a flawed methodology for computation of the Return on Equity in FY 2022-23 is baseless and vague. The Petitioner has computed the Return on Equity strictly in accordance with the provisions of the MSERC Tariff Regulations 2014 without any deviation. Hence, the contentions of the BIA are denied.

Commission's Views

Commission noted the Response of the Utility.

d) Interest on Loan

(43-48) The Petitioner has claimed Interest and Finance charges under the provisions of

MYT Regulations 2014 and has considered the closing loan of FY 2022-23 as the opening loan of FY 2023-24 and subsequent addition has been considered as per the approved funding pattern of capitalization. Further, since the actual weighted average rate of interest would be available at the time of true up of respective years, the weighted average rate of interest for FY 2022-23 has been considered by the Petitioner for entire control period.

It is submitted that no clarification has been provided by the Petitioner with respect to the loan repayment considered for the calculation of interest on loan. It is submitted that repayment of the loan considered by the Petitioner is equivalent to loan repayment considered for FY 2022-23 without considering any repayment for the new loan resulting in higher interest amount burden on the end consumer. The Objector has considered a similar approach whereby the debt repayment of FY 2022-23 as considered in the Objection for True up for FY 2022-23 is considered with an additional of 10% loan repayment of the additional loan.

Regulation 32.1 of MYT Regulations 2014 provides as follows:

“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.”

It is submitted that the methodology adopted by the Petitioner 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. The Petitioner 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 Commission in Case No. 4/2023 dated 13.11.2023. This has resulted into incorrect opening balance being considered by the Petitioner from FY 2023-24 thereby producing erroneous results.

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

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

Interest on Loan	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePGCL				Proposed to be considered			
	MLHEP				MLHEP			
Gross Opening Loan	899.85	899.85	900.55	931.70				
Cumulative Repayment	484.86	558.93	633.00	707.07				
Net Opening Loan	414.99	340.92	267.55	224.63	181.87	136.44	91.71	58.45
Repayment	74.07	74.07	74.07	74.07	45.43	45.43	45.50	46.79
Addition	-	0.70	31.15	15.65	-	0.70	12.24	34.56
Net Closing Loan	340.92	267.55	224.63	166.21	136.44	91.71	58.45	46.22
WAROI	10.13%	10.13%	10.13%	10.13%	11.45%	11.45%	11.45%	11.45%
Interest on Loan	34.54	27.10	22.76	16.84	18.23	13.06	8.60	5.99
	NUHEP				NUHEP			
Gross Opening Loan	423.76	423.76	423.76	424.11				
Cumulative Repayment	127.44	166.75	206.06	245.37				
Net Opening Loan	296.32	257.01	217.70	178.74	240.54	201.23	161.92	122.96
Repayment	39.31	39.31	39.31	39.31	39.31	39.31	39.31	39.35
Addition	-	-	0.35	0.10	-	-	0.35	0.10
Net Closing Loan	257.01	217.70	178.74	139.53	201.23	161.92	122.96	83.71
WAROI	11.31%	11.31%	11.31%	11.31%	11.75%	11.75%	11.75%	11.75%
Interest on Loan	29.06	24.62	20.21	15.74	25.95	21.34	16.74	12.14
	LHEP				LHEP			
Gross Opening Loan	15.03	15.03	15.45	16.25				
Cumulative Repayment	0.81	1.31	1.81	2.31				
Net Opening Loan	14.22	13.72	13.64	13.94	4.05	3.55	3.47	3.73
Repayment	0.50	0.50	0.50	0.50	0.50	0.50	0.54	0.66
Addition	-	0.42	0.80	-	-	0.42	0.80	-
Net Closing Loan	13.72	13.64	13.94	13.44	3.55	3.47	3.73	3.06
WAROI	10.18%	10.18%	10.18%	10.18%	10.50%	10.50%	10.50%	10.50%
Interest on Loan	1.40	1.39	1.38	1.25	0.40	0.37	0.38	0.36
	Old Plants				Old Plants			
Gross Opening Loan	209.22	209.22	209.22	209.22				
Cumulative Repayment	-	5.00	10.00	15.00				
Net Opening Loan	209.22	204.22	199.22	194.22	-	-	-	-
Repayment	5.00	5.00	5.00	5.00	-	-	-	-
Addition	-	-	-	365.73	-	-	-	397.29
Net Closing Loan	204.22	199.22	194.22	554.95	-	-	-	397.29
WAROI	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%
Interest on Loan	9.56	9.33	9.09	25.98	-	-	-	9.30
	Total MePGCL				Total MePGCL			
Gross Opening Loan	1,547.85	1,547.85	1,548.97	1,581.27				
Cumulative Repayment	613.11	731.99	850.87	969.75				
Net Opening Loan	934.74	815.86	698.10	611.52	422.41	337.17	253.05	181.09
Repayment	118.88	118.88	118.88	118.88	85.24	85.24	85.35	86.80
Addition	-	1.12	32.30	381.48	-	1.12	13.39	431.95
Net Closing Loan	815.86	698.10	611.52	874.12	337.17	253.05	181.09	526.23
WAROI	8.52%	8.25%	8.16%	8.05%	11.74%	11.78%	11.85%	7.86%
Interest on Loan	74.55	62.45	53.43	59.81	44.58	34.77	25.71	27.79

It is submitted that due to non-availability of Audited Annual Accounts of the Petitioner, the Commission may consider the proposed Interest on Loan during MYT for FY 2024-25 to FY 2026-27, as shown above. However, actual interest rate will be

computed at the time of finalization of ARR of the respective year.

MePGCL Reply

BIA has alleged that: no clarification has been provided by the Petitioner with respect to the loan repayment considered for the calculation of interest on loan. The repayment of the loan considered by the Petitioner is equivalent to loan repayment considered for FY 2022-23 without considering any repayment for the new loan resulting in higher interest amount burden on the end consumer. BIA has considered a similar approach whereby the debt repayment of FY 2022- 23 as considered in the Objection for True up for FY 2022-23 is considered with an additional of 10% loan repayment of the additional loan. The methodology adopted by the Petitioner 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. The Petitioner 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 Commission in Case No.4/2023 dated 13.11.2023. This has resulted into incorrect opening balance being considered by the Petitioner from FY 2023-24 thereby producing erroneous results.

It is submitted that the contention of the BIA that the Petitioner has adopted flawed methodology for computation of the interest on loan in the FY 2022-23 is baseless and denied. The Petitioner has adopted the methodology provided in Regulation 27 and Regulation 32 of MSERC Tariff Regulations 2014 to arrive at the amount of opening loan. Further, with regard to the loan repayment, MSERC Tariff Regulations 2014 nowhere specify that 10% of the outstanding amount shall be considered as loan repayment. Further, considering the fact that the Petitioner is yet to source loan for the upcoming capital expenditure during the fourth control period, it is practically impossible to predict loan repayment as of now. Accordingly, the Petitioner has considered the actual loan repayment in the FY 2022-23 for the subsequent years. Hence, it is respectfully submitted that the Commission may be pleased to reject the submissions made by BIA as the said submissions are infructuous.

Commission’s Views

Commission noted the Response of the Utility.

e) Operation and Maintenance Expenses

(49-60)The Petitioner has computed O&M expenses by considering year by year escalation of 5.72% p.a. over the actual operation and maintenance expenses of FY 2022-23. Further 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 in the old plants O&M expenses.

It is submitted that the Petitioner has not considered the impact of capitalized expenses and the same is proposed to be considered in the proportion to capitalized cost of FY 2022-23 allocated to each plant.

Further, as per the approach adopted for True-up of FY 2022-23, the Petitioner has calculated the total O&M expenses of MePGCL including the 1/3rd of the employee and A&G cost of MeECL and escalated the O&M cost beyond 5.72% for FY 2023-24 without any clarification. The escalation considered for each component of O&M cost is outlined in the table below:

Total O&M Expenses claimed by MePGCL for fourth control period with escalation rate (Rs.Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Employee Expenses	131.14	144.29	163.62	172.98	182.88
Escalation Rate		10.03%	13.40%	5.72%	5.72%
R&M expenses	10.95	23.15	24.47	25.87	27.35
Escalation Rate		111.42%	5.70%	5.72%	5.72%
A&G expenses	9.42	10.67	11.28	11.92	12.6
Escalation Rate		13.27%	5.72%	5.67%	5.70%
Total O&M expenses	151.51	178.11	199.37	210.77	222.83
Escalation Rate		17.56%	11.94%	5.72%	5.72%

It is evident that escalation of 18% in total O&M expenses and 111.42% in R&M expenses in FY 2023-24 without any clarification is an undue burden on the consumers and cannot be accepted. Also, the approach of the Petitioner to calculate the total O&M expenses and exclude the normative expenses of MLHEP, NUHEP and LHEP for claiming the balance in the old existing plant is an erroneous approach and is contravene to the provisions of the MYT Regulations 2014.

With respect to 1/3rd Cost of MeECL included in the O&M cost, it is submitted that incorporating the O&M expenses towards Holding Company expenses while claiming

O&M Expenses for its Generating Plants is against the provision of MYT Regulations 2014.

It is submitted that no provision of the MYT Regulations 2014 of the Commission allows expenditures of a Holding Company to be passed through in Tariff and the applicability of the MYT Regulations 2014 is only for Gencos, Transcos and Discoms as defined in the MYT 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;”

The Petition is not in line with the above Regulatory provisions and the claim pertaining to Holding company expense is therefore not tenable. In accordance with the above reasoning, many SERCs disallow the expenditures pertaining to Holding company as evident from the UPERC observations from the Order dated 29.07.2021 which are shown below:

“4.6.31. Thus, regarding UPPCL’s O&M Expenses, it is clear that the Commission had not allowed such expenses in the previous orders giving clear directions that from FY 2014-15 onwards the Licensees should manage procurement of power from the O&M Expenses allowed to them. Accordingly, the O&M expenses claimed by the State Discoms towards O&M Expenses of UPPCL allocated to them are not allowed. The Commission again reiterates that the procurement of power is the responsibility of the Distribution Licensees for which the Commission allows considerable amount of O&M Expenses and interest on working capital to the Licensees.

It is further observed that some of the State Discoms have claimed UPPCL’s O&M expenses by merging them as part of O&M expenses under different sub-heads i.e. employee, R&M & A&G expenses. As the Petitioners submitted that UPPCL has now allocated its O&M expenses to its subsidiary State Government Distribution Licensees, in the books of accounts with effect from FY 2019-20, the Commission has done the prudence check of O&M Expenses of UPPCL from the balance sheet of the State Discoms and the same, as found in the balance sheets, have been disallowed.”

In view of the above, the claim of the Petitioner towards O&M Expenses of the Holding company is unjust and does not merit any consideration by the Commission and may be disallowed.

The Petitioner has also indicated that it would implement a Policy for revision of pay for its employees effective from 01.01.2025. The Petitioner 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 is only calculation based on certain assumption.

It is submitted that the claim towards revision of pay ought not to be admitted at this point and must be taken as a separate item during the time of True up. Since the policy of revision of pay is not within the control of the Company, the same could be allowed as a separate item as a pass through in during the time of True up pursuant to prudence check by this Commission. Also, the same has not been calculated as per the provisions specified in MYT Regulations 2014 and hence it is prayed to the Commission to allow the same post the notification from the Government.

Accordingly, considering the past approach as adopted by the 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	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePGCL				Proposed to be considered			
	MLHEP				MLHEP			
Base Normative O&M	37.42	39.56	41.82	44.22	37.42	39.57	41.83	44.22
Escalation Factor (%)	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%
O&M Expenses computed	39.56	41.82	44.22	46.74	39.57	41.83	44.22	46.75
Less: capitalisation					2.05	2.17	2.30	2.43
O&M Expenses computed	39.56	41.82	44.22	46.74	37.51	39.66	41.93	44.32
	NUHEP				NUHEP			
Base Normative O&M	18.63	19.69	20.82	22.01	15.34	16.22	17.15	18.13
Escalation Factor (%)	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%
O&M Expenses computed	19.69	20.82	22.01	23.27	16.22	17.15	18.13	19.16
Less: capitalisation					2.05	2.17	2.30	2.43
O&M Expenses computed	19.69	20.82	22.01	23.27	14.16	14.97	15.83	16.74
	LHEP				LHEP			
Base Normative O&M	0.60	0.64	0.67	0.71	0.56	0.59	0.63	0.66
Escalation Factor (%)	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%
O&M Expenses computed	0.64	0.67	0.71	0.75	0.59	0.63	0.66	0.70
Less: capitalisation					0.18	0.19	0.20	0.21
O&M Expenses computed	0.64	0.67	0.71	0.75	0.41	0.43	0.46	0.49
	Old Plants				MLHEP			
Base Normative O&M					37.66	39.81	42.09	44.50
Escalation Factor (%)					5.72%	5.72%	5.72%	5.72%
O&M Expenses computed	118.21	136.05	143.83	152.06	39.81	42.09	44.50	47.04

Less: capitalisation					2.06	2.18	2.31	2.44
O&M Expenses computed	118.21	136.05	143.83	152.06	37.75	39.91	42.19	44.60
	Total MePGCL				Total MePGCL			
O&M Expenses computed	178.10	199.37	210.77	222.83	89.83	94.97	100.40	106.15

It is submitted that since O&M expenses is a controllable item, additional efforts are expected from the Petitioner to reduce the O&M cost. It is requested that the Commission may consider the proposed O&M during MYT for FY 2024-25 to FY 2026-27, as shown above.

MePGCL Reply

BIA has alleged that the R&M expenses have been projected at an increase of 111.42%. In this regard, it is submitted that the error was due to inadvertent linking error and the same has been corrected and an additional submission has already been made to the Commission rectifying the error.

BIA has further contended that the impact of wage revision as projected by the Petitioner should not be considered at this time and shall be allowed as per actual at the time of truing up. In this regard, it is submitted that the above contention of BIA is contrary to MYT

Principle of reducing the gap between the projected and actual as laid down in the Tariff Policy 2016.

BIA has further contended that the O&M expenditure pertaining to the holding company should not be allowed. In this regard, it is submitted that few of the key functions such as accounting, audit, HR are under the holding company-Meghalaya Energy Corporation Limited and any expenses pertaining to these functions are ought to be considered as an expense specific to generation, transmission and generation business. Commission in Order dated 29.08.2023 passed in Case No.7/2023, has rejected similar objection raised by BIA, inter-alia, holding as under:

Petitioner’s Submission

It is submitted that the Cost approved by the Commission for Holding Company is not within the framework of the MYT Regulations 2014.

Commission’s Analysis

MeECL holding company has been notified by the Govt. of Meghalaya to oversee the functions of Generation, Transmission and Distribution utilities.

The holding company (MeECL) was not provided with the Regulatory obligations for

the expenditures incurred on behalf of the subsidiary corporations in the Reforms notifications 2010.

Commission considers that apportionment/sharing of holding company expenses (MeECL) is established practice right from the date of re-organization of MeSEB effective from 01.04.2013 and therefore Transmission cost considered for ARR of FY 2023-24 do not require any review.

Commission’s Views

Commission noted the Response of the Utility.

f) Interest on Working Capital

(61-62) The Petitioner has claimed the Interest on Working capital for the Fourth Control period under Regulation 34.1(iii) of MYT Regulations 2014 and has considered SBI Advance Rate (PLR) as on 01 April 2023.

In view of the submissions 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 this Commission.

Interest on Working Capital allowable by MePGCL for FY 2022-23 (Rs. Crore)

Interest on Working Capital	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePGCL				Proposed to be considered			
	MLHEP				MLHEP			
O&M Expenses	3.30	3.49	3.68	3.90	3.13	3.30	3.49	3.69
Maintenance Spares	6.29	6.65	7.03	7.43	5.96	6.31	6.67	7.05
Receivables	32.63	31.77	31.78	31.19	26.69	25.99	25.58	25.88
Total Working Capital	42.21	41.90	42.50	42.52	35.78	35.60	35.74	36.62
Rete of Interest	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%
Interest on Working Capital	6.27	6.22	6.31	6.31	5.31	5.29	5.31	5.44
	NUHEP				NUHEP			
O&M Expenses	1.64	1.73	1.83	1.94	1.18	1.25	1.32	1.39
Maintenance Spares	3.13	3.31	3.50	3.70	2.25	2.38	2.52	2.66
Receivables	17.82	17.26	16.72	16.19	15.75	15.10	14.47	13.85
Total Working Capital	22.59	22.31	22.06	21.82	19.18	18.73	18.31	17.90
Rete of Interest	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%
Interest on Working Capital	3.36	3.31	3.28	3.24	2.85	2.78	2.72	2.66
	LHEP				LHEP			
O&M Expenses	0.05	0.06	0.06	0.06	0.03	0.04	0.04	0.04
Maintenance Spares	0.10	0.11	0.11	0.12	0.07	0.07	0.07	0.08
Receivables	0.69	0.70	0.71	0.71	0.37	0.37	0.39	0.40
Total Working Capital	0.84	0.86	0.89	0.89	0.47	0.48	0.50	0.52
Rete of Interest	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%
Interest on Working Capital	0.12	0.13	0.13	0.13	0.07	0.07	0.07	0.08
	Old Plants				Old Plants			
O&M Expenses	9.85	11.34	11.99	12.67	3.15	3.33	3.52	3.72
Maintenance Spares	18.80	21.63	22.87	24.18	6.00	6.35	6.71	7.09
Receivables	28.41	31.57	32.95	41.46	6.62	6.96	7.32	13.82
Total Working Capital	57.06	64.54	67.80	78.31	15.76	16.63	17.54	24.62
Rete of Interest	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%

Interest on Working Capital	8.47	9.58	10.07	11.63	2.34	2.47	2.61	3.66
	Total MePGCL				Total MePGCL			
Interest on Working Capital	18.22	19.25	19.79	21.32	10.57	10.61	10.70	11.83

MePGCL Reply

It is submitted that the variation in the interest on working capital as submitted by BIA is the result of the variation in the various components of ARR as justified above and hence there is no specific objection with regard to the interest on working capital.

Commission's Views

Commission noted the Response of the Utility.

g) Non Tariff Income

(63-64) It is submitted that with respect to Non-Tariff Income claimed by Petitioner, no documents / data has been submitted to substantiate the claim. The Petitioner has failed to give justification for its claim of non-tariff income in Old Plants and has not allocated the same to the respective plants.

It is humbly requested that the Commission may allow such claim subject to prudence check.

MePGCL Reply

BIA has alleged that:

with respect to Non-Tariff Income claimed by Petitioner, no documents/data has been submitted to substantiate the claim. The Petitioner has failed to give justification for its claim of non-tariff income in Old Plants and has not allocated the same to the respective plants.

In regard to the above, it is submitted that the non-tariff income has been claimed on assumption basis considering an escalation of 5% per year and there cannot be any documentary evidence for the same as of now.

Commission's Views

Commission noted the Response of the Utility.

h) Aggregate Revenue Requirement

(65-68) In accordance with the claims made by the Petitioner pertaining to each item of the ARR and the objections / clarification raised by the Respondent in the preceding section, the comparative statement of ARR and Revenue Gap / (Surplus) for True up

for the FY 2022-23 is shown below:

ARR Proposed for fourth Control Period (Rs. Crore)

ARR	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	As per MePGCL				Proposed to be considered			
	MLHEP				MLHEP			
Depreciation	61.41	61.43	62.52	64.12	52.64	51.50	50.79	51.26
Interest on Loan	34.54	27.10	22.68	13.61	18.23	13.06	8.60	5.99
Return on Equity	53.99	54.01	54.97	56.37	46.43	46.45	46.84	48.24
Operation and Maintenance	39.56	41.82	44.22	46.74	37.51	39.66	41.93	44.32
Interest on Working Capital	6.27	6.22	6.31	6.31	5.31	5.29	5.31	5.44
ARR	195.77	190.60	190.70	187.16	160.12	155.96	153.46	155.25
Non-Tariff Income	-	-	-	-	-	-	-	-
Net ARR	195.77	190.60	190.70	187.16	160.12	155.96	153.46	155.25
	NUHEP				NUHEP			
Depreciation	29.39	29.39	29.40	29.42	28.45	28.45	28.46	28.48
Interest on Loan	29.06	24.62	20.21	15.74	25.95	21.34	16.74	12.14
Return on Equity	25.43	25.43	25.44	25.45	23.06	23.06	23.07	23.08
Operation and Maintenance	19.69	20.82	22.01	23.27	14.16	14.97	15.83	16.74
Interest on Working Capital	3.36	3.31	3.28	3.24	2.85	2.78	2.72	2.66
ARR	106.92	103.56	100.33	97.11	94.47	90.60	86.81	83.10
Non-Tariff Income	-	-	-	-	-	-	-	-
Net ARR	106.92	103.56	100.33	97.11	94.47	90.60	86.81	83.10
	LHEP				LHEP			
Depreciation	1.06	1.07	1.12	1.15	0.87	0.89	0.93	0.96
Interest on Loan	1.40	1.39	1.38	1.25	0.40	0.37	0.38	0.36
Return on Equity	0.90	0.91	0.95	0.97	0.45	0.47	0.50	0.53
Operation and Maintenance	0.64	0.67	0.71	0.75	0.41	0.43	0.46	0.49
Interest on Working Capital	0.12	0.13	0.13	0.13	0.07	0.07	0.07	0.08
ARR	4.12	4.18	4.29	4.25	2.20	2.23	2.34	2.40
Non-Tariff Income	-	-	-	-	-	-	-	-
Net ARR	4.12	4.18	4.29	4.25	2.20	2.23	2.34	2.40
	Old Plant				Old Plant			
Depreciation	15.06	15.06	15.06	28.24	1.28	1.28	1.28	15.84
Interest on Loan	9.56	9.33	9.09	25.98	-	-	-	9.30
Return on Equity	12.54	12.54	12.54	23.51	1.05	1.05	1.05	12.97
Operation and Maintenance	118.21	136.05	143.83	152.06	37.75	39.91	42.19	44.60
Interest on Working Capital	8.47	9.58	10.07	11.63	2.34	2.47	2.61	3.66
SLDC charges	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94
ARR	165.78	184.51	192.53	243.37	44.36	46.65	49.07	88.30
	As per MePGCL Proposed to be considered				Proposed to be considered			
Non-Tariff Income	4.67	4.90	5.15	5.41	4.67	4.90	5.15	5.41
Net ARR	161.11	179.61	187.38	237.96	39.69	41.75	43.92	82.89
	Total MePGCL				Total MePGCL			
Depreciation	106.92	106.96	108.10	122.93	83.25	82.12	81.46	96.53
Interest on Loan	74.55	62.45	53.35	56.58	44.58	34.77	25.71	27.79
Return on Equity	92.86	92.90	93.90	106.31	70.99	71.02	71.46	84.82
Operation and Maintenance	178.10	199.37	210.77	222.83	89.83	94.97	100.40	106.15
Interest on Working Capital	18.22	19.25	19.79	21.32	10.57	10.61	10.70	11.83
SLDC charges	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94
ARR	472.59	482.85	487.84	531.91	301.16	295.43	291.69	329.05
Non-Tariff Income	4.67	4.90	5.15	5.41	4.67	4.90	5.15	5.41
Net ARR	467.92	477.95	482.69	526.50	296.49	290.53	286.54	323.64

Further as highlighted in the petition, the past gap to be allowed to be recovered in FY 2024-25 is depicted below:

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

Particular	MLHEP	NUHEP	LHEP	Old plants	Total	MLHEP	NUHEP	LHEP	Old plants	Total
	As per MePGCL					Proposed by Respondent				
ARR Claimed	190.60	100.33*	4.18	179.60	474.71	155.96	90.60	2.23	41.75	290.53
Gap Allowed in 2021-22	72.19	54.42	1.15	-0.90	126.86	72.19	54.42	1.15	-0.90	126.86
Gap Claimed in 2022-23	-7.40	231.47	5.00	-77.77	151.29	-50.96	215.93	3.13	-173.70	-5.60
Gap of Terminal Liabilities	17.85	5.67	0.21	26.73	50.46	17.85	5.67	0.21	26.73	50.46
Total ARR after adjustment of Gap	273.24	391.88	10.53	127.66	803.32	195.04	366.62	6.72	-106.12	462.25

It is submitted that keeping in view the vision of Indian Energy Sector, it is suggested to evaluate more power purchase from Renewable Energy Sources like Solar, Wind etc. to optimize the Generation Cost of the Petitioner, which in-turn would reduce the overall tariff cost of consumers across the state of Meghalaya.

The above aspects may be taken into consideration. The Objector craves leave to add to the submission mentioned above and also to submit such material with the leave of the Commission as may be necessary in the ARR determination process. The Objector also craves leave to make oral submissions in the public hearing to be conducted by the Commission.

MePGCL Reply

It is submitted that the objection made by BIA under this head are the consequential impact of the objections made under the various components of the ARR which have been duly addressed by the Petitioner in the above paragraphs under relevant sections. Accordingly, with regard to the computation of overall Aggregate Revenue Requirement, 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. 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.

Commission's Views

Commission noted the Response of the Utility.

2 Objections by Jaintia Hills Cement Manufactures Association (JHCMA)

a) Gross Fixed Assets

MePGCL has submitted its Business Plan and the Commission has provisionally approved MePGCL's Capex and Capitalisation plan for the 4th Control Period.

The Capitalisation provisionally approved by the Commission for the 4th Control Period is shown in the Table below:

Approved Capitalization for 4th Control Period (Rs. Cr.)

Financial Year	Lakroh	MLHEP	NUHEP	Old Projects	Grand Total
2024-25	0.6	1.00	0.00	0.00	1.60
2025-26	1.14	44.50	0.50	0.00	46.14
2026-27	0.00	76.38	0.14	1070.10	1146.62
Grand Total	1.74	121.88	0.64	1070.1	1194.36

As can be seen from the projected Capitalisation amounts MePGCL has very ambitious targets as regards Capitalisation and intends to complete Capital Works close to Rs. 1200 Crore in the next 3 years. The Objector has compared approved Capitalisation and Actual Capitalisation achieved by MePGCL in the last 3 years, as shown in the table below:

Capitalisation Achievement in last 3 Years (Rs. Crore)

Financial Year		2020-21	2021-22	2022-23	Grand Total
Actual	Lakroh	1.36	0.27	0.05	1.68
	MLHEP	0.00	0.00	0.00	0.00
	NUHEP	1.25	0.41	0.03	1.69
	Old Project	0.07	0.08	1.28	1.43
	Grand Total	2.68	0.76	1.36	4.80
Approved	Lakroh	0.06	0.66	0.82	1.54
	MLHEP	1.49	2.98	5.18	9.65
	NUHEP	0.00	0.00	0.00	0.00
	Old Project	26.92	52.67	558.96	638.55
	Grand Total	28.47	56.31	564.96	649.74
Capitalisation Achievement	Lakroh	2266.67%	40.91%	6.10%	109.09%
	MLHEP	0.00%	0.00%	0.00%	0.00%
	NUHEP	0.00%	0.00%	0.00%	0.00%
	Old Project	0.26%	0.15%	0.23%	0.22%
	Grand Total	9.41%	1.35%	0.24%	0.74%

From the above, it can be observed that the actual level of Capitalisation has been very low in last 3 years compared to claimed projected capitalisation. Also, in the years when major Capitalisation was supposed to take place, almost negligible capitalisation has been achieved. The average capitalisation achievement in the last

3 years amounts to only 4% of the approved capitalisation.

The Objector is of the view that this is only an attempt by MePGCL to inflate the ARR and get approval for higher Generation Tariff, which will have to be adjusted through a downward reduction at the time of true-up. Hence, the Commission is requested to limit the capitalisation for tariff computation purposes and allow only 4% of the capitalisation claimed. It may be noted that the resultant level of capitalisation has also not been achieved by MePGCL in the recent past. In case MePGCL achieves higher actual capitalisation, the impact of the same can be allowed at the time of true-up for the respective year.

Hence, the objector proposes the Capitalisation schedule as shown in the Table below:

Proposed Capitalisation for Fourth Control Period (Rs. Crore)

Financial Year	Lakroh	MLHEP	NUHEP	Old Project	Grand Total
2024-25	0.02	0.04	0.00	0.00	0.06
2025-26	0.05	1.78	0.02	0.00	1.85
2026-27	0.00	3.06	0.01	42.80	45.86
Grand Total	0.07	4.88	0.03	42.80	47.77

MePGCL Reply

JHCMA has contended that:

in the business plan, the Petitioner has projected very ambitious targets for the capitalization. In the past three years, actual level of capitalisation has been low compared to claimed projected capitalisation. Capitalization targets are merely an attempt of the Petitioner to inflate the ARR. Amount of Rs.47.77 Crores proposed capitalization should be allowed for the fourth control period.

In this regard, it is submitted that the capitalization claimed in the instant Petition is strictly as per the business plan approved by the Commission. In case, JHCMA had contentions towards the capital expenditure and capitalization, same should have been raised at the time of proceedings of the Business Plan Petition and such objections does not have any relevance at this stage.

Commission's Views

Commission noted the Response of the Utility.

b) Depreciation for 4th Control period

MePGCL has submitted that it has computed the Depreciation based on the average GFA of FY 2022-23.

The Objector has computed average GFA of FY 2022-23 according to the approach adopted by the Commission in the past true up orders.

Hence, the Objector requests the Commission to consider its average GFA for computing weighted average rate of Depreciation for Projection of Depreciation for the 4th Control Period.

The Objector also requests the Commission to consider the closing GFA of FY 2022-23 as computed by it to project future years' GFA.

The Depreciation computed by the Objector for the 4th Control Period is shown in the Tables below:

Computation of Depreciation for 4th Control Period for MLHEP (Rs. Crore)

Depreciation	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
Opening GFA	1285.5	1285.5	1286.5	1331	1285.71	1285.71	1285.75	1287.53
Closing GFA	1285.5	1286.5	1331	1407.38	1285.71	1285.75	1287.53	1290.59
Average GFA	1285.5	1286	1308.75	1369.19	1285.71	1285.73	1286.64	1289.06
Rate of Depreciation	4.78%	4.78%	4.78%	4.78%	4.30%	4.30%	4.30%	4.30%
Depreciation	61.41	61.43	62.52	65.41	49.75	49.75	49.79	49.88
Average Grants in GFA	0	0	0	27.01	225.62	225.62	225.62	226.70
Depreciation on Grants	0	0	0	1.29	9.70	9.70	9.70	9.75
Net Depreciation	61.41	61.43	62.52	64.12	40.05	40.05	40.09	40.13

Computation of Depreciation for Fourth Control Period for NUHEP (Rs. Crore)

Depreciation	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
Opening GFA	605.4	605.4	605.4	605.9	586.05	586.05	586.05	586.07
Closing GFA	605.4	605.4	605.9	606.04	586.05	586.05	586.07	586.08
Average GFA	605.4	605.4	605.65	605.97	586.05	586.05	586.06	586.07
Rate of Depreciation	4.85%	4.85%	4.85%	4.85%	4.38%	4.38%	4.38%	4.38%
Depreciation	29.39	29.39	29.4	29.42	23.11	23.11	23.11	23.11
Average Grants in GFA	0	0	0	0	0.00	0.00	0.00	0.00
Depreciation on Grants	0	0	0	0	0.00	0.00	0.00	0.00
Net Depreciation	29.39	29.39	29.4	29.42	23.11	23.11	23.11	23.11

Computation of Depreciation for 4thControl Period for Lakroh Small HEP (Rs.Crore)

Depreciation	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
Opening GFA	26.47	26.47	27.07	28.21	22.74	22.74	22.76	22.81
Closing GFA	26.47	27.07	28.21	28.21	22.74	22.76	22.81	22.81
Average GFA	26.47	26.77	27.64	28.21	22.74	22.75	22.78	22.81
Rate of Depreciation	4.92%	4.92%	4.92%	4.92%	4.40%	4.40%	4.40%	4.40%
Depreciation	1.3	1.32	1.36	1.39	0.90	0.90	0.90	0.90
Average Grants in GFA	4.95	4.95	4.95	4.95	5.23	5.23	5.23	5.23
Depreciation on Grants	0.24	0.24	0.24	0.24	0.23	0.23	0.23	0.23
Net Depreciation	1.06	1.07	1.12	1.15	0.67	0.67	0.67	0.67

Computation of Depreciation for 4thControl Period for MePGCL old Stations (Rs. Crore)

Depreciation	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
Opening GFA with out Land	433.7	433.7	433.7	433.7	44.53	44.53	44.53	44.53
Closing GFAwithout Land	433.7	433.7	433.7	1503.8	44.53	44.53	44.53	87.33
Average GFAwithout Land	433.7	433.7	433.7	968.75	44.53	44.53	44.53	65.93
Rate of Depreciation	5.04%	5.04%	5.04%	5.04%	5.28%	5.28%	5.28%	5.28%
Depreciation	21.87	21.87	21.87	48.86	2.12	2.12	2.12	3.13
Average Grants in GFA	135.06	135.06	135.06	408.88	29.37	29.37	29.37	30.47
Depreciation on Grants	6.81	6.81	6.81	20.62	1.55	1.55	1.55	1.61
Net Depreciation	15.06	15.06	15.06	28.24	0.57	0.57	0.57	1.52

Proposed Depreciation vis-a-vis Depreciation claimed by MePGCL (Rs. Crore)

Particulars	2024-25				2025-26				2026-27			
	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant
Claimed By MePGCL	61.43	29.4	1.07	15.06	62.52	29.4	1.12	15.06	64.12	29.42	1.15	28.24
Computed by Objector	40.05	23.11	0.67	0.57	40.09	23.11	0.67	0.57	40.13	23.11	0.67	1.52

MePGCL Reply

JHCMA has requested to consider average GFA for computing Weighted average rate of Depreciation for Projection of Depreciation for the 4th Control Period and the closing GFA of FY 2022-23 to project future years GFA.

In regard to the above, it is submitted that the depreciation has been computed strictly as per the provisions of the MSERC Tariff Regulations 2014. The grants available

in the books of accounts have been considered in proportion to the grants considered by the Commission in the determination of capital cost order for individual projects. It is reiterated that the Commission has considered NIL grants in MLHEP project capital cost order. Further, the grants for NUHEP project have already been converted into equity, hence as on date, there is no in the said project. Further, with regard to the contention of JHCMA regarding the capitalization, it is submitted that this objection has no relevance as the capitalization has already been approved by the Commission in the Business Plan Order.

Commission’s Views

Commission noted the Response of the Utility.

c) Return on Equity for 4th Control Period

MePGCL has claimed opening equity of FY 2023-24 according to the closing

equity claimed for FY 2022-23. The addition in equity has been claimed according to the funding claimed in the Business Plan of MePGCL.

The Objector has considered the opening Equity of MePGCL for FY 2023-24 equal to the closing Equity computed by the Objector for FY 2022-23. The Objector has considered the addition to GFA addition as proposed in the earlier section of this submission. The Debt:Equity ratio has been considered as 70:30, after deducting the amount of Grants considered proportionately, as explained earlier.

Accordingly, the RoE computed by the Objector for the 4th Control Period is as under:

Computed Return on Equity for 4th Control period for MLHEP (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
OpeningEquity	385.65	385.65	385.95	399.3	316.99	318.03	318.03	318.31
Addition	0.00	0.30	13.35	6.71	1.04	0.01	0.27	0.40
ClosingEquity	385.65	385.95	399.3	406.01	318.03	318.03	318.31	318.71
AverageEquity	385.65	385.8	392.63	402.65	317.51	318.03	318.17	318.51
Rate ofROE	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
RoE	53.99	54.01	54.97	56.37	44.45	44.52	44.54	44.59

Computed Return on Equity for 4th Control period for NUHEP (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27

MePGCL- ARR for FY 2024-25 to FY 2026-27 and Generation Tariff for FY 2024-25

Opening Equity	181.61	181.61	181.61	181.76	175.81	175.82	175.82	175.82
Addition	0.00	0.00	0.15	0.04	0.00	0.00	0.00	0.00
Closing Equity	181.61	181.61	181.76	181.8	175.82	175.82	175.82	175.82
Average Equity	181.61	181.61	181.69	181.78	175.81	175.82	175.82	175.82
Rate of ROE	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
ROE	25.43	25.43	25.44	25.45	24.61	24.61	24.61	24.61

Computed Return on Equity for 4th Control period for Lakroh Small HEP (Rs.Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
Opening Equity	6.44	6.44	6.62	6.96	4.27	5.25	5.26	5.27
Addition	0	0.18	0.34	0	0.99	0.00	0.01	0.01
Closing Equity	6.44	6.62	6.96	6.96	5.25	5.26	5.27	5.27
Average Equity	6.44	6.53	6.79	6.96	4.76	5.25	5.26	5.27
Rate of ROE	14.00 %	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
ROE	0.9	0.91	0.95	0.97	0.67	0.74	0.74	0.74

Computed Return on Equity for 4th Control period for MePGCL old Stations(Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
OpeningEquity	89.59	89.59	89.59	89.59	7.71	4.55	4.55	4.55
Addition	0.00	0.00	0.00	156.74	0.00	0.00	0.00	12.18
ClosingEquity	89.59	89.59	89.59	246.33	4.55	4.55	4.55	16.73
AverageEquity	89.59	89.59	89.59	167.96	6.13	4.55	4.55	10.64
Rate of ROE	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
ROE	12.54	12.54	12.54	23.51	0.86	0.64	0.64	1.49

Computed ROE vis-a-vis ROE claimed by MePGCL (Rs. Crore)

Particulars	2024-25				2025-26				2026-27			
	MLHEP	NUHEP	Lakroh	OldPlant	MLHEP	NUHEP	Lakroh	OldPlant	MLHEP	NUHEP	Lakroh	OldPlant
Claimed by MePGCL	54.01	25.44	0.91	12.54	54.97	25.44	0.95	12.54	56.37	25.45	0.97	23.51
Proposed by Objector	44.52	24.61	0.74	0.64	44.54	24.61	0.74	0.64	44.59	24.61	0.74	1.49

MePGCL Reply

JHCMA has alleged that the opening Equity of the Petitioner for FY 2023-24 is equal to the closing Equity computed by JHCMA for FY 2022-23.

It is submitted that the return on equity has been computed strictly as per the provisions of MSERC Tariff Regulations 2014. The grants available in the books of accounts have been considered in proportion to the grants considered by the Commission in the individual capital cost order. It is reiterated that the Commission has considered NIL grants in capital cost order pertaining to MLHEP project. Further, the grants for NUHEP project have already been converted into equity, hence as on

date there is no grant in the said project. With regard to the contention regarding the capitalization, it is reiterated that this objection has no relevance as the capitalization has already been approved by the Commission in the Business Plan Order.

Commission’s Views

Commission noted the Response of the utility.

d) Interest and Finance charges for 4th Control Period

MePGCL has claimed opening loan of FY 2023-24 according to its claimed closing Loan in FY 2022-23. The addition in Loan has been claimed according to the funding claimed in the Business Plan of MePGCL.

The Objector has considered the opening loan of MePGCL for FY 2023-24 equal to the closing loan computed by the Objector for FY 2022-23. The Objector has considered the addition to GFA addition as proposed in the earlier section of this submission. The Debt:Equity ratio has been considered as 70:30, after deducting the amount of Grants considered proportionately, as explained earlier. The loan repayment has been considered same as that projected by MePGCL.

Accordingly, the Interest and Finance Charges computed by the Objector for the 4th Control Period is as under:

Computation of Interest and Finance Charges for 4th Control Period for MLHEP (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
Gross Opening Loan	899.85	899.85	899.85	899.85				
Cumulative Repayment	484.86	558.93	633.01	707.08				
Net Opening Loan	414.99	340.92	266.84	192.77	181.87	136.44	91.04	46.85
Repayment	74.07	74.07	74.07	74.07	45.43	45.43	45.43	45.43
Addition	0	0.7	31.15	15.65	0.00	0.03	1.25	0.63
Net Closing Loan	340.92	267.54	223.92	134.34	136.44	91.04	46.85	2.05
WAROI	10.13%	10.13%	10.13%	10.13%	10.24%	10.24%	10.24%	10.24%
Interest on Loan	34.53	27.1	22.68	13.61	16.29	11.64	7.06	2.50

Computation of Interest and Finance Charges for 4th Control Period for NUHEP (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
Gross Opening Loan	423.76	423.76	423.76	423.76				
Cumulative Repayment	127.44	166.75	206.06	245.38				
Net Opening Loan	296.32	257.01	217.69	178.38	240.56	201.25	161.94	122.64
Repayment	39.31	39.31	39.31	39.31	39.31	39.31	39.31	39.31
Addition	0	0	0.35	0.1	0.00	0.00	0.01	0.00
Net Closing Loan	257.01	217.69	178.73	139.17	201.25	161.94	122.64	83.34
WAROI	11.31%	11.31%	11.31%	11.31%	11.31%	11.31%	11.31%	11.31%
Interest on Loan	29.06	24.62	20.21	15.74	24.98	20.54	16.09	11.65

Computation of Interest and Finance Charges for 4th Control Period for Lakroh Small HEP (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
Gross Opening Loan	15.03	15.03	15.03	15.03				
Cumulative Repayment	0.81	1.31	1.8	2.3				
Net Opening Loan	14.22	13.72	13.23	12.73	4.09	3.59	3.10	2.63
Repayment	0.5	0.5	0.5	0.5	0.50	0.50	0.50	0.50
Addition	0	0.42	0.8	0	0.00	0.02	0.03	0.00
Net Closing Loan	13.72	13.65	13.53	12.24	3.59	3.10	2.63	2.13
WAROI	10.18%	10.18%	10.18%	10.18%	10.18%	10.18%	10.18%	10.18%
Interest on Loan	1.4	1.39	1.38	1.25	0.39	0.34	0.29	0.24

Computation of Interest and Finance Charges for 4th Control Period for MePGCL old stations (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
Gross Opening Loan	209.22	209.22	209.22	209.22				
Cumulative Repayment	0	5	10	15				
Net Opening Loan	209.22	204.22	199.22	194.22	0.00	0.00	0.00	0.00
Repayment	5	5	5	5	0.00	0.00	0.00	0.00
Addition	0	0	0	365.73	0.00	0.00	0.00	28.43
Net Closing Loan	204.22	199.22	194.22	554.95	0.00	0.00	0.00	28.43
WAROI	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%
Interest on Loan	9.56	9.33	9.09	25.98	0.00	0.00	0.00	0.67

Computed Interest and Finance charges by objector vis-a-vis claimed by MePGCL (Rs. Crore)

Particulars	2024-25				2025-26				2026-27			
	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	OldPlant	MLHEP	NUHEP	Lakroh	OldPlant
Claimed by MePGCL	27.1	20.21	1.39	9.33	22.68	20.21	1.38	9.09	13.61	15.74	1.25	25.98
Computed by Objector	11.64	20.54	0.34	0.00	7.06	16.09	0.29	0.00	2.50	11.65	0.24	0.67

MePGCL Reply

JHCMA has considered:

the opening loan of the Petitioner for FY 2023-24 equal to the closing loan computed by the JHCMA for FY 2022-23. JHCMA has considered the addition to GFA addition as proposed in the earlier section of the objections. The Debt:Equity ratio has been considered as 70:30, after deducting the amount of Grants considered proportionately, as explained earlier. The loan repayment has been considered same as that projected by the Petitioner.

It is submitted that the return on equity has been computed strictly as per the provisions of MSERC Tariff Regulations 2014. The grants available in the books of accounts have been considered in proportion to the grants considered by the Commission in the individual capital cost order. It is reiterated that the Commission

has considered NIL grants in MLHEP project capital cost order. Further, the grants for NUHEP project have already been converted into equity, hence as on date there is no grant in the said project. Further, with regards to the contention of JHCMA regarding the capitalization, it is reiterated that this objection has no relevance as the capitalization has already been approved by the Commission in the Business Plan Order.

Commission’s Views

Commission noted the Response of the utility.

e) O&M expenses for 4th Control Period

MePGCL has submitted that it has claimed O&M Expenses for FY 2023-24 to FY 2026-27 based on Regulation 56 of MSERC Tariff Regulations, 2014.

The Objector has computed the O&M Expenses for MePGCL for FY 2023-24 to FY 2026-27 by escalating the allowable O&M expenses for FY 2022-23, as detailed earlier, by 5.72% annually, to arrive at the O&M expenses for the Control Period.

The O&M expenses for the 4th Control Period are tabulated below:

O&M Expense Computed by Objector vis-a-vis claimed by MePGCL (Rs. Crore)

Particulars	2024-25				2025-26				2026-27			
	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant
Claimed by MePGCL	41.80	22.00	0.70	136.10	44.20	22.00	0.70	143.80	46.80	23.30	0.80	152.10
Computed by Objector	40.33	15.65	0.57	42.72	42.64	16.55	0.60	45.16	45.08	17.49	0.63	47.75

MePGCL Reply

JHCMA has contended that the O&M expenses for the fourth control period have been computed by them by 5.72% escalation over and above the allowable O&M expenses for FY 2022-23 annually.

In regard to the above, it is submitted that the JHCMA has not considered the terminal benefits in the O&M expenses for FY 2022-23 which are integral part of the employee expenses and hence O&M expenses. Further, JHCMA has not considered the impact of pay revision in the O&M expenses during the fourth control period. Non-consideration of the impact of pay revisions would result in the gap between the projections and actual expenses, which is contrary to the principles laid down in the National Tariff

Policy 2016. Hence, the Commission may be pleased to consider the impact of pay revision as claimed by the Petitioner and allow the O&M expenses accordingly.

Commission’s Views

Commission noted the Response of the Utility.

f) Interest on Working Capital for 4th Control Period

The Objector has computed the IoWC for the 4th Control Period in accordance with the MSERC Tariff Regulations and considering the components of Working Capital requirement as computed by the Objector in earlier sections of this submission. The computation of IoWC for the 4th Control Period by the Objector is given in the Tables below:

Computed IoWC for MLHEP for the 4th Control Period (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
O&M Expenses	3.3	3.49	3.69	3.9	3.18	3.36	3.55	3.76
Maintenance Spares	6.29	6.65	7.03	7.43	6.07	6.41	6.78	7.17
Receivables	32.63	31.77	31.78	31.19	23.98	23.58	23.22	22.89
Total Working Capital	42.22	41.9	42.5	42.52	33.23	33.36	33.55	33.81
Rete of Interest	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%
IOWC	6.27	6.22	6.31	6.31	4.93	4.95	4.98	5.02

Computed IoWC for NUHEP for the 4th Control Period (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
O&M Expenses	1.64	1.73	1.83	1.94	1.23	1.30	1.38	1.46
Maintenance Spares	3.13	3.31	3.5	3.7	2.35	2.49	2.63	2.78
Receivables	17.82	17.26	16.72	16.19	15.05	14.44	13.84	13.24
Total Working Capital	22.59	22.31	22.06	21.82	18.63	18.23	17.84	17.48
Rete of Interest	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%
Interest on Working Capital	3.36	3.31	3.28	3.24	2.77	2.71	2.65	2.60

Computed IoWC for Lakroh Small HEP for the 4th Control Period (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
O&M Expenses	0.05	0.06	0.06	0.06	0.04	0.05	0.05	0.05
Maintenance Spares	0.1	0.11	0.11	0.12	0.09	0.09	0.10	0.10
Receivables	0.69	0.7	0.71	0.71	0.39	0.40	0.40	0.39
Total Working Capital	0.84	0.86	0.89	0.89	0.52	0.54	0.54	0.55
Rete of Interest	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%
Interest on Working Capital	0.12	0.13	0.13	0.13	0.08	0.08	0.08	0.08

Computed IoWC for MePGCL old stations for the 4th Control Period (Rs. Crore)

Particulars	Claimed by MePGCL				Computed by Objector			
	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27

O&M Expenses	9.85	11.34	11.99	12.67	3.37	3.56	3.76	3.98
MaintenanceSpares	18.79	21.63	22.87	24.18	6.43	6.79	7.18	7.59
Receivables	28.41	31.57	32.95	41.46	6.93	7.26	7.65	8.49
Total WorkingCapital	57.05	64.54	67.8	78.31	16.72	17.62	18.60	20.06
Rete of Interest	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%	14.85%
Interest on Working Capital	8.47	9.58	10.07	11.63	2.48	2.62	2.76	2.98

IoWC computed by Objector vis-a-vis claimed by MePGCL (Rs. Crore)

Particulars	2024-25				2025-26				2026-27			
	ML HEP	NU HEP	Lak roh	Old Plant	ML HEP	NU HEP	Lak roh	Old Plant	ML HEP	NU HEP	Lak roh	Old Plant
Claimed by MePGCL	6.22	3.28	0.13	9.58	6.31	3.28	0.13	10.07	6.31	3.24	0.13	11.63
Computed by Objector	4.95	2.71	0.08	2.62	4.98	2.65	0.08	2.76	5.02	2.60	0.08	2.98

MePGCL Reply

JHCMA has alleged that the components of normative Working Capital requirement are required to be revised according to the changes proposed by JHCMA in other heads of the ARR, as discussed earlier.

Regarding the above, it is submitted that since computation of interest on working capital is a consequential impact of the individual components hence the submissions made in respect of the individual components may be considered.

Commission's Views

Commission noted the Response of the utility.

g) Accrued Terminal Benefits

MePGCL has claimed the impact of actuarial valuation for the terminal benefits for FY 2024-25.

However, due to reasons elaborated earlier, the Objector submits that Nil amount should be allowed on account of accrued terminal benefits.

MePGCL Reply

The Petitioner would like to submit that, the objector's contention that NIL amount should be allowed on account of accrued terminal liabilities, that these liabilities are towards the accrued terminal benefits like Pension and Gratuity which the Commission has disallowed in the past owing to two reasons i.e., absence of trust and actuarial valuation. The both the conditions are now fulfilled and hence MePGCL is claiming this amount as recovery in tariff. However, to ensure that there is no excess burden on consumer MePGCL has claimed the recovery of the same in 15 years.

Commission's Views

MePGCL- ARR for FY 2024-25 to FY 2026-27 and Generation Tariff for FY 2024-25

Commission noted the Response of the utility.

h) Consolidated ARR for MePGCL as a whole and determination of tariff for 2024-25

The comparison of the consolidated ARR claimed by MePGCL and the consolidated ARR computed by the Objector for the Control Period from FY 2024-25 to FY 2026-27 has been summarised in the Tables below:

Consolidated ARR for MePGCL as claimed by MePGCL for the Control Period from FY 2024-25 to FY 2026-27 (Rs. Crore)

Particulars	2024-25				2025-26				2026-27			
	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant
Depreciation	61.43	29.4	1.07	15.06	62.52	29.4	1.12	15.06	64.12	29.42	1.15	28.24
Interest on Loan	27.1	20.21	1.39	9.33	22.68	20.21	1.38	9.09	13.61	15.74	1.25	25.98
Return on Equity	54.01	25.44	0.91	12.54	54.97	25.44	0.95	12.54	56.37	25.45	0.97	23.51
O&M Expenses	41.8	22	0.7	136.1	44.2	22	0.7	143.8	46.8	23.3	0.8	152.1
Interest on Working Capital	6.22	3.28	0.13	9.58	6.31	3.28	0.13	10.07	6.31	3.24	0.13	11.63
SLDC Charges	0	0	0	1.94	0	0	0	1.94	0	0	0	1.94
ARR	190.60	100.33	4.18	184.51	190.70	100.33	4.29	192.54	187.16	97.11	4.25	243.36
Non-Tariff Income	0.00	0.00	0.00	4.90	0	0	0	5.15	0	0	0	5.41
Review Gap 2020-21	0.00	0.00	0.00	0.00								
Gap Allowed in 2021-22	72.19	54.42	1.15	(0.90)								
Gap Claimed in 2022-23	(7.40)	231.47	5.00	(77.78)								
Gap of Terminal Liabilities	17.85	5.67	0.21	26.73								
Total Previous Gaps	82.64	291.56	6.36	(51.95)								
ARR after Adjustment of Gaps	273.24	391.89	10.54	127.66	190.70	100.33	4.29	187.39	187.16	97.11	4.25	237.96

Consolidated ARR for MePGCL as computed by the Objector for the Control Period from FY 2024-25 to FY 2026-27 (Rs. Crore)

Particulars	2024-25				2025-26				2026-27			
	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant	MLHEP	NUHEP	Lakroh	Old Plant
Depreciation	40.05	23.11	0.67	0.57	40.09	23.11	0.67	0.57	40.13	23.11	0.67	1.52
Interest on Loan	11.64	20.54	0.34	0.00	7.06	16.09	0.29	0.00	2.50	11.65	0.24	0.67
Return on Equity	44.52	24.61	0.74	0.64	44.54	24.61	0.74	0.64	44.59	24.61	0.74	1.49
Operation and Maintenance	40.33	15.65	0.57	42.72	42.64	16.55	0.60	45.16	45.08	17.49	0.63	47.75
Interest on Working Capital	4.95	2.71	0.08	2.62	4.98	2.65	0.08	2.76	5.02	2.60	0.08	2.98
SLDC Charges	0.00	0.00	0.00	2.29	0.00	0.00	0.00	1.88	0.00	0.00	0.00	2.19
ARR	141.51	86.62	2.39	48.82	139.31	83.01	2.38	51.01	137.33	79.46	2.37	56.59
Non-Tariff Income	0.00	0.00	0.00	4.90	0.00	0.00	0.00	5.15	0.00	0.00	0.00	5.41
Review Gap 2020-21	0.00	0.00	0.00	0.00								
Gap/(Surplus) Allowed in 2021-22	72.19	54.42	1.15	(0.90)								
Gap/(Surplus) analysed in 2022-23	34.32	71.50	1.03	(31.69)	34.32	71.50	1.03	(31.69)	34.32	71.50	1.03	(31.69)
Gap of Terminal Liabilities												
Total Previous Gaps	106.51	125.92	2.18	(32.59)	34.32	71.50	1.03	(31.69)	34.32	71.50	1.03	(31.69)
ARR after Adjustment of Gaps	248.01	212.54	4.57	11.33	173.63	154.51	3.41	14.17	171.65	150.96	3.40	19.49

MePGCL Reply

It is submitted that the objection made by JHCMA under this head are the consequential impact of the objections made under the various components of the ARR which have been duly addressed by the Petitioner in the above paragraphs under relevant sections. Accordingly, regarding the computation of overall Aggregate

Revenue Requirement for fourth control period, no specific justification/ explanation is required.

Commission's Views

Commission noted the Response of the utility.

i) Tariff for FY 2024-25

The Generation Tariff for FY 2024-25 has been computed by dividing the computed ARR with projected Generation as per Business Plan Order. The computation is shown in the Table below:

Tariff of FY 2024-25 claimed by MePGCL and computed by Objector

Particulars	Claimed by MePGCL				Computed by Objector			
	MLHEP	NUHEP	Lakroh	Old Station	MLHEP	NUHEP	Lakroh	Old Station
ARR for 2024-25	273.24	391.89	10.54	127.66	248.01	212.54	4.57	11.33
Projected Generation	478.71	231.48	10.87	506.22	478.71	231.48	10.84	506.22
Rate (Rs/kWh)	5.71	16.93	9.70	2.52	5.18	9.18	4.22	0.22

MePGCL Reply

With regards to the determination of tariff for FY 2024-25, Petitioner would like to submit that, since tariff is based on the ARR and the individual components of which have been discussed in detailed in paragraph above, hence no specific justification for the same is required.

In view of the above, it is submitted that the objections/suggestions of JHCMA 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 Commission may be pleased to allow truing up of expenses for FY 2022-2023, Multi-Year ARR for FY 2024-25 to FY 2026-27 and determination of generation tariff for FY 2024-25 of the Petitioner.

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

Commission's Views

Commission noted the Response of the utility.

Commission has conducted public hearing on 18.03.2024 allowing the stakeholders to submit additional objections/suggestions. The gist of the objections/suggestions are incorporated in the below statement.

Subject	Points of Objections/Suggestions
True up of FY 2022-23	<u>BIA Objections</u> <ul style="list-style-type: none">• The objector has suggested that closing balances approved in True up of FY 2021-22 shall be adopted as opening balance for True up of FY 2022-23.• Annual Fixed charges shall be approved limiting to the project performance of PLF in respect of Ieshka project in the True up for FY 2022-23.• Depreciation shall be approved as per the methodology adopted by the commission for ARR.
ARR & Tariff FY 2024-25	<u>BIA Suggestions</u> <ul style="list-style-type: none">• Regulations does not provide for payment of Terminal benefits from the Tariffs.• Interest on refinance of loans shall not be considered.• The claim of the petitioner to consider the Grants between GFA/CWIP in their proportion may not be considered.

The list of Participants in the Public hearing on the petition filed by MePGCL for True up of FY 2022-23 and for ARR and Generation Tariff for FY 2024-25 held on 18.03.2024 is attached as Annexure II and Annexure III.

5. Commission's Approach

5.1 General

MePGCL has filed petition for project wise ARR for the 4th MYT Control period FY 2024-25 to FY 2026-27.

Commission considered computation of project wise ARR for the control period.

Commission has tried to adhere to the Regulations, National Tariff Policy and provisions of Electricity Act, 2003 to determine the MYT ARR for FY 2024-25 to FY 2026-27 considering the projections filed by the petitioner.

5.2 Capital Investment

Commission has approved business plan for 4th MYT control period for FY 2024-25 to FY 2026-27, according to which the provisions of Capex/Capital expenditure has been considered in the computation of ARR for the Control period. The detailed capital investment and funding pattern as approved in the business plan is appended here in.

Table 5.1 : Capex for the Control period

	(Rs Cr)				
Capex	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
4978.56	162.00	760.29	845.04	979.50	2231.73

Table 5.2 : Funding Pattern

	(Rs Cr)		
Capex	Equity	Debt	Grant
4978.56	1070.22	1280.97	2627.37

Table 5.3 : Approved Capex and Capitalization for FY 2024-25 to FY 2026-27

	(Rs.Cr)				
Category	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28 (spill over)
Capex Opening Balance	0.00	- 436.24	322.45	1081.38	- 640.04
Add: Capex	162.00	760.29	845.04	979.50	2231.73
Total Capex	162.00	324.05	1167.49	2060.88	1591.69
Less: Capitalization projected	598.24	1.60	86.11	2700.92	0.00
Closing Balance	- 436.24	322.45	1081.38	- 640.04	1591.69

5.3 O&M Expenses

O&M expenses shall be considered based on the Capital cost of the project as per the Regulation 56.7 with an annual escalation of 5.72%.

5.4 Interest and Finance charges

Interest and Finance charges shall be considered based on the opening balance of the outstanding loans plus new loans projected to be drawn during the control period as per the Regulations.

5.5 Depreciation

Depreciation shall be considered on 90% of the capital cost of project including the Capital addition projected, excluding the depreciation on the Grants part during the control period as per the Regulations.

5.6 Return on Equity

Return on Equity shall be considered on 30% of the capital cost excluding the Grant Part during the control period as per the Regulations.

5.7 Interest on Working Capital

Interest on Working Capital shall be considered for the control period as per the Regulation 34 of MSERC MYT Regulations 2014.

5.8 ARR for MYT Control Period and Generation Tariff for FY 2024-25

ARR shall be considered as admissible, fixed costs for the control period and Generation Tariff for FY 2024-25 shall be computed as per the Regulation 57 of MSERC MYT Regulations 2014.

5.9 Petition for Approval of Capital Cost for Ganol SHP

MePGCL has filed petition for approval of Generic Tariff for Ganol SHP under Renewable Energy sources Regulations 2014 read with 1st amendment 2022 separately.

6. Analysis of ARR for the 4th MYT Control Period FY 2024-25 to FY 2026-27 for MePGCL Old Projects, MLHEP, New Umtru & Lakroh Projects.

6.1 ARR for 4th MYT Control Period FY 2024-25 to FY 2026-27 for MLHEP

6.1.1 Gross Fixed Assets

Petitioner's Submission

The Opening GFA as on 01.04.2024 has been taken as the closing GFA of 2022-23, without considering any capitalization in the FY 2023-24. The subsequent addition has been considered as per the approved business plan for fourth control period.

The movement of GFA in the fourth control period is tabulated below:

Table 6.1 : Projected Gross Fixed Assets of MLHEP for Control Period

(Rs Cr)

GFA	2023-24	2024-25	2025-26	2026-27
Opening GFA	1285.50	1285.50	1286.50	1331.00
Addition	0.00	1.00	44.50	76.38
Closing GFA	1285.50	1286.50	1331.00	1407.38

Commission's Analysis

Commission had approved asset wise capital cost of the MLHEP in the True up Order for FY 2021-22 as depicted in the table below. Since no addition of asset is projected for the FY 2022-23 and FY 2023-24, the asset wise GFA approved for FY 2021-22 shall be adopted for computation of MYT ARR for FY 2024-25 to FY 2026-27.

Table 6.2 : Approved Gross Fixed Assets (GFA) for MLHEP

(Rs. Cr)

Sl No	Particulars	GFA as on (01.04.2022)	GFA as on (01.04.2023)	GFA as on (01.04.2024)
	1	2	3	4
1	Land	23.90	23.90	23.90
2	Buildings	146.67	146.67	146.67
3	Hydraulic Works	622.94	622.94	622.94
4	Other Civil Works	122.70	122.70	122.70
5	Plant & Machinery	364.11	364.11	364.11
6	Lines & cables	4.57	4.57	4.57
7	Vehicles	0.46	0.46	0.46
8	Furniture	0.08	0.08	0.08
9	Office Equipment	0.28	0.28	0.28
10	Total	1285.71	1285.71	1285.71

Petitioner has not filed asset wise breakup for the additions during the year for the control period FY 2024-25 to FY 2026-27.

Commission considers GFA as approved for FY 2021-22 and subsequent years as depicted below.

Table 6.3 : Gross Fixed Assets (GFA) for the Control Period

		(Rs. Cr)				
Sl No	Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Opening GFA	1285.71	1285.71	1285.71	1286.71	1331.21
2	Additions	0.00	0.00	1.00	44.50	76.38
3	Closing GFA	1285.71	1285.71	1286.71	1331.21	1407.59

Commission approves GFA as above for MLHEP for the 4th MYT Control period.

6.1.2 Funding Pattern of the Capitalization

Petitioner's Submission

The funding pattern of the capitalization shown in the table above has also been considered in the approved Business plan for the fourth control period.

Table 6.4 : Funding Pattern of Capitalization

Funding Pattern of Capitalization	2023-24	2024-25	2025-26	2026-27
Loan	0.00	0.70	31.15	15.65
Equity	0.00	0.30	13.35	6.71
Grant	0.00	0.00	0.00	54.02
Total	0.00	1.00	44.50	76.38

Accordingly, the movement of grants in fourth control period for MLHEP has been tabulated below:

Table 6.5 : Movement of Grants

Particular	2023-24	2024-25	2025-26	2026-27
Opening Grants	0.00	0.00	0.00	0.00
Addition	0.00	0.00	0.00	54.02
Closing Gants	0.00	0.00	0.00	54.02
Average Grants	0.00	0.00	0.00	27.01

Commission's Analysis

Commission considers funding pattern and movment of Grants as projected by the petitioner for the control period.

6.1.3 Return on Equity

Petitioner's Submission

The opening equity for 2023-24 has been considered as the closing equity of the FY 2022-23. The addition in equity has been considered as per the funding pattern of the capitalization as shown in table 40 above.

Accordingly, the return on equity has been calculated as under:

Table 6.6 : Calculation off Return on Equity for MLHEP for Fourth Control Period

Return on Equity	2023-24	2024-25	2025-26	2026-27
Opening Equity	385.65	385.65	385.95	399.30
Addition	0.00	0.30	13.35	6.71
Closing Equity	385.65	385.95	399.30	406.01
Average Equity	385.65	385.80	392.63	402.65
Rate of ROE	14.00%	14.00%	14.00%	14.00%
ROE	53.99	54.01	54.97	56.37

MePGCL requested Commission to approve the Return on Equity as depicted above.

Commission's Analysis

As per Regulation 31 read with 27 of 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 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.

Commission had approved Equity at Rs.45.19 Crore in the True up order for FY 2021-22 considering the Govt. Grants and Contributions for Rs.209.89 Crore.

MePGCL has reported Rs.66.47 Crore Govt. Grant for MLHEP and Ganol projects which includes financial assistance for MeECL & Subsidiaries at Rs.41.00 Crore in the SoA for FY 2022-23.

Utility also reported Rs.29.38 Crore Govt. Grants against renovation and modernasaition of Umiam Umtru Stage III and for Umiam Bridge. This grant shall be adjusted in the ARR of MePGCL old stations for computation of Return on Equity.

MePGCL has reported Govt. Grants status vide note 15.1 and 17.1 of the SoA for FY 2022-23 as depicted below.

Sl. no	Particulars	Closing Govt. Grant Considered for FY 2021-22 (True up)	Grants Disclosed in the SoA of FY 2022-23	Closing Govt. Grants (31.03.2023)
1	Govt.Grants	232.14	66.47	298.61
2	Less: Amortization Grants			13.04
3	Closing Grant			285.57
4	Average Grant for FY 2022-23			258.85

Petitioner has yet to file Audited accounts for FY 2023-24, Govt. grants considered as projected in the Capital investment plan for computation of Return on Equity for MLHEP for the control period FY 2024-25 to FY 2026-27.

Table 6.7 : Computation of ROE for 4th MYT Control Period for MLHEP

Sl. No.	Particulars	(Rs Cr)				
		FY 2022-23 (Audited)	FY 2023-24 (Projected)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	Opening GFA for the Year	1285.71	1285.71	1285.71	1286.71	1331.21
2	Additions	0.00	0.00	1.00	44.50	76.38
3	Retirements	0.00	0.00	0.00	0.00	0.00
4	Closing GFA for the Year	1285.71	1285.71	1286.71	1331.21	1407.59
5	Average Assets for the Year	1285.71	1285.71	1286.21	1308.96	1369.40
6	Less: Avg. Govt Grants	258.85	273.49	293.18	312.87	312.87
7	Net Capital Cost	1026.86	1012.22	993.03	996.09	1056.53
8	Debt component (70%)	718.80	708.55	695.12	697.26	739.57
9	Equity component (30%)	308.06	303.66	297.91	298.83	316.96
10	Closing Equity of Previous year	322.75	308.06	303.66	297.91	298.83
11	Average Equity	315.40	305.86	300.78	298.37	307.89
12	RoE (%)	14 %	14%	14%	14%	14%
13	Return on Equity	44.15	42.82	42.11	41.77	43.10

Commission considers Return on Equity at Rs.42.11 Crore, Rs.41.77 Crore and Rs.43.10 crore for 4th MYT control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.1.4 Interest and Finance Charges

Petitioner’s Submission

The closing loan of FY 2022-23 has been considered as the opening loan of 2023-24 and subsequent addition has been considered as per the approved funding pattern of capitalization in the business plan. Further, since the actual weighted average rate of interest would be available at the time of true up of respective years, the weighted average rate of interest for FY 2022-23 has been considered for entire control period. MePGCL craves leave of Commission to claim the actual weighted average rate of interest at the time of true up of respective years.

The calculation of Interest on loan is tabulated below:

Table 6.8 : Interest on Loan for MLHEP for Fourth Control Period

S.No.	Interest on Loan	2023-24	2024-25	2025-26	2026-27
1	Gross Opening Loan	899.85	899.85	899.85	899.85
2	Cumulative Repayment	484.86	558.93	633.01	707.08
3	Net Opening Loan	414.99	340.92	266.84	192.77
4	Repayment	74.07	74.07	74.07	74.07
5	Addition	0.00	0.70	31.15	15.65
6	Net Closing Loan	340.92	267.54	223.92	134.34
7	WAROI	10.13%	10.13%	10.13%	10.13%
8	Interest on Loan	34.53	27.10	22.68	13.61

MePGCL requested the Commission to kindly approve the Interest and Finance Charges for MLHEP as computed above.

Commission’s Analysis

As per Regulation 32.1 of MSERC MYT Regulation 2014 specifies that

“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.

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.”

Petitioner has projected outstanding loans as opening loan for FY 2023-24 at Rs.899.85 Crore for which the details of Capital loans outstanding or new loans proposed to be drawn are not made available along with the petition.

Petitioner was asked to file the outstanding loans considering the capital investment plan approved in the business plan for MYT control period in the commission's letter dated 07.12.2023.

Petitioner has submitted in their letter dated 18.01.2024, furnished source wise loan capital, but the outstanding loan has been repeated at Rs.899.85 Crore, as against actual loan capital at Rs.227.30 Crore, and claimed weighted average rate of interest at 10.82%. Thus the reply furnished by the petitioner treated as non responsive.

The outstanding loans status as per the statement of accounts for FY 2022-23 is available and adopted for computation of interest on loan capital.

Petitioner has yet to file the True up petition for FY 2023-24 along with audited accounts.

A new loan against MLHEP as approved in the Business plan for Rs.4.925 Crore shall be considered for computation of Interest on loan capital for the control period FY 2024-25 to FY 2026-27.

Table 6.9 : Computation of Interest and Finance charges for FY 2022-23

(Rs. Cr)

Sl. No	Loans available for MLHEP	Opening	Additions	Repayment	Closing Loan	Avg Loan	Interest
1	10.75 % from PFC	124.99	0.00	20.14	104.85	114.92	12.35
2	11.07 % from REC	102.31	0.00	25.31	77.00	89.65	9.92
3	Total	227.30	0.00	45.45	181.85	204.57	22.27

Table 6.10 : Computation of Interest and Finance charges for FY 2023-24

(Rs. Cr)

Sl. No	Loans available for MLHEP	Opening	Additions	Repayment	Closing Loan	Avg Loan	Interest
1	10.13 % from PFC	104.85	0.00	20.14	84.71	94.78	9.60
2	10.13 % from REC	77.00	0.00	25.31	51.69	64.34	6.52
3	Total	186.78	0.00	45.45	136.40	159.12	16.12

Table 6.11 : Computation of Interest and Finance charges for FY 2024-25

(Rs. Cr)

Sl. No	Loans available for MLHEP	Opening	Additions	Repayment	Closing Loan	Avg Loan	Interest
1	10.13 % from PFC	84.71	0.00	20.14	64.57	74.64	7.56
2	10.13 % from REC	51.69	0.00	25.31	26.38	39.04	3.95
3	New Loan (at 10.13%)	0.00	4.93	0.00	4.93	2.46	0.25
4	Total	136.40	4.93	45.45	95.88	116.14	11.76

Table 6.12 : Computation of Interest and Finance charges for FY 2025-26

(Rs. Cr)							
Sl. No	Loans available for MLHEP	Opening	Additions	Repayment	Closing Loan	Avg Loan	Interest
1	10.13 % from PFC	64.57	0.00	20.14	44.43	54.50	5.52
2	10.13 % from REC	26.38	0.00	25.31	1.07	13.73	1.39
3	New Loan (at 10.13%)*	4.93	0.00	0.49*	4.44	4.68	0.47
4	Total	95.88	0.00	45.94	49.94	72.91	7.38

* 10% repayment is considered

Table 6.13 : Computation of Interest and Finance charges for FY 2026-27

(Rs. Cr)							
Sl. No	Loans available for MLHEP	Opening	Additions	Repayment	Closing Loan	Avg Loan	Interest
1	10.13 % from PFC	44.43	0.00	20.14	24.29	34.36	3.48
2	10.13 % from REC	1.07	0.00	1.07	0.00	0.54	0.05
3	New Loan (at 10.13%)	4.44	0.00	0.44	4.00	4.22	0.43
4	Total	49.94	0.00	21.65	28.29	39.12	3.96

Commission considers Interest and Finance charges at Rs.11.76 Crore, Rs.7.38 Crore and Rs.3.96 Crore for FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.1.5 Depreciation

Petitioner's Submission

The depreciation has been calculated on the average GFA. The GFA movement has been considered as depicted in table 39 above. Further, since the asset wise breakup of the capitalization is not available at this point of time the weighted average rate of depreciation for FY 2022-23 has been considered for calculation of depreciation in the entire control period. MePGCL craves leave of this Commission to claim the weighted average rate of depreciation for the respective years as per the actual breakup of assets at the time of truing up of respective years.

The calculation of the depreciation is tabulated below:

Table 6.14 : Calculation of Depreciation for MLHEP for Fourth Control Period

S.No	Depreciation	2023-24	2024-25	2025-26	2026-27
1	Opening GFA	1285.50	1285.50	1286.50	1331.00
2	Closing GFA	1285.50	1286.50	1331.00	1407.38
3	Average GFA	1285.50	1286.00	1308.75	1369.19
4	Rate of Depreciation	4.78%	4.78%	4.78%	4.78%
5	Depreciation	61.41	61.43	62.52	65.41
6	Average Grants in GFA	0.00	0.00	0.00	27.01
7	Depreciation on Grants	0.00	0.00	0.00	1.29
8	Net Depreciation	61.41	61.43	62.52	64.12

MePGCL requested the Commission to approve the depreciation as proposed above.

Commission's Analysis

As per Regulation 33 of MSERC MYT Regulations 2014 specifies

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.

b) *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.*

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.*

d) *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.

e) *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.*

f) *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.*

Petitioner has not submitted the asset wise breakup of the gross block for computation of Depreciation as per the Regulations for the control period.

Commission considers computation of depreciation on the asset value as per the breakup approved for True up of FY 2021-22 and schedule of rates of Depreciation notified by CERC as depicted in the tables below for the control period.

Table 6.15 : Computation of Depreciation for FY 2022-23

(Rs. Cr)						
Sl No	Particulars	GFA as on (01.04.2022)	GFA as on 31.03.2023	90% of the Gross Block	Rate of Depreciation	Depreciation
1	Land	23.90	23.90	21.51	0.00	0.00
2	Buildings	146.67	146.67	132.00	3.34%	4.41
3	Hydraulic Works	622.94	622.94	560.65	5.28%	29.60
4	Other Civil Works	122.70	122.70	110.43	3.34%	3.69
5	Plant & Machinery	364.11	364.11	327.69	5.28%	17.30
6	Lines & cables	4.57	4.57	4.11	5.28%	0.22
7	Vehicles	0.46	0.46	0.41	9.50%	0.04
8	Furniture	0.08	0.08	0.07	6.33%	0.00
9	Office Equipment	0.28	0.28	0.25	6.33%	0.02
10	Total	1285.71	1285.71	1157.14		55.28
11	Avg rate of Dep (%)				4.78 %	
12	Govt. Grants			258.85		
13	Less: Dep on Grants					12.37
14	Net Depreciation					42.91

Commission considers depreciation at Rs. 42.91 Crore for FY 2022-23.

Table 6.16 : Computation of Depreciation for FY 2023-24

(Rs. Cr)						
Sl No	Particulars	GFA as on (01.04.2022)	GFA as on 31.03.2023	90% of the Gross Block	Rate of Depreciation	Depreciation
1	Land	23.90	23.90	21.51	0.00	0.00
2	Buildings	146.67	146.67	132.00	3.34%	4.41
3	Hydraulic Works	622.94	622.94	560.65	5.28%	29.60
4	Other Civil Works	122.70	122.70	110.43	3.34%	3.69
5	Plant & Machinery	364.11	364.11	327.69	5.28%	17.30
6	Lines & cables	4.57	4.57	4.11	5.28%	0.22
7	Vehicles	0.46	0.46	0.41	9.50%	0.04
8	Furniture	0.08	0.08	0.07	6.33%	0.00
9	Office Equipment	0.28	0.28	0.25	6.33%	0.02
10	Total	1285.71	1285.71	1157.14		55.28
11	Avg rate of Dep (%)				4.78 %	
12	Govt. Grants			273.49		
13	Less: Dep on Grants					13.07
14	Net Depreciation					42.21

Commission considers depreciation at Rs. 42.21 Crore for FY 2023-24.

Table 6.17 : Computation of Depreciation for FY 2024-25

							(Rs. Cr)
Sl No	Particulars	GFA as on (01.04.2022)	Additions	GFA as on 31.03.2023	90% of the Gross Block	Rate of Depreciation	Depreciation
1	Land	23.90		23.90	21.51	0.00	
2	Buildings	146.67		146.67	132.00	3.34%	
3	Hydraulic Works	622.94		622.94	560.65	5.28%	
4	Other Civil Works	122.70		122.70	110.43	3.34%	
5	Plant & Machinery	364.11		364.11	327.69	5.28%	
6	Lines & cables	4.57		4.57	4.11	5.28%	
7	Vehicles	0.46		0.46	0.41	9.50%	
8	Furniture	0.08		0.08	0.07	6.33%	
9	Office Equipment	0.28		0.28	0.25	6.33%	
10	Total	1285.71	1.00*	1286.71	1157.64		55.33*
11	Avg rate of Dep (%)			1286.21		4.30 %	
12	Govt. Grants				293.18		
13	Less: Dep on Grants						12.61
14	Net Depreciation						42.72

* Asset wise breakup not furnished by the petitioner

Table 6.18 : Computation of Depreciation for FY 2025-26

							(Rs. Cr)
Sl No	Particulars	GFA as on (01.04.2022)	Additions	GFA as on 31.03.2023	90% of the Gross Block	Rate of Depreciation	Depreciation
1	Land	23.90		23.90	21.51	0.00	
2	Buildings	146.67		146.67	132.00	3.34%	
3	Hydraulic Works	622.94		622.94	560.65	5.28%	
4	Other Civil Works	122.70		122.70	110.43	3.34%	
5	Plant & Machinery	364.11		364.11	327.69	5.28%	
6	Lines & cables	4.57		4.57	4.11	5.28%	
7	Vehicles	0.46		0.46	0.41	9.50%	
8	Furniture	0.08		0.08	0.07	6.33%	
9	Office Equipment	0.28		0.28	0.25	6.33%	
10	Total	1286.71	44.50*	1331.21	1178.06		56.31*
11	Avg rate of Dep (%)			1308.96		4.30 %	
12	Govt. Grants				312.87		
13	Less: Dep on Grants						13.45
14	Net Depreciation						42.86

* Asset wise breakup not furnished by the petitioner

Table 6.19 : Computation of Depreciation for FY 2026-27

							(Rs. Cr)
Sl No	Particulars	GFA as on (01.04.2022)	Additions	GFA as on 31.03.2023	90% of the Gross Block	Rate of Depreciation	Depreciation
1	Land	23.90		23.90	21.51	0.00	
2	Buildings	146.67		146.67	132.00	3.34%	
3	Hydraulic Works	622.94		622.94	560.65	5.28%	
4	Other Civil Works	122.70		122.70	110.43	3.34%	
5	Plant & Machinery	364.11		364.11	327.69	5.28%	
6	Lines & cables	4.57		4.57	4.11	5.28%	
7	Vehicles	0.46		0.46	0.41	9.50%	
8	Furniture	0.08		0.08	0.07	6.33%	
9	Office Equipment	0.28		0.28	0.25	6.33%	
10	Total	1331.21	76.38*	1407.59	1232.46		58.91*
11	Avg rate of Dep (%)			1369.40		4.30%	
12	Govt. Grants				312.87		
13	Less: Dep on Grants						13.45
14	Net Depreciation						45.46

* Asset wise breakup not furnished by the petitioner

Commission considers Depreciation at Rs.42.72 Crore, Rs.42.86 Crore and Rs.45.46 Crore for FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.1.6 Operation and Maintenance Expenses

Petitioner's Submission

Regulation 56 of MSERC Tariff Regulations, 2014 provides for Operation and Maintenance Expenses and is reproduced as under:

“56 (7) “In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years.”

MePGCL would like to submit that based on above regulations the O&M expenses of FY 2022-23 have been escalated at the rate of 5.72% per year to arrive at the O&M expenses for the fourth control period.

The O&M expenses for the fourth control period are tabulated below:

Table 6.20 : Operation and Maintenance Expenses for MLHEP for Fourth Control Period

O&M Expenses	2023-24	2024-25	2025-26	2026-27
Operation and Maintenance Expenses	39.6	41.8	44.2	46.8

MePGCL requests Commission to approve the O&M expenses for MLHEP as tabulated above.

Commission’s Analysis

Commission had approved O&M expenses of MLHEP at Rs.35.40 Crore for the True up of FY 2021-22.

Considering the Annual escalation at 5.72% for True up of FY 2022-23 at Rs. 37.42 Crore and so on for subsequent years and for MYT control period as depicted below

Table 6.21 : O&M Expenses for 4th MYT Control period

(Rs.Cr)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
O&M Expenses MLHEP	37.42	39.56	41.82	44.21	46.74

Commission considers O&M expenses for MLHEP at Rs. 41.82 Crore, Rs. 44.21 crore and Rs.46.74 Crore for 4th MYT Control period for FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.1.7 Interest on Working Capital

Petitioner’s Submission

As per Regulation 34.1(iii) of 2014 Tariff Regulations:

“In case of hydro power generating stations, working capital shall cover:

Operation and maintenance expenses for one (1) month;

Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and

Receivables equivalent to two (2) month of fixed cost:

Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations. “

The SBI Advance Rate as on 01.04.2023 comes out to be Rs. 14.85%. Accordingly, the calculation of interest on working capital is tabulated below:

Table 6.22 : Interest on Working Capital for Fourth Control Period for MLHEP

S.no	Interest on Working Capital	2023-24	2024-25	2025-26	2026-27
1	O&M Expenses	3.30	3.49	3.69	3.90
2	Maintenance Spares	6.29	6.65	7.03	7.43
3	Receivables	32.63	31.77	31.78	31.19
4	Total Working Capital	42.22	41.90	42.50	42.52
5	Rete of Interest	14.85%	14.85%	14.85%	14.85%
6	Interest on Working Capital	6.27	6.22	6.31	6.31

Commission's Analysis

As per Regulation 34.1 (iii) of the MYT Regulations, 2014, the components of working capital will be:

“34 Interest on Working Capital

34.1 Generation

(iii) In case of hydro power generating stations, working capital shall cover:

- *Operation and maintenance expenses for one (1) month;*
- *Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*
- *Receivables equivalent to two (2) month of fixed cost:*

Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations.”

Commission considers Interest on Working Capital as depicted in the table below for the control period.

Table 6.23 : Approved Interest on working Capital

S. no	Particulars	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	O&M Expenses	41.82	44.21	46.74
2	O&M for 1 Months (Rs.Cr) (Sl.no.1/12)	3.48	3.68	3.89
3	Maintenance Spares @ 15% of O&M Exp escalated at 6% (Rs.Cr)	6.65	7.03	7.43
4	Receivables for 2 Months of Fixed Charges (Rs.Cr)	23.07	22.70	23.21
5	Total (Rs. Crore)	33.20	33.41	34.53
6	Interest Rate (%)	14.85 %	14.85 %	14.85 %
7	Interest on Working Capital (Rs. Crore)	4.93	4.96	5.13

Commission Considers Interest on Working Capital at Rs.4.93 Crore, Rs.4.96 Crore and Rs.5.13 Crore for 4th MYT Control Period FY 2024-25, FY 2025-26 and FY 2026-27 respectively

6.1.8 Annual Revenue Requirement for MLHEP for 4th MYT Control Period

Petitioner’s Submission

Based on the computation of the individual components the Aggregate Revenue Requirement of MLHEP for fourth control period is tabulated below:

Table 6.24 : Projected ARR for MLHEP for the Control Period

(Rs Cr)					
S.no	Particular	2023-24	2024-25	2025-26	2026-27
1	Depreciation	61.41	61.43	62.52	64.12
2	Interest on Loan	34.53	27.10	22.68	13.61
3	Return on Equity	53.99	54.01	54.97	56.37
4	Operation and Maintenance	39.6	41.8	44.2	46.8
5	Interest on Working Capital	6.27	6.22	6.31	6.31
6	ARR	195.77	190.60	190.70	187.16
7	Non-Tariff Income	0	0	0	0
8	Net ARR	195.77	190.60	190.70	187.16

MePGCL requested Commission to approve the ARR for MLHEP as projected above.

Commission’s Analysis

Commission after prudence check of the petition filed by the licensee, considers the ARR for 4th MYT Control period FY 2024-25 FY 2025-26 and FY 2026-27 as depicted in the table below:

Table 6.25 : Approved ARR for 4th MYT control period for MLHEP

(Rs Cr)							
S. No	Particulars	Filed by MePGCL			Approved by Commission		
		2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	Depreciation	61.43	62.52	64.12	42.72	42.86	45.46
2	Interest on Loan	27.10	22.68	13.61	11.76	7.38	3.96
3	Return on Equity	54.01	54.97	56.37	42.11	41.77	43.10
4	Operation and Maintenance	41.8	44.2	46.8	41.82	44.21	46.74
5	Interest on Working Capital	6.22	6.31	6.31	4.93	4.96	5.13
	Gross ARR	190.60	190.70	187.16	143.34	141.18	144.39
6	Less : Non-Tariff Income	0	0	0	0	0	0
	Net ARR	190.60	190.70	187.16	143.34	141.18	144.39

Commission considers ARR for MLHEP for 4th MYT Control period at Rs. 143.34 Crore, Rs. 141.18 Crore and Rs. 144.39 Crore for FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.2 ARR for NUHEP for 4th MYT Control Period FY 2024-25 to FY 2026-27

6.2.1. Gross Fixed Assets

Petitioner's Submission

The Opening GFA as on 01.04.2024 has been taken as the closing GFA of 2022-23, without considering any capitalization in the FY 2022-23. The subsequent addition has been considered as per the approved business plan for fourth control period.

The movement of GFA in the fourth control period is tabulated below:

Table 6.26 : GFA for NUHEP for Fourth Control Period (Projected)

GFA	2023-24	2024-25	2025-26	2026-27
Opening GFA	605.40	605.40	605.40	605.90
Addition	0.00	0.00	0.50	0.14
Closing GFA	605.40	605.40	605.90	606.04

Commission's Analysis

Commission had approved closing GFA of NUHEP at Rs.586.03 Crore for True up of FY 2021-22.

Whereas petitioner has projected opening GFA as Rs.605.37 Crore for FY 2022-23 as against Rs.586.03 Crore and for subsequent years.

Petitioner was asked to rectify the discrepancy and to file correct figure in the commission's letter dated 07.12.2023.

Petitioner has submitted in their letter dated 18.01.2024 that the GFA was claimed as per the audited accounts.

Petitioner has projected addition of asset for Rs.0.03 Crore for FY 2022-23 and no addition is projected for FY 2023-24 and FY 2024-25.

Commission considers GFA for the control period as depicted below.

Table 6.27 : Approved Gross Fixed Assets (GFA) for the Control Period

(Rs. Cr)						
Sl No	Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Opening GFA	586.03	586.06	586.06	586.06	586.56
2	Additions	0.03	0.00	0.00	0.50	0.14
3	Closing GFA	586.06	586.06	586.06	586.56	586.70

6.2.2. Funding Pattern of the Capitalization

Petitioner’s Submission

The funding pattern of the capitalization shown in the table above has also been considered in the approved Business plan for the fourth control period.

Table 6.28 : Funding Pattern of Capitalization (Projected)

S.no	Funding Pattern of Capitalization	2023-24	2024-25	2025-26	2026-27
1	Loan	0.00	0.00	0.35	0.10
2	Equity	0.00	0.00	0.15	0.04
3	Grant	0.00	0.00	0.00	0.00
4	Total	0.00	0.00	0.50	0.14

Commission’s Analysis

Commission considers funding pattern as projected by the petitioner for the control period.

6.2.3. Return on Equity

Petitioner’s Submission

The opening equity for 2023-24 has been considered as the closing equity of the FY 2022-23. The addition in equity has been considered as per the funding pattern of the capitalization as shown in table 49 above.

Accordingly, the return on equity has been calculated as under:

Table 6.29 : Calculation off Return on Equity for NUHEP for Fourth Control Period

S.no	Return on Equity	2023-24	2024-25	2025-26	2026-27
1	Opening Equity	181.61	181.61	181.61	181.76
2	Addition	0.00	0.00	0.15	0.04
3	Closing Equity	181.61	181.61	181.76	181.80
4	Average Equity	181.61	181.61	181.69	181.78
5	Rate of ROE	14.00%	14.00%	14.00%	14.00%
6	ROE	25.43	25.43	25.44	25.45

MePGCL requested Commission to approve the Return on Equity as depicted above.

Commission’s Analysis

As per Regulation 31 read with 27 of 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 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.

GFA approved for the control period FY 2024-25 to FY 2026-27 as depicted in the table below for computation of Return on Equity is considered.

Table 6.30 : Computation of Return of Equity for Control period

Sl. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	Opening GFA for the Year	586.03	586.06	586.06	586.06	586.56
2	Additions	0.03	0.00	0.00	0.50	0.14
3	Retirements	0.00	0	0	0	0
4	Closing GFA for the Year	586.06	586.06	586.06	586.56	586.70
5	Average Assets for the Year			586.06	586.31	586.63
6	Less: Avg. Govt Grants			0	0	0
7	Net Capital Cost			586.06	586.31	586.63
8	Debt component (70%)			410.24	410.42	410.64
9	Equity component (30%)			175.82	175.89	175.99
10	Closing Equity of previous year	164.71	164.71	164.71	175.82	175.89
11	Average Equity			170.26	175.86	175.94
12	RoE (%)	14 %	14%	14%	14%	14%
13	Return on Equity			23.84	24.62	24.63

Commission considers Return on Equity for NUHEP at Rs.23.84 Crore, Rs.24.62 crore and Rs.24.63 Crore for 4th MYT Control period for FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.2.4. Interest and Finance Charges

Petitioner’s Submission

MePGCL would like to submit that the interest on loan has been considered as per the detailed explanation given in Chapter 2 of the petition. The closing loan of FY 2022-23 has been considered as the opening loan of 2023-24 and subsequent addition has been considered as per the approved funding pattern of capitalization in the business plan. Further, since the actual weighted average rate of interest would be available at the time of true up of respective years, the weighted average

rate of interest for FY 2022-23 has been considered for entire control period. MePGCL craves leave of Commission to claim the actual weighted average rate of interest at the time of true up of respective years.

The calculation of Interest on loan is tabulated below:

Table 6.31 : Interest on Loan for NUHEP for Fourth Control Period

S.no	Interest on Loan	2023-24	2024-25	2025-26	2026-27
1	Gross Opening Loan	423.76	423.76	423.76	423.76
2	Cumulative Repayment	127.44	166.75	206.06	245.38
3	Net Opening Loan	296.32	257.01	217.69	178.38
4	Repayment	39.31	39.31	39.31	39.31
5	Addition	0.00	0.00	0.35	0.10
6	Net Closing Loan	257.01	217.69	178.73	139.17
7	WAROI	11.31%	11.31%	11.31%	11.31%
8	Interest on Loan	29.06	24.62	20.21	15.74

MePGCL requested the Commission to approve the Interest on loan for NUHEP project as tabulated above.

Commission's Analysis

As per Regulation 32.1 of MSERC MYT Regulation 2014 specifies that *"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.

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."

Commission had approved closing loan capital of PFC for NUHEP at Rs.279.85 Crore for True up of FY 2021-22.

Petitioner was asked to rectify the discrepancy in the loan schedule in the Commission's letter dated 07.12.2023.

Petitioner has submitted in their letter dated 18.01.2024 that the outstanding loan has been adjusted to the normative loan in proportion to the capitalization during the year which is not matching with the capital addition during the control period.

Petitioner has projected repayment at Rs.39.31 Crore for True up of FY 2022-23.

Commission considers Interest and Finance charges as depicted in the table below for the control period.

Table 6.32 : Computation of Interest and Finance charges for NUHEP for the control period
(Rs. Cr)

Sl. No	Loan available for NUHEP for PFC	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Opening	279.85	240.54	201.23	161.92	122.96
2	Additions	0.00	0.00	0	0.35	0.10
3	Repayment	39.31	39.31	39.31	39.31	39.31
4	Closing Loan	240.54	201.23	161.92	122.96	83.75
5	Avg Loan	260.20	220.89	181.58	142.44	103.36
6	Interest rate	11.31%	11.31%	11.31%	11.31%	11.31%
7	Interest Cost	29.43	24.98	20.54	16.11	11.69

Commission considers Interest on loan capital for control period at Rs.20.54 Crore, Rs.16.11 Crore and Rs.11.69 Crore for FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.2.5. Depreciation

Petitioner's Submission

The depreciation has been calculated on the average GFA. The GFA movement has been considered as depicted in table 48 above. Further, since the asset wise breakup of the capitalization is not available at this point of time the weighted average rate of depreciation for FY 2022-23 has been considered for calculation of depreciation in the entire control period. MePGCL craves leave of this Commission to claim the weighted average rate of depreciation for the respective years as per the actual breakup of assets at the time of truing up of respective years.

The calculation of the depreciation is tabulated below:

Table 6.33 : Calculation of Depreciation for NUHEP for Fourth Control Period

S.no.	Depreciation	2023-24	2024-25	2025-26	2026-27
1	Opening GFA	605.40	605.40	605.40	605.90
2	Closing GFA	605.40	605.40	605.90	606.04
3	Average GFA	605.40	605.40	605.65	605.97
4	Rate of Depreciation	4.85%	4.85%	4.85%	4.85%

5	Depreciation	29.39	29.39	29.40	29.42
6	Average Grants in GFA	0.00	0.00	0.00	0.00
7	Depreciation on Grants	0.00	0.00	0.00	0.00
8	Net Depreciation	29.39	29.39	29.40	29.42

MePGCL requested the Commission to approve the depreciation as proposed above.

Commission's Analysis

According to Regulation 33 read with 28.10 of MSERC MYT Regulations 2014

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

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.

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.

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.

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.

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.

28.10 The following shall be excluded or removed from the capital cost of the existing and new project:

- (a) The assets forming part of the project, but not in use;
- (b) De capitalization of Asset;
- (c) In case of hydro generating station any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State government by following a two stage transparent process of bidding; and
- (d) The proportionate cost of land which is being used for generating power from generating station based on renewable energy:

Provided that any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation;

Commission had approved Gross Fixed Assets for computation of depreciation in the True up of FY 2021-22 at Rs.586.03 Crore and petitioner has projected addition of asset for Rs.0.03 Crore for True up during FY 2022-23.

Commission considers GFA for computation of Depreciation taking into account closing GFA as Rs.586.06 Crore for FY 2023-24 and for the control period.

Table 6.34 : Computation of Depreciation for NUHEP for FY 2022-23

(Rs. Cr)							
Sl No	Particulars	GFA as on (01.04.2022)	Additions	GFA as on 31.03.2023	90% of the Avg. Assets	Rate of Depreciation	Depreciation
1	Land	1.66		1.66	1.49	0.00	
2	Buildings	91.87		91.87	82.68	3.34%	2.76
3	Hydraulic Works	299.32		299.32	269.38	5.28%	14.22
4	Other Civil Works	31.98		31.98	28.60	3.34%	0.95
5	Plant & Machinery	155.73		155.73	140.16	5.28%	7.40
6	Lines & cables	3.48		3.48	3.14	5.28%	0.17
7	Vehicles	1.83		1.83	1.65	9.50%	0.16
8	Furniture	0.10		0.10	0.09	6.33%	0.01
9	Office Equipment	0.05		0.05	0.04	6.33%	0.00
10	Total	586.03	0.03*	586.06	527.44		25.66
11	Avg rate of Dep (%)						
12	Govt. Grants						
13	Less: Dep on Grants						
14	Net Depreciation						25.66

* Asset Wise breakup is not made available

Table 6.35 : Computation of Depreciation for NUHEP for FY 2023-24

(Rs. Cr)							
Sl No	Particulars	GFA as on (01.04.2023)	Additions	GFA as on 31.03.24	90% of the Avg. Assets	Rate of Depreciation	Depreciation
1	Land	1.66		1.66	1.49	0.00	
2	Buildings	91.87		91.87	82.68	3.34%	2.76
3	Hydraulic Works	299.32		299.32	269.38	5.28%	14.22
4	Other Civil Works	31.98		31.98	28.60	3.34%	0.95
5	Plant & Machinery	155.73		155.73	140.16	5.28%	7.40
6	Lines & cables	3.48		3.48	3.14	5.28%	0.17
7	Vehicles	1.83		1.83	1.65	9.50%	0.16
8	Furniture	0.10		0.10	0.09	6.33%	0.01
9	Office Equipment	0.05		0.05	0.04	6.33%	0.00
10	Total	586.06	0.00	586.06	527.44		25.66
11	Avg rate of Dep (%)						
12	Govt. Grants						
13	Less: Dep on Grants						
14	Net Depreciation						25.66

Table 6.36 : Computation of Depreciation for NUHEP for FY 2024-25

(Rs. Cr)							
Sl No	Particulars	GFA as on (01.04.2024)	Additions	GFA as on 31.03.25	90% of the Avg. Assets	Rate of Depreciation	Depreciation
1	Land	1.66		1.66	1.49	0.00	
2	Buildings	91.87		91.87	82.68	3.34%	2.76
3	Hydraulic Works	299.32		299.32	269.38	5.28%	14.22
4	Other Civil Works	31.98		31.98	28.60	3.34%	0.95
5	Plant & Machinery	155.73		155.73	140.16	5.28%	7.40
6	Lines & cables	3.48		3.48	3.14	5.28%	0.17
7	Vehicles	1.83		1.83	1.65	9.50%	0.16
8	Furniture	0.10		0.10	0.09	6.33%	0.01
9	Office Equipment	0.05		0.05	0.04	6.33%	0.00
10	Total	586.06	0.00	586.06	527.44		25.66
11	Avg rate of Dep (%)						
12	Govt. Grants						
13	Less: Dep on Grants						
14	Net Depreciation						25.66

Table 6.37 : Computation of Depreciation for NUHEP for FY 2025-26

(Rs. Cr)							
Sl No	Particulars	GFA as on (01.04.2025)	Additions	GFA as on 31.03.26	90% of the Avg. Assets	Rate of Depreciation	Depreciation
1	Land	1.66		1.66	1.49	0.00	
2	Buildings	91.87		91.87	82.68	3.34%	
3	Hydraulic Works	299.32		299.32	269.38	5.28%	
4	Other Civil Works	31.98		31.98	28.60	3.34%	
5	Plant & Machinery	155.73		155.73	140.16	5.28%	
6	Lines & cables	3.48		3.48	3.14	5.28%	
7	Vehicles	1.83		1.83	1.65	9.50%	
8	Furniture	0.10		0.10	0.09	6.33%	
9	Office Equipment	0.05		0.05	0.04	6.33%	
10	Total	586.06	0.50*	586.56	527.68		25.69
11	Avg rate of Dep (%)						
12	Govt. Grants						
13	Less: Dep on Grants						
14	Net Depreciation						25.69

* Asset Wise breakup is not made available

Table 6.38 : Computation of Depreciation for NUHEP for FY 2026-27

							(Rs. Cr)
SI No	Particulars	GFA as on (01.04.2026)	Additions	GFA as on 31.03.27	90% of the Avg. Assets	Rate of Depreciation	Depreciation
1	Land	1.66		1.66	1.49	0.00	
2	Buildings	91.87		91.87	82.68	3.34%	
3	Hydraulic Works	299.32		299.32	269.38	5.28%	
4	Other Civil Works	31.98		31.98	28.60	3.34%	
5	Plant & Machinery	155.73		155.73	140.16	5.28%	
6	Lines & cables	3.48		3.48	3.14	5.28%	
7	Vehicles	1.83		1.83	1.65	9.50%	
8	Furniture	0.10		0.10	0.09	6.33%	
9	Office Equipment	0.05		0.05	0.04	6.33%	
10	Total	586.56	0.14*	586.70	527.97		25.71
11	Avg rate of Dep (%)						
12	Govt. Grants						
13	Less: Dep on Grants						
14	Net Depreciation						25.71

* Asset Wise breakup is not made available

Commission considers depreciation for NUHEP at Rs. 25.66 Crore, Rs. 25.69 Crore and Rs.25.71 Crore for 4th MYT Control Period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.2.6. Operation and Maintenance Expenses

Petitioner's Submission

Regulation 56 of MSERC Tariff Regulations, 2014 provides for Operation and Maintenance Expenses and is reproduced as under:

"56 (7) "In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."

MePGCL would like to submit that based on above regulations the O&M expenses of FY 2022-23 have been escalated at the rate of 5.72% per year to arrive at the O&M expenses for the fourth control period.

The O&M expenses for the fourth control period are tabulated below:

Table 6.39 : Operation and Maintenance Expenses for NUHEP for Fourth Control Period

O&M Expenses	2023-24	2024-25	2025-26	2026-27
Operation and Maintenance Expenses (Rs.Cr)	19.7	20.8	22.0	23.3

Commission’s Analysis

Commission had approved O&M expenses at Rs.14.51 Crore in the true up order for FY 2021-22. Considering the escalation at 5.72% year on year, the O&M expenses shall be at Rs.16.22 Crore for FY 2023-24 and Rs.17.14 Crore, Rs.18.13 Crore and Rs.19.17 Crore for the control period for FY 2024-25 to FY 2026-27.

Accordingly O&M expenses for the control period are computed in the table below.

Table 6.40 : Approved O&M Expenses for NUHEP for the Control period

S.No	Particulars	FY 2023-24 (Provisional)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	O&M Expenses (Rs.Cr)	16.22	17.14	18.13	19.17

Commission considers O&M expenses for NUHEP at Rs.17.14 Crore, Rs.18.13 crore and Rs.19.17 Crore for 4th MYT Control period for FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.2.7. Interest on Working Capital

Petitioner’s Submission

As per Regulation 34.1(iii) of 2014 Tariff Regulations:

“In case of hydro power generating stations, working capital shall cover:

Operation and maintenance expenses for one (1) month;

Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and

Receivables equivalent to two (2) month of fixed cost:

Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations. “

The SBI Advance Rate as on 01.04.2023 comes out to be Rs. 14.85%. Accordingly, the calculation of interest on working capital is tabulated below:

Table 6.41 : Interest on Working Capital for Fourth Control Period for NUHEP

S.no	Interest on Working Capital	2023-24	2024-25	2025-26	2026-27
1	O&M Expenses	1.64	1.73	1.83	1.94
2	Maintenance Spares	3.13	3.31	3.50	3.70
3	Receivables	17.82	17.26	16.72	16.19
4	Total Working Capital	22.59	22.31	22.06	21.82

S.no	Interest on Working Capital	2023-24	2024-25	2025-26	2026-27
5	Rete of Interest	14.85%	14.85%	14.85%	14.85%
6	Interest on Working Capital	3.36	3.31	3.28	3.24

Commission’s Analysis

As per Regulation 34.1 (iii) of the MYT Regulations, 2014, the components of working capital will be:

“34 Interest on Working Capital

34.1 Generation

(iii) *In case of hydro power generating stations, working capital shall cover:*

- *Operation and maintenance expenses for one (1) month;*
- *Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*
- *Receivables equivalent to two (2) month of fixed cost:*

Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations.”

Commission considers interest on Working capital considering the approved ARR Elements as per the Regulations for the control period.

Table 6.42 : Computation of Interest on working Capital for NUHEP

(Rs.Cr)

Sl. no	Particulars	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	O&M Expenses	17.14	18.13	19.17
2	O&M for 1 Months	1.43	1.51	1.60
3	Maintenance Spares @ 15% of O&M Exp escalated at 6%	2.73	2.88	3.05
4	Receivables for 2 Months of Fixed Cost	14.53	14.09	13.53
5	Total (INR Crore) (Sl.no.2+3+4)	18.69	18.48	18.18
6	Interest Rate (%)	14.85%	14.85%	14.85%
7	Interest on Working Capital (Rs..Cr)	2.77	2.74	2.70

Commission considers Interest on Working Capital at Rs.2.77 Crore, Rs.2.74 Crore and Rs.2.70 Crore for 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

**6.2.8. Annual Revenue Requirement for 4th MYT Control period for NUHEP
Petitioner’s Submission**

Based on the computation of the individual components the Aggregate Revenue Requirement of NUHEP for fourth control period is tabulated below:

Table 6.43 : Aggregate Revenue Requirement for NUHEP for Fourth Control Period

S.no.	Particular	2023-24	2024-25	2025-26	2026-27
1	Depreciation	29.39	29.39	29.40	29.42
2	Interest on Loan	29.06	24.62	20.21	15.74
3	Return on Equity	25.43	25.43	25.44	25.45
4	Operation and Maintenance	19.7	20.8	22.0	23.3
5	Interest on Working Capital	3.36	3.31	3.28	3.24
6	ARR	106.92	103.56	100.33	97.11
7	Non-Tariff Income	0	0	0	0
8	Net ARR	106.92	103.56	100.33	97.11

MePGCL requested Commission to approve the ARR for NUHEP as projected above.

Commission’s Analysis

Commission after prudence check of the petition filed by the licensee, considers the ARR for 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 as depicted in the table below:

Table 6.44 : Approved ARR for NUHEP for the Control Period

(Rs. cr.)

S. No	Particulars	Filed by MePGCL			Approved by Commission		
		FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	Depreciation	29.39	29.40	29.42	25.66	25.69	25.71
2	Interest on Loan	24.62	20.21	15.74	20.54	16.11	11.69
3	Return on Equity	25.43	25.44	25.45	23.84	24.62	24.63
4	Operation and Maintenance	20.8	22.0	23.3	17.14	18.13	19.17
5	Interest on Working Capital	3.31	3.28	3.24	2.77	2.74	2.70
	Gross ARR	103.56	100.33	97.11	89.95	87.29	83.90
6	Non-Tariff Income	0	0	0	0	0	0
	Net ARR	103.56	100.33	97.11	89.95	87.29	83.90

Commission considers ARR for NUHEP at Rs.89.95 Crore, Rs.87.29 Crore and Rs.83.90 Crore for FY 2024-25, FY 2025-26 and FY 2026-27 for 4th MYT Control period respectively.

6.3 ARR for 1.5 MW Lakroh mini HEP for 4th MYT Control period

6.3.1 Gross Fixed Assets

Petitioner's Submission

The Opening GFA as on 01.04.2024 have been taken as the closing GFA of 2022-23, without considering any capitalization in the FY 2022-23. The subsequent addition has been considered as per the approved business plan for fourth control period.

The movement of GFA in the fourth control period is tabulated below:

Table 6.45 : GFA for Lakroh Small HEP for Fourth Control Period

GFA	2023-24	2024-25	2025-26	2026-27
Opening GFA	26.47	26.47	27.07	28.21
Addition	0.00	0.60	1.14	0.00
Closing GFA	26.47	27.07	28.21	28.21

Commission's Analysis

Commission had approved Capital cost of the Lakroh MHP in the True up order for FY 2021-22 at Rs.22.68 Crore. Petitioner has projected addition of asset for FY 2022-23 at Rs.0.05 Crore and no addition is projected for FY 2023-24. Capital addition for FY 2024-25 and FY 2025-26 is projected at Rs.0.60 Crore and Rs.1.14 Crore respectively in the MYT petition. Accordingly Commission considers GFA for the control period as depicted in the table below.

Table 6.46 : Approved GFA and Capitalization for Lakroh mini HEP for the control period

(Rs.Cr)

S. no	Particulars	FY 2022-23 (Provisional)	FY 2023-24 (Estimated)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	Opening GFA	22.68	22.73	22.73	23.33	24.47
2	Additions during the year	0.05	0	0.60	1.14	0
3	Retirements during the year	0	0	0	0	0
4	Closing GFA	22.73	22.73	23.33	24.47	24.47

Commission considers GFA at Rs.23.33 Crore, Rs.24.47 Crore and Rs.24.47 Crore for the control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.3.2 Return on Equity

Petitioner's Submission

The opening equity for 2023-24 has been considered as the closing equity of the FY 2022-23. The addition in equity has been considered as per the funding pattern of the capitalization as shown in table 58 above.

Accordingly, the return on equity has been calculated as under:

Table 6.47 : Calculation off Return on Equity for Lakroh Small HEP for Fourth Control Period

S.no	Return on Equity	2023-24	2024-25	2025-26	2026-27
1	Opening Equity	6.44	6.44	6.62	6.96
2	Addition	0.00	0.18	0.34	0.00
3	Closing Equity	6.44	6.62	6.96	6.96
4	Average Equity	6.44	6.53	6.79	6.96
5	Rate of ROE	14.00%	14.00%	14.00%	14.00%
6	ROE	0.90	0.91	0.95	0.97

MePGCL requested Commission to approve the Return on Equity as depicted above.

Commission's Analysis

Commission considers project cost under MSERC MYT Regulations 2014, the return on equity shall be computed as per the Regulation 31 read with Regulation 27 of MSERC Regulations 2014.

“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 time line as specified in CERC Tariff Regulations.

Provided that in case of generation & transmission projects commissioned after the notification of these regulations an additional return of 1.5 % shall be allowed if such projects are completed within the original sanctioned project cost without any time and cost overrun whatsoever.

Provided that equity invested in a foreign currency may be allowed a return up to the prescribed limit in the same currency and the payment on this account shall be made in Indian Rupees based on the exchange rate prevailing on the due date of billing.

- *The premium received while issuing share capital shall be treated as a part of equity provided the same is utilized for meeting capital expenditure.*
- *Internal resources created out of free reserves and utilized for meeting capital expenditure shall also be treated as a part of equity.*

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.

Commission had approved Closing GFA for FY 2021-22 at Rs.22.68 Crore considering the capital addition during the control period the Return on Equity is computed as depicted in the table below.

Table 6.48 : Computation of Return on Equity for Lakroh MHP for the Control Period

Sl.	Particulars	(Rs.Cr)		
		FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	Opening GFA for the Year	22.73	23.33	24.47
2	Additions during the Year	0.60	1.14	0
3	Closing GFA for the Year	23.33	24.47	24.47
4	Average Assets Base for the Year	23.03	23.90	24.47
5	Less: Govt. Grants	11.75	11.75	11.75
6	Net GFA	11.28	12.15	12.72
7	Debt component (70% of GFA)	7.90	8.51	8.90
8	Equity component (30% of GFA)	3.38	3.64	3.82
9	Equity Component of previous year	3.24	3.38	3.64
10	Average Equity	3.31	3.51	3.73
11	RoE (%)	14%	14%	14%
12	Return on Equity	0.46	0.49	0.52

Commission considers Return on Equity at Rs.0.46 Cr, Rs.0.49 Cr and Rs.0.52 Crore for the Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.3.3 Interest and Finance Charges

Petitioner’s Submission

The closing loan of FY 2022-23 has been considered as the opening loan of 2023-24 and subsequent addition has been considered as per the approved funding pattern of capitalization in the business plan. Further, since the actual weighted average rate of interest would be available at the time of true up of respective years, the weighted average rate of interest for FY 2022-23 has been considered for entire control period. MePGCL craves leave of Commission to claim the actual weighted average rate of interest at the time of true up of respective years.

The calculation of Interest on loan is tabulated below:

Table 6.49 : Interest on Loan for Lakroh Small HEP for Fourth Control Period

S.no	Interest on Loan	2023-24	2024-25	2025-26	2026-27
1	Gross Opening Loan	15.03	15.03	15.03	15.03
2	Cumulative Repayment	0.81	1.31	1.80	2.30
3	Net Opening Loan	14.22	13.72	13.23	12.73
4	Repayment	0.50	0.50	0.50	0.50
5	Addition	0.00	0.42	0.80	0.00
6	Net Closing Loan	13.72	13.65	13.53	12.24
7	WAROI	10.18%	10.18%	10.18%	10.18%
8	Interest on Loan	1.40	1.39	1.38	1.25

MePGCL requested the Commission to kindly approve the Interest and Finance Charges for Lakroh MHP as computed above.

Commission’s Analysis

According to Regulation 32.1 of MSERC Regulation 2014

“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.

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.”

Commission had considered closing loan capital for FY 2021-22 at Rs.4.55 Crore. The petitioner has reported repayment at Rs.0.50 Crore for FY 2022-23 in the audited SoA.

Commission considers the opening loan capital at Rs.4.05 Crore for FY 2023-24 and addition of loan capital at Rs.0.42 Crore, Rs.0.80 Crore for FY 2024-25 and FY 2025-26. Interest on loan capital is computed for the control period taking into account the repayment projected vide table no.61 of the petition.

Table 6.50 : Computation of Interest and Finance Charges for Lakroh MHP
(Rs.Cr)

S. no	Particulars	FY 2023-24 (Projected)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	Opening Balance	4.05	3.55	3.47	3.77
2	Addition During the Year	0	0.42	0.80	0.00
3	Repayment during the year	0.50	0.50	0.50	0.50
4	Closing Balance	3.55	3.47	3.77	3.27
5	Average Loan	3.80	3.51	3.62	3.52
6	Average Interest Rate	10.18%	10.18%	10.18%	10.18%
7	Interest Accrued	0.38	0.36	0.37	0.36

Commission considers Interest and Finance Charges at Rs. 0.36 Crore, Rs. 0.37 Crore and Rs. 0.36 Crore for the Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.3.4 Depreciation

Petitioner's Submission

The depreciation has been calculated on the average GFA. The GFA movement has been considered as depicted in table 57 above. Further, since the asset wise breakup of the capitalization is not available at this point of time the weighted average rate of depreciation for FY 2022-23 has been considered for calculation of depreciation in the entire control period. MePGCL craves leave of this Commission to claim the weighted average rate of depreciation for the respective years as per the actual breakup of assets at the time of truing up of respective years.

The calculation of the depreciation is tabulated below:

Table 6.51 : Calculation of Depreciation for Lakroh Small HEP for Fourth Control Period

S. no	Depreciation	2023-24	2024-25	2025-26	2026-27
1	Opening GFA	26.47	26.47	27.07	28.21
2	Closing GFA	26.47	27.07	28.21	28.21
3	Average GFA	26.47	26.77	27.64	28.21
4	Rate of Depreciation	4.92%	4.92%	4.92%	4.92%
5	Depreciation	1.30	1.32	1.36	1.39
6	Average Grants in GFA	4.95	4.95	4.95	4.95
7	Depreciation on Grants	0.24	0.24	0.24	0.24
8	Net Depreciation	1.06	1.07	1.12	1.15

MePGCL requested Commission to approve the depreciation charges for Lakroh MHP as computed above.

Commission's Analysis

Regulation 33.1 of MSERC MYT Regulations 2014 specifies that;

“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.

b) 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.

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.

d) 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.

e) 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.

f) 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.”

Commission had approved closing GFA at Rs.22.68 Crore in the True up for FY 2021-22. Petitioner has projected GFA addition at Rs.0.05 Crore for FY 2022-23 True up vide table no.22.

Commission considers the GFA taking into account the addition for FY 2022-23 for computation of depreciation.

Petitioner has projected capital addition at Rs.0.60 Crore and Rs.1.14 Crore in FY 2024-25 and FY 2025-26.

Accordingly Depreciation has been computed as depicted in the tables below for the control period.

Table 6.52 : Computation of Depreciation for Lakroh MHP for FY 2022-23

(Rs. Cr.)

Name of Assets	Value of Asset at the beginning of the year	Additions	Value of Asset at the end of the year	Average Assets	90% of assets	Rate of Depreciation (%)	Depreciation for FY 2022-23
Land and land rights		-					-
Buildings	2.36		2.36	2.36	2.12	3.34 %	0.07
Hydraulic Works	9.32	0.05	9.37	9.35	8.41	5.28 %	0.44
Others Civil Works	2.18		2.18	2.18	1.96	3.34 %	0.06
Plant and Machinery	7.29		7.29	7.29	6.56	5.28 %	0.35
Lines and Cable Network	1.52		1.52	1.52	1.36	5.28 %	0.07
Vehicles	0		0	0	0	9.50 %	0
Furniture and Fixtures	0.009		0.009	0.009	0.008	6.33 %	0
Office Equipment	0.008		0.008	0.008	0.008	6.33 %	0
Total	22.68	0.05	22.73	22.70	20.43		0.99
Govt Grants and Contributions				11.75		4.36%	
Less: Depreciation on Grants							0.51
Net Depreciation							0.48

Table 6.53 : Computation of Depreciation for Lakroh MHP for FY 2023-24

Name of Assets	Value of Asset at the beginning of the year	Addition during the year	Value of Asset at the end of the year	Average Assets	90% of assets	Rate of Depreciation (%)	Depreciation for FY 2023-24
Total GFA (Rs.Cr)	22.73	0.00	22.73	22.73	20.46		0.99
Govt Grants and Contributions				11.75		4.36%	
Less: Depreciation on Grants							0.51
Net Depreciation (Rs.Cr)							0.48

Table 6.54 : Computation of Depreciation for Lakroh MHP for FY 2024-25

(Rs. Cr.)

Name of Assets	Value of Asset at the beginning of the year	Addition during the year	Value of Asset at the end of the year	Average Assets	90% of assets	Rate of Depreciation (%)	Depreciation for FY 2024-25
Total GFA	22.73	0.60*	23.33	23.03	20.73		1.00
Govt Grants and Contributions				11.75		4.34%	
Less: Depreciation on Grants							0.51
Net Depreciation							0.49

* Asset wise breakup not made available

Table 6.55 : Computation of Depreciation for Lakroh MHP for FY 2025-26

(Rs. Cr.)

Name of Assets	Value of Asset at the beginning of the year	Addition during the year	Value of Asset at the end of the year	Average Assets	90% of assets	Rate of Depreciation (%)	Depreciation for FY 2025-26
Total GFA	23.33	1.14*	24.47	23.90	21.51		1.04
Govt Grants and Contributions				11.75		4.35%	
Less: Depreciation on Grants							0.51
Net Depreciation							0.53

* Asset wise breakup not made available

Table 6.56 : Computation of Depreciation for Lakroh MHP for FY 2026-27

(Rs. Cr.)

Name of Assets	Value of Asset at the beginning of the year	Addition during the year	Value of Asset at the end of the year	Average Assets	90% of assets	Rate of Depreciation (%)	Depreciation for FY 2026-27
Total GFA	24.47	0	24.47	24.47	22.02		1.07
Govt Grants and Contributions				11.75		4.37%	
Less: Depreciation on Grants							0.51
Net Depreciation							0.56

Commission considers Depreciation at Rs.0.49 Crore, Rs.0.53 Crore and Rs.0.56 Crore for the Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.3.5 Operation and Maintenance Expense

Petitioner's Submission

Regulation 56 of MSERC Tariff Regulations, 2014 provides for Operation and Maintenance Expenses and is reproduced as under:

"56 (7) "In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."

MePGCL would like to submit that based on above regulations the O&M expenses of FY 2022-23 have been escalated at the rate of 5.72% per year to arrive at the O&M expenses for the fourth control period.

The O&M expenses for the fourth control period are tabulated below:

Table 6.57 : Operation and Maintenance Expenses for Lakroh Small HEP for Fourth Control Period

O&M Expenses	2023-24	2024-25	2025-26	2026-27
Operation and Maintenance Expenses	0.64	0.67	0.71	0.75

MePGCL requested Commission to approve the O&M expenses for LAKROH SMALL HEP as tabulated above.

Commission's Analysis

Commission had approved O&M Expenses at Rs. 0.53 Crore in the true up order for FY 2021-22. Considering the escalation at 5.72% year on year, the O&M expenses shall be at Rs. 0.56 Crore for FY 2022-23, Rs.0.59 Crore for FY 2023-24, Rs.0.63 Crore for FY 2024-25, Rs.0.66 Crore for FY 2025-26 and Rs.0.70 Crore for FY 2026-27.

Accordingly O&M expenses for the control period are computed in the table below.

Table 6.58 : Computation of O&M Expenses for Lakroh SHEP

Particulars	FY 2023-24 (Projected)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
O&M Expenses (Rs.Cr)	0.59	0.63	0.66	0.70

Commission considers O&M expenses at Rs.0.63 Crore, Rs.0.66 crore and Rs.0.70 crore for the Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.3.6 Interest on Working Capital

Petitioner's Submission

As per Regulation 34.1(iii) of 2014 Tariff Regulations:

“In case of hydro power generating stations, working capital shall cover:

Operation and maintenance expenses for one (1) month;

Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and

Receivables equivalent to two (2) month of fixed cost:

Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations. “

The SBI Advance Rate as on 01.04.2023 comes out to be Rs. 14.85%. Accordingly, the calculation of interest on working capital is tabulated below:

Table 6.59 : Interest on Working Capital for Fourth Control Period for Lakroh Small HEP

S.no	Interest on Working Capital	2023-24	2024-25	2025-26	2026-27
1	O&M Expenses	0.05	0.06	0.06	0.06
2	Maintenance Spares	0.10	0.11	0.11	0.12
3	Receivables	0.69	0.70	0.71	0.71
4	Total Working Capital	0.84	0.86	0.89	0.89
5	Rete of Interest	14.85%	14.85%	14.85%	14.85%
6	Interest on Working Capital	0.12	0.13	0.13	0.13

Commission's Analysis

Commission has considered the Approval of Capital cost and ARR for 4th MYT control period as per the MSERC MYT Regulations 2014.

According to Regulation 34.1(iii) of MSERC MYT Regulations 2014

"In case of hydro power generating stations, working capital shall cover:

- *Operation and maintenance expenses for one (1) month;*
- *Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*
- *Receivables equivalent to two (2) month of fixed cost:*

Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations.

Interest on working capital 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."

Table 6.60 : Approved Interest on Working Capital for Lakroh MHP for the Control Period

(Rs.Cr)

S no	Particulars	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	O&M Expenses	0.63	0.66	0.70
2	O&M for 1 Month (Sl.no.1/12)	0.05	0.05	0.06
3	Maintenance Spares @15% escalated to 6% (1*15%*6%)	0.10	0.10	0.11
4	Receivables for 2 Months of AFC	0.33	0.34	0.36
5	Total (Rs. Crore) (Sl.no.2+3+4)	0.48	0.49	0.53
6	Interest Rate (%)	14.85%	14.85%	14.85%
7	Interest on Working Capital (sl.no.5*6)	0.07	0.07	0.08

Commission considers Interest on Working Capital at Rs. 0.07 Crore, Rs. 0.07 Crore and Rs. 0.08 Crore for the Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.3.7 Annual Revenue Requirement (ARR) for each year of the control period

Petitioner’s Submission

Based on the above submissions, the ARR for each year of the Control Period would be as shown in the following table. MePGCL requested the Commission to approve the AFC for the control period as claimed by it.

Table 6.61 : ARR for Lakroh MHP for the Control Period

S. no	Particular	2023-24	2024-25	2025-26	2026-27
1	Depreciation	1.06	1.07	1.12	1.15
2	Interest on Loan	1.40	1.39	1.38	1.25
3	Return on Equity	0.90	0.91	0.95	0.97
4	Operation and Maintenance	0.6	0.7	0.7	0.8
5	Interest on Working Capital	0.12	0.13	0.13	0.13
6	ARR	4.12	4.18	4.29	4.25
7	Non-Tariff Income	0	0	0	0
8	Net ARR	4.12	4.18	4.29	4.25

Commission’s Analysis

Commission after prudence check of the petition filed by the licensee, considers the ARR for 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 as depicted in the table below.

Table 6.62 : Approved ARR for Lakroh mini HEP for 4th MYT Control period

Particulars	Filed by MePGCL			Approved by Commission		
	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
Depreciation	1.07	1.12	1.15	0.49	0.53	0.56
Interest on Loan	1.39	1.38	1.25	0.36	0.37	0.36
Return on Equity	0.91	0.95	0.97	0.46	0.49	0.52
Operation and Maintenance Expenses	0.7	0.7	0.8	0.63	0.66	0.70
Interest on Working Capital	0.13	0.13	0.13	0.07	0.07	0.08
Gross ARR	4.18	4.29	4.25	2.01	2.12	2.22
Less :Non-Tariff Income	0	0	0	0	0	0
Net ARR	4.18	4.29	4.25	2.01	2.12	2.22

Commission considers ARR at Rs.2.01 Crore, Rs.2.12 Crore and Rs.2.22 Crore for 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.4 ARR for MePGCL Old Stations (Including Sonapani) for 4th MYT Control period

6.4.1 Gross Fixed Assets

Petitioner's Submission

The Opening GFA as on 01.04.2024 has been taken as the closing GFA of 2022-23, without considering any capitalization in the FY 2022-23. The subsequent addition has been considered as per the approved business plan for fourth control period.

The movement of GFA in the fourth control period is tabulated below:

Table 6.63 : GFA for Old Stations (Including Sonapani) for Fourth Control Period

GFA	2023-24	2024-25	2025-26	2026-27
Opening GFA	433.70	433.70	433.70	433.70
Addition	0.00	0.00	0.00	1070.10
Closing GFA	433.70	433.70	433.70	1503.80

Commission's Analysis

Commission had approved closing GFA for MePGCL old projects including Sonapani at Rs.50.46 Crore in the True up order for FY 2021-22. Petitioner has projected addition of Capital cost at Rs.1.30 Crore and a retirement of Rs.0.02 Crore in the True up petition for FY 2022-23 and no addition of GFA is projected for FY 2023-24.

The petitioner has projected addition of GFA at Rs.1070.10 Crore in the FY 2026-27 of 4th Control period without Capex proposed in the FY 2024-25 and FY 2025-26 vide table no.66 of the petition.

It may be observed from the capital investment plan approved in the Business plan for the 4th Control period, that in all Rs.706.51 Crore was considered for Capex with 100% govt. grant for FY 2023-24 to FY 2026-27. Projecting Rs.1070.10 Crore addition of GFA in FY 2026-27 has no bearing in the approved Business plan against the MePGCL old projects including sonapani.

Even if the Capital work in progress considered as of 31.03.2023 vide note no.03 of SoA FY 2022-23 pertaining to all projects, it would be (Rs.621.44 Crore + Rs.704.12 Crore) Rs. 1325.56 Crore capex approved against MePGCL old projects including Sonapani in the Business Plan for entire 4th Control period.

Projecting Rs.1070.10 Crore Capex in the last year of the control period may not be workable.

Commission considers that addition of GFA standalone for the FY 2026-27 as per the Investment plan at Rs.198.62 Crore against MePGCL old projects shall be considered provisionally for the ARR of FY 2026-27 subject to correction at the time of True up. Accordingly GFA is approved as depicted in the table below.

Table 6.64 : Approved Gross Fixed Assets for MePGCL Old plants including Sonapani for 4th MYT Control Period

Particulars	FY 2022-23	FY 2023-24	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
Opening GFA	50.46	51.74	51.74	51.74	51.74
Additions during year	1.30	0	0	0	198.62
Retirements during Year	0.02	0	0	0	0
Closing GFA	51.74	51.74	51.74	51.74	250.36

Commission approves GFA for 4th MYT control period for FY 2024-25, FY 2025-26 and FY 2026-27 as shown in the above table.

6.4.2 Return on Equity

Petitioner's Submission

The opening equity for 2023-24 has been considered as the closing equity of the FY 2022-23. The addition in equity has been considered as per the funding pattern of the capitalization as shown in table 67 above.

Accordingly, the return on equity has been calculated as under:

Table 6.65 : Calculation off Return on Equity for Old Stations (Including Sonapani) for Fourth Control Period

S.no	Return on Equity	2023-24	2024-25	2025-26	2026-27
1	Opening Equity	89.59	89.59	89.59	89.59
2	Addition	0.00	0.00	0.00	156.74
3	Closing Equity	89.59	89.59	89.59	246.33
4	Average Equity	89.59	89.59	89.59	167.96
5	Rate of ROE	14.00%	14.00%	14.00%	14.00%
6	ROE	12.54	12.54	12.54	23.51

MePGCL requested Commission to approve the Return on Equity as depicted above.

Commission's Analysis

As per Regulation 31.1 read with 27 of MSERC MYT Regulations 2014 specifies that

"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 time line as specified in CERC Tariff Regulations.

Provided that in case of generation & transmission projects commissioned after the notification of these regulations an additional return of 1.5 % shall be allowed if such projects are completed within the original sanctioned project cost without any time and cost overrun whatsoever.

Provided that equity invested in a foreign currency may be allowed a return up to the prescribed limit in the same currency and the payment on this account shall be made in Indian Rupees based on the exchange rate prevailing on the due date of billing.

- The premium received while issuing share capital shall be treated as a part of equity provided the same is utilized for meeting capital expenditure.*
- Internal resources created out of free reserves and utilized for meeting capital expenditure shall also be treated as a part of equity.*

27. Debt Equity Ratio

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.

The petitioner has reported capital grants and contributions received against MePGCL old projects (umiam stage III and Umiam bridge) during the FY 2022-23 stood at Rs.41.47 Crore vide note no.15.2 & 17.2 of SoA.

Petitioner has submitted movement of Grants for the control period vide table no.68 of the petition as detailed below.

Table 6.66 : Movement of Grants

S.no	Particular	2023-24	2024-25	2025-26	2026-27
1	Opening Grants	135.06	135.06	135.06	135.06
2	Addition	0.00	0.00	0.00	547.63
3	Closing Gants	135.06	135.06	135.06	682.69
4	Average Grants	135.06	135.06	135.06	408.88

Whereas the status of the grants shall be inclusive of closing balance of the FY 2022-23, but the movement of Grants projected does not include cumulative grants.

Petitioner has not projected addition of the Grants for FY 2023-24 to FY 2026-27 with reference to the Capex and Grants as approved in the Business plan for the control period.

Commission considering closing balance of the Grants at Rs.56.03 Crore for FY 2022-23 and Grants and contributions projected in the Business plan is factored for computation of Return on Equity for the FY 2023-24 and for the control period as depicted in the table below.

Table 6.67 : Calculation of Movement of Grants

S.no	Particular	2022-23	2023-24	2024-25	2025-26	2026-27
1	Opening Grants	26.65	68.12	104.46	201.10	255.70
2	Addition	41.47	36.34	96.64	54.60	97.57
3	Closing Gants	68.12	104.46	201.10	255.70	353.27
4	Average Grants	47.38	86.29	152.78	228.40	304.49

Commission considers that Return on Equity shall be computed with the opening capital Grants for FY 2023-24 and for the control period as depicted in the table below.

Table 6.68 : Approved ROE for MePGCL Old Projects including Sonapani

(Rs Cr)						
Sl. No	Particulars	FY 2022-23 (Audited)	FY 2023-24 (Projected)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
1	Opening GFA	50.46	51.74	51.74	51.74	51.74
2	Additions during year	1.30	0.00	0	0	198.62
3	Retirements during Year	0.02	0.00	0	0	0
4	Closing GFA	51.74	51.74	51.74	51.74	250.36
5	Average GFA	51.10	51.74	51.74	51.74	151.05
6	Less: Avg. Govt. Grants	34.06	86.29	152.78	228.40	304.49
7	Net GFA	17.04	(-) 34.55	(-) 101.04	(-) 236.66	(-) 153.44
8	Debt at 70%	11.93	- 24.18	-70.73	-165.66	- 107.41
9	Equity at 30%	5.11	- 10.37	-30.31	-71.00	- 46.03
10	Equity of Previous Year	11.13	5.11	-10.37	-30.31	- 71.00
11	Average Equity	8.12	-2.63	- 20.34	-50.66	- 58.52
12	ROE @ 14%	1.14	(-) 0.37	(-) 2.85	(-) 7.09	(-) 8.19

Since Computation of RoE resulted in negative allowance, Commission considers Return on Equity as –NIL– for 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.4.3 Interest and Finance Charges

Petitioner’s Submission

MePGCL would like to submit that the interest on loan has been considered as per the detailed explanation given in Chapter 2. The closing loan of FY 2022-23 has been considered as the opening loan of 2023-24 and subsequent addition has been considered as per the approved funding pattern of capitalization in the business plan. Further, since the actual weighted average rate of interest would be available at the time of true up of respective years, the weighted average rate of interest for FY 2022-23 has been considered for entire control period. MePGCL craves leave of Commission to claim the actual weighted average rate of interest at the time of true up of respective years.

The calculation of Interest on loan is tabulated below:

Table 6.69 : Statement of Interest on Loan Capital for Old Stations (Including Sonapani) for the Control Period (Projected)

S.no	Interest on Loan	2023-24	2024-25	2025-26	2026-27
1	Gross Opening Loan	209.22	209.22	209.22	209.22
2	Cumulative Repayment	0.00	5.00	10.00	15.00
3	Net Opening Loan	209.22	204.22	199.22	194.22
4	Repayment	5.00	5.00	5.00	5.00
5	Addition	0.00	0.00	0.00	365.73
6	Net Closing Loan	204.22	199.22	194.22	554.95
7	WAROI	4.68%	4.68%	4.68%	4.68%
8	Interest on Loan	9.56	9.33	9.09	25.98

MePGCL requested the Commission to kindly approve the Interest and Finance Charges as computed above.

Commission’s Analysis

As per Regulation 32.1 specifies that *“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.

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.”

Petitioner has projected opening loan of Rs.209.22 Crore as against the -0- outstanding loans for FY 2022-23 in respect of MePGCL old projects.

Details of the opening balance are called for in the commission’s letter dated 07.12.2023.

Petitioner has not clarified the details of the opening loans in the additional information submitted on 18.01.2024. The rate of interest as projected in the petition at 4.68% is considered for computation of interest on loan capital for the control period.

Commission considers opening loan capital with reference to the Capex and loan capital projected as approved in the Business plan for FY 2023-24 and for the 4th control period as depicted in the table below.

Table 6.70 : Computation of Interest & Finance Charges for the control Period (Estimated)

(Rs. Cr)					
Sl.no	Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Opening loans	0.00	4.00	46.17	90.23
2	Additions	4.00	42.17	44.06	23.63
3	Repayment	0	0	0	0
4	Closing Loan	4.00	46.17	90.23	113.86
5	Average Loan	2.00	25.08	68.20	102.05
6	Interest rate %	4.68 %	4.68 %	4.68 %	4.68 %
7	Interest on Loan	0.09	1.17	3.19	4.77

Commission considers Interest and Finance charges at Rs.1.17 Crore, Rs.3.19 Crore and Rs.4.77 Crore for 4th MYT Control period for FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.4.4 Depreciation

Petitioner’s Submission

The depreciation has been calculated on the average GFA. The GFA movement has been considered as depicted in table 66 of petition. Further, since the asset wise breakup of the capitalization is not available at this point of time the weighted average rate of depreciation for FY 2022-23 has been considered for calculation of depreciation in the entire control period. MePGCL craves leave of this Commission to claim the weighted average rate of depreciation for the respective years as per the actual breakup of assets at the time of truing up of respective years.

The calculation of the depreciation is tabulated below:

Table 6.71 : Calculation of Depreciation for Old Stations (Including Sonapani) for Fourth Control Period

S. no	Depreciation	2023-24	2024-25	2025-26	2026-27
1	Opening GFA	433.70	433.70	433.70	433.70
2	Closing GFA	433.70	433.70	433.70	1503.80
3	Average GFA	433.70	433.70	433.70	968.75
4	Rate of Depreciation	5.04%	5.04%	5.04%	5.04%
5	Depreciation	21.87	21.87	21.87	48.86
6	Average Grants in GFA	135.06	135.06	135.06	408.88
7	Depreciation on Grants	6.81	6.81	6.81	20.62
8	Net Depreciation	15.06	15.06	15.06	28.24

MePGCL requested the Commission to approve the depreciation as computed above.

Commission’s Analysis

As per Regulation 33 of MSERC MYT Regulations 2014

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.

- b) 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.*
- 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.*
- d) 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.

- e) 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.*
- f) 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.*

28.10 The following shall be excluded or removed from the capital cost of the existing and new project:

- a) The assets forming part of the project, but not in use;*
- b) De capitalization of Asset;*
- c) In case of hydro generating station any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State government by following a two stage transparent process of bidding; and*
- d) the proportionate cost of land which is being used for generating power from generating station based on renewable energy:*

Provided that any grant received from the Central or State Government or any statutory body or authority for the execution of the project which doesnot carry any liability of repayment shall be excluded from the CapitalCost for the purpose of computation of interest on loan, return on equity and depreciation;

Petitioner has not filed asset wise breakup for computation of depreciation for the MYT control period.

The closing balance of asset base considered in the FY 2022-23 for True up is adopted for computation of Depreciation for FY 2023-24 to FY 2026-27 taking into account capex and Govt. Grants projected for the control period approved in the Business plan as depicted in the table below.

Table 6.72 : Computation of Depreciation for MePGCL Old projects (incl. Sonapani) for the control period

(Rs.Cr)					
Sl.no	Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	GFA as on 31.03.2023	51.74	51.74	51.74	51.74
2	Additions during Year	0	0	0	198.62
3	Closing GFA	51.74	51.74	51.74	250.36
4	Average GFA	51.74	51.74	51.74	151.05
5	90% of Average Assets	46.57	46.57	46.57	135.94
6	Deprecation at 5.04% as projected	2.35	2.35	2.35	6.85
7	Average Grants Available	86.29	152.78	228.40	304.49
8	Less: Dep on Grants @ 5.04%	4.35	7.70	11.51	15.35
9	Depreciation (sl.no.6-8)	(-)2.00	(-) 5.35	(-) 9.16	(-)8.50
10	Net Depreciation allowed	-0-	-0-	-0-	-0-

Since the computation of Depreciation resulted in negative allowance, Commission considers depreciation as -NIL- for the control period FY 2024-25 to FY 2026-27.

6.4.5 Operation and Maintenance Expense

Petitioner's Submission

Regulation 56 of MSERC Tariff Regulations, 2014 provides for Operation and Maintenance Expenses and is reproduced as under:

"56 (7) "In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."

MePGCL would like to submit 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. The methodology for calculation of the multiplication factor of 1.59 is annexed in the Petition as Annexure D

Thus 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. The detailed calculation of employee expenses, R&M expenses and A&G expenses has been provided in the excel model submitted along with the Petition.

The petitioner has submitted revised breakup of O&M expenses vide letter dated 23.01.2024 seeking correction in the projected O&M expenses for MYT control period.

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

Table 6.73 : Operation and Maintenance Expenses for Old Stations (Including Sonapani) for Fourth Control Period

S.no	Particular	2023-24	2024-25	2025-26	2026-27
1	Salaries and wages	83.22	99.07	104.73	110.72
2	Gratuity Expenses	3.63	3.84	4.06	4.29
3	Leave Encashment Expenses	13.45	14.22	15.04	15.90
4	Pension Expenses	26.61	28.13	29.74	31.44
5	Contribution to provident and other funds	3.05	3.23	3.41	3.61
6	Staff welfare expenses	0.00	0.00	0.00	0.00
7	Apportionment of Employee Benefit Expenses (from Holding Company)	12.61	13.33	14.09	14.90
8	Total Employee Expenses	142.57	161.81	171.07	180.86
9	Less Employee Capitalized	0.00	0.00	0.00	0.00
10	Net Employee Expenses	142.57	161.81	171.07	180.86
11	1/3rd of Employee Expenses (MeECL)	1.71	1.81	1.91	2.02
12	Total Employee Expenses	144.29	163.62	172.98	182.88
13	R&M Expenses	11.57	12.24	12.94	13.68
14	A&G Expenses	10.67	11.28	11.92	12.60
15	Total Projected O&M Expenses	166.53	187.14	197.84	209.16
16	O&M Expenses- MLHEP	39.57	41.83	44.22	46.75
17	O&M Expenses- NUHEP	19.69	20.82	22.01	23.27
18	O&M Expenses- Lakroh	0.64	0.67	0.71	0.75
19	Total	59.90	63.32	66.94	70.77
	O&M Expenses of Old Plants	106.63	123.82	130.90	138.39

MePGCL requested Commission to approve the O&M expenses for OLD STATIONS (INCLUDING SONAPANI) as tabulated above.

Commission’s Analysis

Petitioner was asked to furnish the supporting data to the petition in the formats notified in the Regulations as HG-1 to HG-5 in the commission’s letter dated 07.12.2023.

Petitioner has submitted in their letter dated 18.01.2024, the format 1 for O&M expenses of Generation utility as a whole. Whereas petition has been filed project wise for approval of ARR for the control period.

As per Regulation 56.7 *“in case of the hydro generating stations declared under commercial operation on or after 1/04/2009, O&M expenses shall be fixed at 2% of the original project cost(excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years.”*

Commission had approved O&M expenses at Rs.35.62 Crore for True up of FY 2021-22. The O&M expenses shall be further escalated 5.72% year on year as per the Regulation 56.6 of MSERC MYT Regulations 2014 for control period as depicted below.

Table 6.74 : Computation of O&M Expenses for 4th MYT Control period

Particulars	(Rs.Cr)					
	2021-22 (Audited)	FY 2022-23 (Audited)	FY 2023-24 (Provisional)	FY 2024-25 (Estimated)	FY 2025-26 (Estimated)	FY 2026-27 (Estimated)
O&M Expenses	35.62	37.66	39.81	42.09	44.50	47.04

The apportionable O&M expenses of holding company (MeECL) shall be regulated in the True up exercise.

Commission approves O&M expenses at Rs.42.09 Crore, Rs.44.50 Crore and Rs.47.04 Crore for the 4th Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.4.6 Interest on Working Capital

Petitioner’s Submission

As per Regulation 34.1(iii) of 2014 Tariff Regulations:

“In case of hydro power generating stations, working capital shall cover:

Operation and maintenance expenses for one (1) month;

Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and

Receivables equivalent to two (2) month of fixed cost:

Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations. “

The petitioner has submitted revised breakup of Interest on Working Capital vide letter dated 23.01.2024 seeking correction in the projected Interest on Working Capital table for MYT control period.

The SBI Advance Rate as on 01.04.2023 comes out to be Rs. 14.85%. Accordingly, the calculation of interest on working capital is tabulated below:

**Table 6.75 : Interest on Working Capital for Fourth Control Period for Old Stations
(Including Sonapani)**

S. no	Interest on Working Capital	2023-24	2024-25	2025-26	2026-27
1	O&M Expenses	8.89	10.32	10.91	11.53
2	Maintenance Spares	16.95	19.69	20.81	22.00
3	Receivables	26.36	29.40	30.66	39.04
4	Total Working Capital	52.20	59.41	62.38	72.58
5	Rete of Interest	14.85%	14.85%	14.85%	14.85%
6	Interest on Working Capital	7.75	8.82	9.26	10.78

MePGCL requested the Commission to kindly approve the Interest on Working Capital as computed above and as per the norms in the MYT Regulations.

Commission’s Analysis

As per Regulation 34.1 (iii) of MSERC MYT Regulations 2014 Specifies-

In case of hydro power generating stations, working capital shall cover:

- *Operation and maintenance expenses for one (1) month;*
- *Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*
- *Receivables equivalent to two (2) month of fixed cost:*

Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations.

Interest on Working Capital shall be computed based on the ARR elements

considered as provided in the Regulations as depicted in the table below.

Table 6.76 : Computation of Interest on Working Capital for MePGCL Old Plants including Sonapani the Control Period

(Rs.Cr)				
Sl. no	Particulars	FY 2024-25	FY 2025-26	FY 2026-27
1	O&M Expenses	42.09	44.50	47.04
2	O&M Expenses for 1 Month (sl.no.1/12)	3.51	3.71	3.92
3	Maintenance Spares @15% of Sl.no.1 (sl.no.1*15%+6%)	6.69	7.07	7.48
4	Receivables for 2 months	5.15	5.91	6.74
5	Total (Sl.no.2+3+4)	15.35	16.69	18.14
6	Interest on Working Capital @ 14.85%	2.28	2.48	2.69

Commission considers Interest on working capital at Rs. 2.28 Crore, Rs.2.48 Crore and Rs.2.69 Crore for 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.4.7 SLDC Charges

Petitioner has not projected the SLDC Charges as expenses in the petition. The SLDC expenses towards connectivity charges as determined by the Transmission licensee shall be allowed for the ARR as per the Regulations.

Regulation 59.1 of MSERC MYT Regulations 2014 specifies that-

Connectivity charges and SLDC charges as determined by the Commission shall be considered as expenses. SLDC and transmission charges paid for energy sold outside the state shall not be considered as expenses for determining generation tariff.

Accordingly Commission approves SLDC charges as expense in the MYT ARR for 4th Control period.

Table 6.77 : Computation of SLDC Charges

(Rs.Cr)					
Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
SLDC Charges	1.94	2.04	1.96	2.11	2.98

Commission considers SLDC charges at Rs.1.96 Crore, Rs. 2.11 Crore and Rs.2.98 Crore for the 4th control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.4.8 Non Tariff and Other Income

Petitioner has not projected any Non Tariff income in the MYT petition for the control period.

The Non Tariff and Other income is a regular feature in the generation business for consideration of net ARR. Petitioner has also reported Non Tariff and other income in the SoA for FY 2022-23 at Rs.14.33 Crore. This income includes amortization of Grant for Rs.13.04 Crore. The same Non Tariff and other income is adopted for the control period FY 2024-25 to FY 2026-27.

In vairiably, the petitioner shall estimate the Non tariff and other income for each year of the control period for computation of net ARR.

Commission considers the Non Tariff and other income for the control period at same level provisionally.

Table 6.78 : Non Tariff and other Income for the control period

Particulars	(Rs.Cr)		
	FY 2024-25	FY 2025-26	FY 2026-27
Non Tariff Income	14.33	14.33	14.33

Commission considers Non Tariff and other Income at Rs.14.33 Crore for each year of the control period FY 2024-25 to FY 2026-27.

6.4.9 Annual Revenue Requirement (ARR)

Petitioner's Submission

The petitioner has submitted revised breakup of Aggregate Revenue Requirement vide letter dated 23.01.2024 seeking correction in the projected ARR table for MYT control period.

Based on the computation of the individual components the Aggregate Revenue Requirement of OLD STATIONS (INCLUDING SONAPANI) for fourth control period is tabulated below:

Table 6.79 : Aggregate Revenue Requirement for Old Stations (Including Sonapani) for Fourth Control Period

(Rs.Cr)					
S.no	Particular	2023-24	2024-25	2025-26	2026-27
1	Depreciation	15.06	15.06	15.06	28.24
2	Interest on Loan	9.56	9.33	9.09	25.98
3	Return on Equity	12.54	12.54	12.54	23.51
4	Operation and Maintenance	106.60	123.80	130.90	138.40
5	Interest on Working Capital	7.75	8.82	9.26	10.78
6	ARR	153.49	171.51	178.80	228.84
7	Non-Tariff Income	4.67	4.90	5.15	5.41
8	Net ARR	158.16	176.41	183.95	234.24

MePGCL requested Commission to approve the ARR for Old Stations (Including Sonapani) as projected above

Commission’s Analysis

The petitioner has wrongly computed the Gross Total of ARR. Petitioner has submitted additional information vide letter dated 23.01.2024 seeking correction in the projected ARR table for MYT control period.

Commission after prudence check of the petition filed by the licensee has computed the ARR as depicted in the table below:

Table 6.80 : Approved ARR for MePGCL Old Projects including Sonapani for 4th MYT Control period (Rs.Cr)

Sl. No.	Particulars	Projected by MePGCL			Approved by the Commission		
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2024-25	FY 2025-26	FY 2026-27
1	Depreciation	15.06	15.06	28.24	0	0	0
2	Interest on Loan	9.33	9.09	25.98	1.17	3.19	4.77
3	Return on Equity	12.54	12.54	23.51	0	0	0
4	Operation and Maintenance	123.80	130.90	138.40	42.09	44.50	47.04
5	Interest on Working Capital	8.82	9.26	10.78	2.28	2.48	2.69
6	SLDC	1.94	1.94	1.94	1.96	2.11	2.98
7	Gross ARR	171.51	178.80	228.84	47.50	52.28	57.48
8	Less: Non Tariff Income	4.90	5.15	5.41	14.33	14.33	14.33
9	Net ARR	176.41	183.95	234.24	33.17	37.95	43.15

Commission considers ARR for MePGCL old projects at Rs.33.17 Crore, Rs.37.95 Crore and Rs.43.15 Crore for 4th MYT Control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

6.5 Consolidated ARR for MePGCL Old Plants projects including Sonapani, MLHEP, New Umtru project and Lakroh projects for 4th MYT Control Period FY 2024-25 to FY 2026-27

Commission after Prudence check of the petition considering the additional information dated 18.01.2024 & 23.01.2024, the objections raised by the stakeholders, the response of the MePGCL for the objections, the minutes of the Public hearing process and views of the State advisory committee, has approved Annual Revenue Requirement for 4th Control period FY 2024-25 to FY 2026-27 as depicted in the table below.

Table 6.81 : Consolidated ARR for, MLHEP , New Umtru, Lakroh projects and MePGCL Old Projects including Sonapani for 4th MYT Control Period FY 2024-25 to FY 2026-27

(Rs.Cr)

Sl. No.	Particulars	Projected by MePGCL			Approved by the Commission		
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2024-25	FY 2025-26	FY 2026-27
For Myntdu Leshkha Hydro Electric Project (MLHEP)							
1	Depreciation	61.43	62.52	64.12	42.72	42.86	45.46
2	Interest on Loan	27.10	22.68	13.61	11.76	7.38	3.96
3	Return on Equity	54.01	54.97	56.37	42.11	41.77	43.10
4	Operation and Maintenance	41.8	44.2	46.8	41.82	44.21	46.74
5	Interest on Working Capital	6.22	6.31	6.31	4.93	4.96	5.13
6	Gross ARR	190.60	190.70	187.16	143.34	141.18	144.39
7	Less : Non-Tariff Income	0	0	0	0	0	0
8	Net ARR	190.60	190.70	187.16	143.34	141.18	144.39
For New Umtru							
1	Depreciation	29.39	29.40	29.42	25.66	25.69	25.71
2	Interest on Loan	24.62	20.21	15.74	20.54	16.11	11.69
3	Return on Equity	25.43	25.44	25.45	23.84	24.62	24.63
4	Operation and Maintenance	20.8	22.0	23.3	17.14	18.13	19.17
5	Interest on Working Capital	3.31	3.28	3.24	2.77	2.74	2.70
6	Gross ARR	103.56	100.33	97.11	89.95	87.29	83.90
7	Non-Tariff Income	0	0	0	0	0	0
8	Net ARR	103.56	100.33	97.11	89.95	87.29	83.90
For Lakroh							
1	Depreciation	1.07	1.12	1.15	0.49	0.53	0.56
2	Interest on Loan	1.39	1.38	1.25	0.36	0.37	0.36
3	Return on Equity	0.91	0.95	0.97	0.46	0.49	0.52
4	Operation and Maintenance	0.7	0.7	0.8	0.63	0.66	0.70
5	Interest on Working Capital	0.13	0.13	0.13	0.07	0.07	0.08
6	Gross ARR	4.18	4.29	4.25	2.01	2.12	2.22
7	Non-Tariff Income	0	0	0	0	0	0
8	Net ARR	4.18	4.29	4.25	2.01	2.12	2.22
For MePGCL Old Projects Including Sonapani							
1	Depreciation	15.06	15.06	28.24	0	0	0
2	Interest on Loan	9.33	9.09	25.98	1.17	3.19	4.77
3	Return on Equity	12.54	12.54	23.51	0	0	0
4	Operation and Maintenance	123.80	130.90	138.40	42.09	44.50	47.04
5	Interest on Working Capital	8.82	9.26	10.78	2.28	2.48	2.69
6	SLDC	1.94	1.94	1.94	1.96	2.11	2.98
7	Gross ARR	171.51	178.80	228.84	47.50	52.28	57.48
8	Less: Non Tariff Income	4.90	5.15	5.41	14.33	14.33	14.33
9	Net ARR	176.41	183.95	234.24	33.17	37.95	43.15
Grand Total ARR							
1	MLHEP	190.60	190.70	187.16	143.34	141.18	144.39
2	New Umtru	103.56	100.33	97.11	89.95	87.29	83.90
3	Lahroh	4.18	4.29	4.25	2.01	2.12	2.22
4	MePGCL	176.41	183.95	234.24	33.17	37.95	43.15
	Net Total ARR	474.75	479.27	522.76	268.47	268.54	273.66

Commission approves ARR at Rs.268.47 Crore, Rs.268.54 Crore and Rs.273.66 Crore for 4th MYT control period FY 2024-25, FY 2025-26 and FY 2026-27 respectively.

Commission considering the ARR for the FY 2024-25 has computed the Revenue Gap including the True up Gap for FY 2022-23 for determination of Generation Tariff for FY 2024-25 as detailed below.

6.6 Revenue Gap/Surplus for FY 2024-25

Table 6.82 : Revenue Gap/Surplus for FY 2024-25

(Rs.Cr)

Project Name	MLHEP	NUHEP	Lakroh	MePGCL Old Projects	Total
Net ARR for FY 2024-25	143.34	89.95	2.01	33.17	268.47
Add: Approved Gap in FY 2021-22	72.19	54.42	1.15	-0.90	126.86
Add: Revenue Gap/Surplus for FY 2022-23	(-) 69.33	207.48	2.93	(-)176.40	(-)35.32
Total	146.2	351.85	6.09	(-)144.13	360.01

The generation Tariff and Annual fixed charges for FY 2024-25 are computed in the subsequent chapter.

7. Determination of Annual Fixed Charges for FY 2024-25 for MePGCL

Annual Fixed charges for the FY 2024-25 for MePGCL Old Projects including Sonapani, MLHEP, New Umtru and Lakroh Projects

As per Regulation 57

“57 Computation Annual Fixed charges and Energy charge for Hydro generating stations.

57.1 Capacity Charges:

(1) The fixed cost of a hydro generating station shall be computed on annual basis, based on norms specified under these regulations, and recovered on monthly basis under capacity charge (inclusive of incentive) and energy charge, which shall be payable by the beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station, that is to say, in the capacity excluding the free power to the home State:

Provided that during the period between the date of commercial operation of the first unit of the generating station and the date of commercial operation of the generating station, the annual fixed cost shall provisionally be worked out based on the latest estimate of the completion cost for the generating station, for the purpose of determining the capacity charge and energy charge payment during such period.

(2) The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be

$$= AFC \times 0.5 \times NDM / NDY \times (PAFM / NAPAF) \text{ (in Rupees)}$$

Where,

AFC = Annual fixed cost specified for the year, in Rupees.

NAPAF= Normative plant availability factor in percentage

NDM = Number of days in the month

NDY = Number of days in the year

PAFM = Plant availability factor achieved during the month, in percentage

(3) The PAFM shall be computed in accordance with the following formula:

$$PAFM = 10000 \times \sum_{i=1} DC_i / \{ N \times IC \times (100 - AUX) \} \%$$

i=1

Where,

AUX = Normative auxiliary energy consumption in percentage

DC_i = Declared capacity (in ex-bus MW) for the ith day of the Month which the station can deliver for at least three (3) hours, as certified by the nodal load dispatch centre after the day is over.

IC = Installed capacity (in MW) of the complete generating station

N = Number of days in the month

57.2 Energy Charges:

- (1) The Energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary, excluding free energy, if any, during the calendar month, on ex power plant basis, at the computed energy charge rate. Total Energy charge payable to the generating company for a month shall be:

$$= (\text{Energy charge rate in Rs. / kWh}) \times \{\text{Scheduled energy (ex-bus) for the month in kWh}\} \times (100 - \text{FEHS}) / 100.$$

- (2) Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis, for a hydro generating station, shall be determined up to three decimal places based on the following formula, subject to the provisions of clause (4):

$$\text{ECR} = \text{AFC} \times 0.5 \times 10 / \{ \text{DE} \times (100 - \text{AUX}) \times (100 - \text{FEHS}) \}$$

Where,

DE = Annual design energy specified for the hydro generating station, In MWh, subject to the provision in clause (6) below.

FEHS = Free energy for home State as fixed from time to time, by competent authority.

- (3) In case actual total energy generated by a hydro generating station during a year is less than the design energy for reasons beyond the control of the generating company, the following treatment shall be applied on a rolling basis:

- (i) in case the energy shortfall occurs within ten years from the date of commercial operation of a generating station, the ECR for the year following the year of energy shortfall shall be computed based on the formula specified in clause (2) with the modification that the DE for the year shall be considered as equal to the actual energy generated during the year of the

shortfall, till the energy charge shortfall of the previous year has been made up, after which normal ECR shall be applicable;

(ii) in case the energy shortfall occurs after ten years from the date of commercial operation of a generating station, the following shall apply:

Suppose the specified annual design energy for the station is DE MWh, and the actual energy generated during the concerned (first) and the following (second) financial years is A1 and A2 MWh respectively, A1 being less than DE. Then, the design energy to be considered in the formula in clause (5) of this Regulation for calculating the ECR for the third financial year shall be moderated as $(A1 + A2 - DE)$ MWh, subject to a maximum of DE MWh and a minimum of A1 MWh.

(iii) Actual energy generated (e.g. A1, A2) shall be arrived at by multiplying the net metered energy sent out from the station by $100 / (100 - AUX)$.

(4) In case the energy charge rate (ECR) for a hydro generating station, as computed in sub clause (2) above, exceeds eighty paise per kWh, and the actual saleable energy in a year exceeds $\{ DE \times (100 - AUX) \times (100 - FEHS) / 10000\}$ MWh, the Energy charge for the energy in excess of the above shall be billed at eighty paise per kWh only:

Provided that in a year following a year in which total energy generated was less than the design energy for reasons beyond the control of the generating company, the energy charge rate shall be reduced to eighty paise per kWh after the energy charge shortfall of the previous year has been made up.

(5) The concerned Load Despatch Centre shall finalize the schedules for the hydro generating stations, in consultation with the beneficiaries, for optimal utilization of all the energy declared to be available, which shall be scheduled for all beneficiaries in proportion to their respective allocations in the generating station.

Table 7.1: Project wise Annual Fixed Charges and Energy charges for MePGCL for FY 2024-25

Sl. No	Name of the Power Station	Filed by MePGCL						Approved by the Commission					
		Installed Capacity (MW)	Design Generation (MU) as approved in Business Pan	Net Generation (MU) as approved in Business plan	Annual Fixed Charge (Rs. Cr)	Capacity Charge (Rs. Cr)	Energy Charge (Rs/Unit)	Installed Capacity (MW)	Design Generation (MU) as approved in Business Pan	Net Generation (MU) as approved in Business plan	Annual Fixed Charges (AFC)	50% Capacity Charge (Rs. Cr)	Energy Charge (Rs/Unit)
		1	2	3	4	5	6	7	8	9	10	11	12=(10/8)
1	Umiam I	36	116	114.61	32.18	16.09	1.38	36	116	114.61	37.57	18.78	3.24/kWh
2	Umiam II	20	46	45.45	12.76	6.38	1.38	20	46	45.45	20.87	10.44	4.54/kWh
3	Umiam III	60	139	137.33	38.56	19.28	1.38	60	139	137.33	62.61	31.31	4.50/kWh
4	Umiam IV	60	207	203.90	54.43	28.71	1.38	60	207	203.90	62.61	31.31	3.02/kWh
5	Sonapani (Mini Hydel)	1.5	5	4.94	1.38	0.39	1.38	1.5	5	4.94	1.57	0.78	3.13/kWh
	Sub-Total	177.20	513	506.23	142.32	70.85		177.5	513	506.23	185.22	92.61	3.61/kWh
6	MLHEP	126	486	478.71	342.75	171.37	3.57	126	486	478.71	131.48	65.74	2.71/kWh
7	NUHEP	40	235	231.48	298.88	149.44	6.45	40	235	231.48	41.74	20.87	1.78/kWh
8	Lakroh MHP	1.5	11.01	10.87	6.47	3.23	2.98	1.5	11.01	10.87	1.57	0.78	1.42/kWh
9	Umtru power	11.2	-	0.00	-	-	-	-		0.00	-		
	Total	356.20	1245.01	1227.29*	790.42	395.21		345	1245.01	1227.29	360.01	180.01	2.89/kWh

Table 7.2: Project wise Annual Fixed Charges and Energy charges for FY 2024-25

Sl. No	Name of the Plant	Installed Capacity (MW)	Designed Energy (MU)	Net Energy (MU)	AFC Allocation (Rs. Cr)	50 % as capacity charges (Rs. Cr)	Average Tariff Rs. Ps/kWh
1	Umiam Stage I	36	116	114.61	37.57	18.78	3.24/kWh
2	Umiam Stage II	20	46	45.45	20.87	10.44	4.54/kWh
3	Umiam Stage III	60	139	137.33	62.61	31.31	4.50/kWh
4	Umiam Stage IV	60	207	203.90	62.61	31.31	3.02/kWh
5	Sonapani	1.5	5	4.94	1.57	0.78	3.13/kWh
6	Total Old Stations	177.5	513	506.23	185.22	92.61	3.61/kWh
7	MLHEP	126	486	478.71	131.48	65.74	2.71/kWh
8	New Umtru	40	235	231.48	41.74	20.87	1.78/kWh
9	Lakroh	1.5	11.01	10.87	1.57	0.78	1.42/kWh
10	Total	345	1245.01	1227.29	360.01	180.01	2.89/kWh

- (i) MePGCL shall claim 50 % of the annual fixed charges in 12 monthly installments from the beneficiary MePDCL.
- (ii) Energy charges shall be claimed for actual generation during the month as per Average tariff in the above table.

8. Directives

8.1 Earlier Directives

1) Assets Records and Project wise Breakup

Commission had called for the asset wise breakup for the Capital cost of Umiam stage IV being considered in the Tariff orders from FY 2013-14 at Rs.38.60 Crore.

Status:

The Umiam-Umtru Stage-IV HEP was commissioned in the year 1992 and due to non-availability of the assets details, the project cost of Umiam-Umtru Stage-IV HEP has been based on the projected cost as per DPR as on March, 1979 at Rs. 38.79 Crore, which is much lower than the actual completions cost of the project. MePGCL, erstwhile MeSEB commissioned the project way back in 1992 but was not in position to immediately work out on the completion cost of the project as it has taken sometime to digout all the records on the expenditures made for the project. Finally, after all records have been dugout, the work out on the detail assets for Umiam-Umtru Stage-IV HEP was completed and finalized at Rs. 133.87 crore as on 31.03.2022. The details of assets have been worked out as per available records and based on the historical value of Gross Fixed Assets on commissioning along with the additional capital expenditure.

Commission's Views

Whereas the petitioner MePGCL has projected project cost of Umiam Stage IV finalized at Rs.133.87 Crore as on 31.03.2022 in their letter no.MePGCL/D/GEN/Misc-43/2008/Pt-XX/118 dated 04th August 2023.

Commission in view of the unmatched project cost direct the utility to furnish the document of approved project cost by the Commission for Rs.133.87 Crore along with the copy of the sanctioned working estimate.

Commission had in the letter dated 07th June 2023 called for the copy of approved project cost which is still awaited.

The petitioner would be depriving ARR provisions in the Tariff Order as long as the information called for by the Commission is not made available.

MePGCL shall appreciate the necessity of the prime record and arrange to furnish the required information so as to validate the project cost in the ARR for FY 2024-25.

2) Regulatory Accounts

MePGCL shall maintain and file Regulatory accounts along with Tariff Petition and for True up petition as mandated in Regulation 4.2 (c) of MYT Regulations 2014.

Status:

MePGCL has submitted the formats for proposed Regulatory Accounts on 24.11.2023 and sought for approval of the commission.

Commission's View:

Commission had already communicated the approval separately for the same.

RECORD NOTE OF THE STATE ADVISORY COMMITTEE MEETING HELD ON 16.04.2024 at

State Convention Centre, Shillong.

Time: 13:00 Hours

Members Present in the Meeting

- 1 **Shri. P W Ingty, IAS (Retd.)**
Chairman, Meghalaya State Electricity Regulatory Commission, Shillong.
- 2 **Shri. R. K. Soni, Retd. District & Session Judge**
Member Law, Meghalaya State Electricity Regulatory Commission, Shillong.
- 3 **Shri. Pravin Bakshi, IAS,**
Commissioner & Secretary Food Civil Supplies and Consumer Affairs,
Government of Meghalaya.
- 4 **Shri. Shyam Sunder Agarwal**
CMD (Pioneer Carbide Pvt. Ltd.)
- 5 **Shri. Godwin Lambok Fancon**
Chief Engineer, PHED, Government of Meghalaya, Lower Lachumiere,
Shillong.
- 6 **Dr. Venessa Kharmawphlang**
'Vane Villa', Lumbasuk, Upper Nongthymmai, Shillong 793014.
- 7 **Shri. O.R. Challam, (Rtd. Professor, Kiang Nongbah Government College),**
Panaliar, Jowai-793150, West Jaintia Hills District, Meghalaya.
- 8 **Shri. Eswoll Slong**
Secretary MSERC, Convenor

Special invitees

1. Shri. Timothy Passah, Chairman CGRF Shillong.
2. Shri. Balnang M. Sangma, Chairman CGRF Tura.
3. Shri. P. Sahkhar, Director MePDCL.
4. Shri. R. Majaw, Director MePGCL.
5. Shri. J. Hynniewta, Director MePTCL.

Minutes

Calling the 26th Meeting of the State Advisory Committee (SAC) to order, the Chairman welcomed all the members of Advisory Committee and the special invitees.

The meeting commenced with a power point presentation from Distribution Company on the True up of FY 2022-23 and MYT for Fourth Control Period FY 2024-27 and Tariff for FY 2024-25.

The Chairman invited suggestions from the participants on the proposal of MePDCL and any other issues. Members of the SAC raised the following issues:

1. Dr. Vanessa Kharmawphlang

- i. The Member sought clarification with regards to the standalone gap claimed for the true up of FY 2022-23 which amounts to Rs. 334.70 Cr. The same has been clarified by MePDCL. Further, with regards to the uniform tariff hike across all categories of consumers as proposed by the utility, there is always a complaint from the public side that there is a lot of variation. Therefore, the questions that lies is, from the existing tariff how much will be an increased in percentage or in real term in order to be able to bring about the uniform hike in the tariff across all categories.
- ii. Secondly, there is always a complaint from the consumer end that when the tariff is being increased the consumers are not made aware.

2. Shri. O.R. Challam.

- i. The Member observed that the DISCOM has prayed for allowing uniform hike in tariff across all categories. In view of this, the member wanted to know about the different tariff which has been imposed to the consumers in the last 52 years, in particular the domestic, commercial and industries. It was also added that the domestic consumers are paying more tariff in comparison to the other states. Hence, it was suggested that these matters needs to be look upon while deciding the tariff.
- ii. Power Theft: The member suggested that a direction be given to MeECL to look into this matter as this is a prolonged issue especially in coal mine areas. Further, it was suggested that MeECL may request the headman of the Dorbar Shnong to

educate the consumers about the impact of power theft. Moreover, the Commission may write to the Government to provide host to MeECL with regards to power theft.

- iii. Collection Efficiency: The member also pointed out that the collection efficiency in Garo Hills is very less in comparison to other districts. Therefore, it is recommended that MePDCL (Meghalaya Power Distribution Corporation Limited) may engage more personnel to visit the field in order to solve this issue. The member concluded by stating that the transparency and efficiency should not only be from the utility but also from the industries and the consumers.

3. Shri. Shyam Sunder Agarwal, CMD (Pioneer Carbide Pvt. Ltd.).

- i. The member sought clarification on the computation of T&D and AT&C losses. The same has been clarified by MePDCL. Further, it was suggested that MePDCL should notify in the newspaper the area wise losses to make the public aware so that they can come forward to stop the losses. Moreover, MePDCL is engaged in installation of check meters and Supervisory Control and Data Acquisition (SCADA) System for all the industrial consumers. Hence, it is suggested that the same should be implemented to all the big consumers in the state with check meter so that they can identify the losses in the state. In order to regulate T&D losses it is suggested that for consumers below 50kW MePDCL should install prepaid meters.
- ii. Secondly, the actual ARR for FY 2022-23 is almost 58% increased from the approved. Hence, if year on year this gap is increased it will be a burden to the genuine consumers who pay revenue regularly and at the right time to MEPCDCL.
- iii. Thirdly, MePDCL is engaged in Swapping/ banking/ Open Access and long term or short term PPA and power sale arrangements. It is advised that MePDCL should file a petition before the Honorable Commission after obtaining online competitive bidding for banking/ swapping, power purchase and power sale arrangements in a transparent manner and implement after Hon'ble Commission's approval. Also the Renewable power obligation and any other Renewable Energy procurement should either be procured through competitive bidding and approval of the Appropriate Commission.

- iv. Fourthly, the Commission may kindly instruct MePDCL to supply Power to its consumers according to the Business plan 2024-2027 and MYT 2024-27 submitted and approved for all categories of consumers till the energy available is equal to or more than the intrastate Demand.
- v. There is a continuous load shedding during the year 2023-24 including rainy season on daily basis. Hence, the same should not be repeated during the tariff year 2024-25. The MePDCL should be advised to file a petition and seek permission of the honorable Commission for need of load shedding with reasons. The Honorable Commission may make prudent check the reasons for load shedding in violation of category wise sales figure quoted in their tariff petition for financial year 2024-25. It is also advised that there should be a planned load shedding with reasons and should be notified at least 15 days in advance except for urgent needs due to system breakdowns.
- vi. The MePDCL should be allowed to sell the surplus power not below the approved rates by this Hon'ble Commission or should offer to state industrial consumers if not able to sell at approved rates.
- vii. MePDCL may also offer rebate to bulk consumers which will encourage the consumer to increase their load factor and this will reduce the T&D loss.

4. Mr. Pravin Bakshi, IAS, Commissioner & Secretary Food, Civil Supplies and Consumers Affairs, Government of Meghalaya.

The Member expressed from the consumers affairs point of view that it is heartening to see that because of some good central Government scheme like NERSIP which supports the transmission lines of the state and the network parent and RDSS scheme which is a revamped scheme, there have been a significant progress in reduction of T&D losses. This can be seen from the figure that it is broadly matching with the trajectory which has been fixed under RDSS over the period of 5(five) years and it is good sign which means that the DISCOM is working hard to cut down the T&D losses which are the core problem which they faced and in turn the consumer also faced. Further, it was observed that the T&D losses is 12.83% and AT&C losses is 18.25% so there is a scope to bring it down further by improving the collection efficiency. As suggested by other esteemed members the circle wise and region wise

T&D losses and collection efficiency are different hence, the same should be brought to public domain. Moreover, as it is known that in Garo Hills the billing and collection efficiency is always a challenge therefore, MePDCL should come up with various means to improve it.

Secondly, the ways and means which are goal standard all over the country needs to be further facilitated like the DISCOM has the billing app this should be more user friendly so that payments can be made on time. Further, by installing prepaid meters they will be able to cut down the problems of billing, disconnection, not receiving bills on time, pending payments etc.

With regards to big defaulters DISCOM should try their best with the support of LAW Department and law officer to be able to realize the defaulting bills of these very big players.

Thirdly, whether an initiative have been taken or not for providing free power for the first few units of BPL consumers provided it is paid by the government in the form of grant.

Lastly, regarding load shedding MePDCL should intimate to the consumers on time through bulk sms so that it will not affect the genuine consumers. The member concludes that with this RDSS scheme the DISCOM will be able to solve the issue as raised by the stakeholders and the members of the Committee.

Special invitees:

5. Chairman CGRF, Shillong.

The Chairman CGRF, Shillong Shri. Timothy Passah has raised few issues

- i. It was observed that the total amount pending due to litigations matters is Rs. 161.77 Cr which is quite substantial. Hence, a clarification was sought regarding this amount and it was informed before the committee that this amounts relates to the pending case which is yet to be disposed of by the Hon'ble Commission.
- ii. Inspection and Vigilance: It was suggested that MePDCL should strengthen the vigilance team to solve the issue of power theft. Awareness should also be created involving the headman who plays an important role in the society.
- iii. Electric Vehicle Charging Station: An information was sought with regards to the number of charging station available in the state as there are many EV coming up

and if the same is not available it will affect the other consumers if they charge from their domestic.

6. Chairman CGRF, Tura.

The Chairman CGRF Tura Shri. Balnang. M. Sangma, brief about the issues faced by the Consumers in Garo Hills.

- i. Installation of smart meter: There is a delay in initial billing for 3 to 4 months which is a burden to the poor consumers and some are not able to pay the bill as it is very huge. Further, there are some areas where the smart meter has been installed/ activated. However, due to shadow area it has been defunct and MePDCL should take note of this.
- ii. Charging of completed substation: There are some substations which have been completed 3(three) to 4(four) years back . Hence, it is suggested that the same should be look into.

7. Director, MePDCL.

Shri. P. Sahkhar, Director MePDCL, has clarified on the issues raised by members of the advisory and apprised the Committee that an inspection drive has been done related to power theft and a review meeting has also been conducted. Further, under RDSS scheme the conductor will be replaced with ABC cable (covered conductor) in the theft prone area. It is expected that with the support of the Government and the public at large this issue can be curtailed.

Secondly, with regards to the new tariff imposed a pamphlet has been served to the consumers. It was also added that MePDCL has a web based where the consumers can registered themselves along with their mobile number in order to get the details of bills etc in advanced. However, most of the consumers are not aware of this.

Lastly, MePDCL informed that had there not been any litigation for specific category of consumers the AT&C loss would have reduced by then.It is assured that under this RDSS scheme the issues raised will be solved and MePDCL is trying their best to improve the system.

8. Director, MePTCL.

Shri. J. Hynniewta, Director MePTCL, apprised the Committee that the 220 kV Killing-Mawphlang line substation has been commissioned and the industries are able to

draw open access power through this Inter State. However, there are cases where the industries overdraw power and it is affecting the grid. Hence, it is requested to the industries not to over draw, even though this is cover under DSM regulation. The open access consumers may communicate to SLDC to stabilize the grid.

The Member, Law MSERC conveyed thanks to the members/participants for their views and suggestions and declared State Advisory committee meeting concluded.

Sd/-
Secretary
MSERC

Annexure-II

**List of Participants in the Public Hearing on Generation Petition for True up of FY 2022-23
filed by MePGCL**

Date: 18.03.2024 | Venue: State Convention Centre, Shillong| Time: 10:00 Hours

Present :

1. Mr. P. W, Ingty, IAS (Retd), Chairman, MSERC.
2. Mr. R.K Soni, District Judge (Retd), Member, Law, MSERC.
3. Mr. E. Slong, Secretary, MSERC.

MeECL

1. Shri. Sanjay Goyal, IAS, CMD MeECL
2. Shri. G.A. Dkhar, Law Officer, MeECL

MePGCL

1. Shri. R. Majaw, Director, MePGCL
2. Shri. K. Thangkhiew, ACE, MePGCL
3. Shri. M. Lyngdoh, SE (PRM), MePGCL
4. Smti. B. Lyngdoh Mawphlang, AEE (Civil), MePGCL
5. Shri. B. Wahlang, CE (C), MePGCL
6. Shri. R. Laloo, Dy.C.A.O, MePGCL
7. Shri. B.K. Nongkhaw, A.O, MePGCL
8. Shri. Aibanjop Myllemngap, A.O, MePGCL
9. Shri. T.K. Baghal, DGM, MePGCL
10. Shri. G.S. Mukharjee, Company Secretary, MePGCL,
11. Shri. Syed Saif Abbas, Consultant, Mercodas EMI

Meghalaya Pensioners Association (MPA)

1. Shri. Elias Lyngdoh, MPA

Byrnihat Industries Association (BIA)

1. Shri. P.K. Mishra, Member, Maithan Alloys Ltd., BIA
2. Smt. Mandakini Ghosh, Advocate, BIA
3. Shri. Ghamrham Thakkar, Director, Energy Optima, on behalf of BIA
4. Shri. Rohan Singh, Law Officer, BIA

Others

1. Shri. Palaniappan M, Director, ABPS Infra, on behalf of JHCMA
2. Shri. Krishna Raj Shail, AGM-Energy Regulations, GVIL, Represented JHCMA
3. Shri. R.K. Bharadwaj, AGM Commercial, Green Valley industries Ltd.
4. Shri. Pankaj Jha, DGM-EGI, Green Valley industries Ltd.

**List of Participants in the Public Hearing on Generation Petition for FY 2024-25 filed by
MePGCL**

Date: 18.03.2024 | Venue: State Convention Centre, Shillong| Time: 13:00 Hours

Present :

1. Mr. P. W, Ingty, IAS (Retd), Chairman, MSERC.
2. Mr. R.K Soni, District Judge (Retd), Member, MSERC.
3. Mr. E. Slong, Secretary, MSERC.

MeECL

1. Shri. Sanjay Goyal, IAS, CMD MeECL
2. Shri. G.A. Dkhar, Law Officer, MeECL

MePGCL

1. Shri. R. Majaw, Director Generation, MePGCL
2. Shri. T.K. Baghal, DGM, MePGCL
3. Shri. G.S. Mukarjee, Company Secretary, MePGCL,
4. Shri. Aibanjop Myllemngap, A.O, MePGCL
5. Shri. R. Laloo, Dy.C.A.O, MePGCL
6. Shri. B.K. Nongkhaw, A.O, MePGCL
7. Shri. M. Lyngdoh, SE (PRM), MePGCL
8. Smti. B. Lyngdoh Mawphlang, AEE (Civil), MePGCL
9. Shri. B. Wahlang, CE (C), MePGCL

Meghalaya Pensioners Association (MPA)

1. Shri. M. Kharkongor, President, MPA
2. Shri. R. Diengdoh, Secretary, MeECL Pensioners Association
3. Shri. H. Nongkhaw, Ex. Member, MeECL Pensioners Association.

Byrnihat Industries Association (BIA)

1. Shri. P.K. Mishra, Member, Maithan Alloys Ltd., BIA
2. Smt. Mandakini Ghosh, Advocate, BIA
3. Shri. Ghamrham Thakar, Director, Energy Optimum, on behalf of BIA
4. Shri. Rohan Singh, Law Officer, BIA

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1. Shri. Palaniappan M, Director, ABPS Infra, on behalf of JHCMA
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