



**MEGHALAYA STATE ELECTRICITY REGULATORY  
COMMISSION SHILLONG**

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Lower, Lachumiere, Shillong, Meghalaya 793001

**Order on Case No. 10 of 2025**

**Petition of the Meghalaya Power Transmission Corporation Ltd for approval of  
Revised Aggregate Revenue Requirement for Transmission and SLDC Business and  
Determination of Tariff of MePTCL for FY 2026-27**

**Coram**

**Shri. Chandan Kumar Mondol, Chairman**

**Petitioner:**

**Meghalaya Power Transmission Corporation Ltd. (MePTCL)**

Lum Jingshai, Short Round Road,  
Shillong – 793 001

**Order**

**(Dated: 25.03.2026)**

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

This Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act (EA), 2003 and all other powers enabling it in this behalf, and after taking into consideration the submissions made by MePTCL, suggestions/objections received from the stakeholders upon public consultation process, and upon considering all other relevant material herein, has already issued Order for the ARR of Transmission Business and SLDC Business for FY 2026-27 dated 24.10.2024.

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

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

The Petitioner herein being MePTCL, has filed a Petition for Truing up of Transmission & SLDC Business for FY 2024-25 & Revised Aggregate Revenue Requirement for Transmission and SLDC Business and the Transmission Tariff for FY 2026-27 on 28.11.2025.

This Commission had admitted the Petition on 10.12.2025, with a direction to MePTCL that an abstract of the Petition should be published in two consecutive issues in local dailies in Khasi, Jaintia, Garo and English. The Petition was registered as under:

- MSERC Case No. 10 of 2025: Revised Aggregate Revenue Requirement for Transmission and SLDC Business and the Transmission Tariff for FY 2026-27

The Commission, taking into consideration of the business plan for 4<sup>th</sup> MYT control period for FY 2024-25 to FY 2026-27 and the facts presented by the MePTCL in its petition and subsequent additional data, the suggestions/objections received from stakeholders, consumer organizations, general public and the views of State Advisory Committee and response of the MePTCL to those suggestions/objections, approves Revised ARR for FY 2026-27 and Transmission Tariff and Open access charges for FY 2026-27 as per the MSERC MYT Regulations 2014.

This Commission also notifies that the impact of true up gap/ surplus is appropriately addressed in this Tariff Order.

Sd/-

**Chandan Kumar Mondol,  
Chairman**

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## **1. Background and Brief History**

### **1.1. Background**

- 1.1.1. The power transmission in the state of Meghalaya is carried out by Meghalaya Power Transmission Corporation Limited (MePTCL), a wholly owned subsidiary of Meghalaya Energy Corporation Limited (MeECL).
- 1.1.2. The Power Supply Industry in the state of Meghalaya has been under the governance of erstwhile Meghalaya State Electricity board (MeSEB) since 21<sup>st</sup> January 1975. The Government of Meghalaya has notified the Power Sector Reforms Transfer Scheme 2010, leading to restructuring, and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities. After notification of amendment to the Power Sector Reforms Transfer Scheme by the State Government on 1<sup>st</sup> April 2012, the un-bundling of MeECL into MePDCL, MePGCL and MePTCL came into effect.
- 1.1.3. Accordingly, Meghalaya Power Transmission Corporation Limited (MePTCL) (*herein referred to as "Petitioner"*) has started functioning as a segregated commercial operation utility independently for power transmission in the state of Meghalaya with effect from 1<sup>st</sup> April 2013.
- 1.1.4. The MSERC (*herein referred as "Commission"*) is an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, which was superseded by Electricity Act (EA), 2003. The Commission is vested with the authority of regulating the power sector in the State inter alia including determination of tariff for electricity consumers.

### **1.2. Facts about this Case**

- 1.2.1. The Petitioner, in compliance with the Regulation 11.2 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 along with its subsequent amendments has filed the Petition for True Up of Transmission and SLDC Business for FY 2024-25 and Approval of Revised Aggregate Revenue Requirement for Transmission and SLDC Business and Transmission Tariff for FY 2026-27 dated 28.11.2025.
- 1.2.2. This Commission dated 10.12.2025 had admitted the Petition directing MePTCL to publish abstract of the Petition in two consecutive issues in local dailies in Khasi, Jaintia, Garo and English.
- 1.2.3. Subsequently on 16.12.2025 and 17.12.2025 abstract of the Petition were published in The Shillong Times- English Edition, Mawphor Khasi Edition, Salantini Achik Edition and Yutip Jaintia Edition inviting

objections/suggestions from stakeholders within 30 (thirty) days from the date of publication.

- 1.2.4. Commission vide Notification dated 15.01.2026, had extended the last date for submission of objections/suggestions and comments by the stakeholders up to 30.01.2026.
- 1.2.5. This Commission on 11.02.2026 and 12.02.2026 published notices for Public Hearing in the daily locals viz Shillong Times, Shillong & Tura Edition, and Nongsain Hima.
- 1.2.6. The Additional Information and Additional Submission of the Petitioner, Objections and Suggestions of the Stakeholders and Replies of MePTCL thereof, have been uploaded on the website of the Commission.
- 1.2.7. On 09.03.2026, in compliance of the due Regulatory procedures public hearing of the submitted Petition for Revised Aggregate Revenue Requirement for Transmission and SLDC Business and Transmission Tariff for FY 2026-27 dated 28.12.2025 was conducted including the Petitioner and the stakeholders.
- 1.2.8. The Commission observed that Green Valley Industries Limited submitted its Petition requesting the following:

*“Consider Granting waiver of Intra-State transmission charges and Losses for procurement of power from the captive Solar-Wind Hybrid renewable energy project for period of 25 year from date of Commissioning of the project, under Green Energy Open Access in line with Ministry of Power, Order on waiver of Inter-State Transmission System (ISTS) charges on the transmission of electricity generated from solar and wind sources of energy to all similarly placed consumers, including Designated Consumers and other obligated entities, who are statutorily required to meet renewable consumption obligations.”*

The Commission, however, observes that the said submission was filed beyond the stipulated cut-off date of 30.01.2026, and the issues raised therein do not form part of the present Tariff Proceedings. Accordingly, the Commission does not admit the said submission as part of this Tariff Order.

Nevertheless, adopting a facilitative approach, the Commission permitted Green Valley Industries Limited to present its proposal during the Public Hearing held on 09.03.2026. The Commission hereby directs Green Valley Industries Limited to file a separate Petition along with all supporting documents and detailed justification for consideration of the aforesaid proposal.

The Commission shall examine such Petition independently, subject to prudence check and in accordance with the applicable regulatory framework.

- 1.2.9. This Commission, during the process of evaluating the submitted Petition for Revised Aggregate Revenue Requirement for Transmission and SLDC Business and Transmission Tariff for FY 2026-27 dated 28.11.2025, had received objections/suggestions from Byrnihat Industries Association (BIA). The Petitioner has accordingly submitted its replies / responses to the issues raised by the stakeholders during the process which have been noted by this Commission.
- 1.2.10. This Commission has accordingly noted all replies / responses received from the Petitioner and the Stakeholders raised during the public consultation process. The Commission's analysis and ruling thereon are elaborated in the following sections.
- 1.2.11. Further, Regulation 3, 4 & 7 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 stipulates the following:

***"3 Scope of Regulation***

***3.1 The Commission shall determine tariff within the Multi-Year Tariff framework, for all matters for which the Commission has jurisdiction under the Act, including in the following cases:***

- i. Supply of electricity by a Generating Company to a Distribution Licensee:*

*Provided that where the Commission believes that a shortage of supply of electricity exists, it may fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a Generating Company and a Distribution Licensee or between distribution licensees, for a period not exceeding one year to ensure reasonable prices of electricity;*

- ii. Intra-State transmission of electricity and SLDC charges;*

- iii. Intra-State Wheeling of electricity;*

*.....*

***4 Multi-Year Tariff framework***

***4.1 The Commission shall determine the tariff for matters covered under clauses (i), (ii), (iii) and (iv) of regulation 3 above under Multi- Year Tariff framework with effect from April 01, 2015.***

*Provided that the Commission may, either on suo-moto basis or upon application made to it by an applicant, exempt the determination of tariff of a Generating Company or Transmission Licensee or Distribution Licensee under the Multi-Year Tariff framework for such period as may be contained in the Order granting such an exemption.*

**4.2 The Multi-Year Tariff framework shall be based on the following elements, for determination of Aggregate Revenue Requirement and expected revenue from tariff and charges for Generating Company, Transmission Licensee, and Distribution Business:**

.....

**7. Applicability**

**7.1 The Multi-Year Tariff framework shall apply to applications made for determination of tariff for a Generating Company, Transmission Licensee, and Distribution Licensee for Distribution Business.**

.....”

**<Emphasis Added>**

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

## 2. Revised Aggregate Revenue Requirement (ARR) of Transmission Business for FY 2026-27

### 2.1. Capital Expenditure and Capitalization of Transmission Business

#### Petitioner's Submission

- 2.1.1. The Petitioner has submitted that the closing Gross Fixed Assets (GFA) as on 31.03.2025 has been considered as the opening GFA for FY 2025-26 and subsequent capitalization for FY 2025-26 has been considered in accordance with the approved Business Plan for the Fourth Control Period (FY 2024-25 to FY 2026-27).
- 2.1.2. The petitioner further submitted that they have revised only the opening GFA for FY 2025-26 based on the actual capitalization and grants capitalized during FY 2024-25, as claimed under the True-Up for FY 2024-25.
- 2.1.3. The movement of GFA during the control period is tabulated below:

**Table 1: Claimed Gross Fixed Assets of Transmission Business for FY 2026-27**

Particulars	Claimed in True Up 2024-25	Estimated 2025-26	Revised Claim 2026-27
Opening GFA	641.25	705.78	829.05
Additional Capitalization	65.19	123.27	999.71
Deletion	0.66	0	0
<b>Closing GFA</b>	<b>705.78</b>	<b>829.05</b>	<b>1828.76</b>
<b>Average GFA</b>	<b>673.52</b>	<b>767.42</b>	<b>1328.91</b>

- 2.1.4. The Petitioner has requested the Commission to allow the Gross Fixed Assets as computed above for FY 2026-27.

#### Commission's Analysis

- 2.1.5. The Commission observes that in response to the First Additional Information Requirement dated 06.01.2026, the Petitioner submitted that the addition to GFA for FY 2025-26 and FY 2026-27 has been claimed in accordance with the Business Plan for the Fourth Control Period approved by the Commission vide Order dated 16.11.2023 in Case No. 21 of 2023.
- 2.1.6. The Commission further notes that the Petitioner has submitted the details of the proposed additional capitalization in Excel format as claimed in the original Petition. However, as recorded in Table 12 of the Business Plan Order approved by the Commission dated 16.11.2023 in Case No. 21 of 2023, the Commission had observed that the Licensee had not projected the correct CAPEX/capitalization. The relevant para is as follows,

*“Licensee has not projected correct capex/capitalization breakup figures in the Annexure-I of para 5 of the petition. In the absence of the year wise*

capex/capitalization breakup, Commission considers the capital expenditure provisionally as shown below

Table 12: Details of Capital Expenditure approved for FY 2023-24 to FY2026-27

Sl. No.	Category	Capital Expenditure (in Rs. Crore)				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total as on 31.03.2027
1	Transmission Lines	72.74	57.60	93.27	820.75	1044.36
2	Substations	15.00	30.67	30.00	58.63	134.30
3	Other works	9.08	68.31	0.00	44.36	121.75
4	NERPSIP	733.68	0.00	0.00	0.00	733.68
<b>Total Asset Addition</b>		<b>830.50</b>	<b>156.58</b>	<b>123.27</b>	<b>923.74</b>	<b>2034.09</b>

The above breakup shall be subject to correction after filing of the True up petition for each year of the control period”.

- 2.1.7. In view of the above, the Commission considers the additional capitalization for FY 2025-26 and FY 2026-27 in line with the capitalization approved in the Business Plan Order dated 16.11.2023 under table 12. Accordingly, the movement of GFA for FY 2026-27 has been considered as shown in the table below.

Table 2: Approved Gross Fixed Assets of Transmission Business for FY 2026-27

Particulars	(in Rs. Crs)		
	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026-27
Opening GFA	641.25	705.78	829.05
Additions	65.19	123.27	923.74
Retirements	0.66	0.00	0.00
<b>Closing GFA</b>	705.78	829.05	1752.79
<b>Average GFA</b>	<b>673.52</b>	<b>767.42</b>	<b>1290.92</b>

- 2.1.8. **The Commission accordingly approves Average GFA of Rs. 1290.92 Crores for MePTCL for FY 2026-27.**

## 2.2. Grant Adjustment and Funding Pattern of Transmission Business

### Petitioner’s Submission

- 2.2.1. Petitioner considered the movement of the grants for revision of ARR for FY 2026-27 in line with approved methodology adopted by this Commission for FY 2022-23, FY 2023-24 and for ARR of Fourth Control Period.
- 2.2.2. The movement of Grant during the control period, as per Petitioner’s revised claim on 13.03.2026, is tabulated below:

**Table 3: Claimed Movement of Grants and Loan and Equity of Transmission Business for FY 2026-27***(in Rs. Crs)*

<b>Particulars</b>	<b>Claimed in True Up 2024-25</b>	<b>Estimated 2025-26</b>	<b>Revised Claim 2026-27</b>
Opening GFA	641.25	705.78	829.05
Addition	65.19	123.27	999.71
Deletion	0.66	0	0
Closing GFA	705.78	829.05	1828.76
<b>Average GFA</b>	<b>673.52</b>	<b>767.42</b>	<b>1328.91</b>
Opening Grant	220.42	285.03	403.00
Add Cap Funded Through Grant	64.61	117.97	999.71
Closing Grants	285.03	403.00	1402.71
<b>Average Grants</b>	<b>252.73</b>	<b>344.02</b>	<b>902.86</b>
Addition of Fresh Loan	0.40	3.71	0
Addition of Fresh Equity	0.17	1.59	0

2.2.3. The Petitioner requests the Commission to approve the capital structure as above.

#### **Commission's Analysis**

- 2.2.4. The Commission, vide First Additional Information Requirement dated 06.01.2026, sought clarification regarding the methodology adopted for projecting the funding pattern through grants for FY 2025-26 and FY 2026-27. In response, the Petitioner submitted that the funding pattern for the proposed additional capitalization has been considered in accordance with the Business Plan for the Fourth Control Period approved by the Commission.
- 2.2.5. The Commission has examined the submissions of the Petitioner and observed the Petitioner has proposed the Additional Capitalization entirely through grant for FY 2026-27. Hence, the Commission has considered the same pattern while approving funding pattern for FY 2026-27. Accordingly, the Commission allows "Additional capitalization funded through grant" is Rs 923.74 Cr for FY 2026-27, based on the approved Additional Capitalization as depicted in the earlier section.
- 2.2.6. As per the extant MSERC MYT Tariff Regulations 2014, any grant obtained for execution of the project shall not be considered for the purpose of computation of the capital structure for calculation of Debt & Equity and thereafter Depreciation & Return on Equity.
- 2.2.7. The Commission has maintained the same approach for the revised ARR of FY 2026-27, as adopted during the True-up process for FY 2024-25. The opening grant for each individual project is considered as the closing grant determined in the previous year, ensuring that it does not exceed the closing Gross Fixed Assets (GFA) approved. The capitalization of additional grants for

the year has been considered to be equivalent to what has been submitted by Petitioner, with a key stipulation that net depreciation, post adjustment of yearly grant amortization, remains non-negative. The closing value of capitalized grants for the commissioned asset is derived by summing the opening grant and the additional capitalization executed through grants. Any balance of additional capitalization after grant adjustment is apportioned between debt and equity in a 70:30 ratio, as per regulatory norms

- 2.2.8. Considering the above principles, the approved grant adjustment and funding pattern for the purpose of tariff determination for FY 2026-27 is detailed in the table below.

**Table 4: Approved Grant adjustment and funding pattern of Transmission Business for the Control Period**

(in Rs. Crs)

Sl. No	Funding Pattern	FY 2024-25 (Approved in True-Up)	Estimated for FY 2025-26	Approved for FY 2026-27
1	Opening GFA	641.25	705.78	829.05
2	Addition of GFA	65.19	123.27	923.74
3	Deletion of GFA	0.66	0.00	0.00
4	Closing GFA	705.78	829.05	1752.79
<b>5</b>	<b>Average GFA</b>	<b>673.52</b>	<b>767.42</b>	<b>1290.92</b>
6	Opening Grant	219.42	284.03	402.00
7	Add-cap funded through grant	64.61	117.97	923.74
8	Closing Grant	284.03	402.00	1325.74
<b>9</b>	<b>Average Grant</b>	<b>251.73</b>	<b>343.02</b>	<b>863.87</b>
10	Addition of fresh loan for current year add-cap	0.00	3.71	0.00
11	Addition of fresh equity for current year add-cap	0.00	1.59	0.00

- 2.2.9. Accordingly, this Commission considers Rs. 863.87 Crores as the average grant for FY 2026-27.

### 2.3. Return on Equity of Transmission Business

#### Petitioner's Submission

- 2.3.1. The Petitioner has submitted that, based on the capital structure of GFA and grants as presented above, the equity component in the opening and closing GFA has been considered for the purpose of computation of Return on Equity (RoE).

2.3.2. The Return on Equity for FY 2026-27, as per Petitioner’s revised claim on 13.03.2026, is tabulated below:

**Table 5: Claimed Return on Equity of Transmission Business for FY2026-27**

*(in Rs. Crs)*

Sl. No.	Particulars	Claimed in True Up 2024-25	Estimated 2025-26	Revised Claim 2026-27
1	Opening GFA	641.25	705.78	829.05
2	Addition	65.19	123.27	999.71
3	Deletion	0.66	0.00	0.00
4	Closing GFA	705.78	829.05	1828.76
5	Average GFA	673.52	767.42	1328.91
6	Average Grants	250.39	344.02	902.86
7	Net Assets Non funded through Grants	423.13	423.40	426.05
8	Debt Component @70% of 7	296.19	296.38	298.23
9	Equity Component @30% of 7	<b>126.94</b>	<b>127.02</b>	<b>127.81</b>
10	Rate of Return on Equity	14%	14%	14%
<b>11</b>	<b>Return on Equity</b>	<b>17.77</b>	<b>17.78</b>	<b>17.89</b>

2.3.3. MePTCL requested Commission to approve the return on equity as computed above.

### Commission’s Analysis

2.3.4. The Commission notes that Regulation 27 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

***“27 Debt-Equity Ratio***

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

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

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

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

*.....”*

**<Emphasis added>**

2.3.5. Further, Regulation 31 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

“.....

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

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

.....”

**<Emphasis added>**

2.3.6. Considering the above regulatory provisions, the Commission has determined the Average GFA at Rs. 767.42 Crore and Rs. 1,290.92 Crore for FY 2025-26 and FY 2026-27, respectively. The Commission has computed the Return on Equity (RoE) in accordance with Regulation 31.1 of the MSERC (Multi Year Tariff) Regulations, 2014, after duly accounting for Government grants and contributions, as shown below:

**Table 6: Approved Return on Equity of MePTCL for FY 2026-27**

*(in Rs. Crs)*

Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	FY 2026-27
Opening GFA	641.25	705.78	829.05
Addition to GFA during the Year	65.19	123.27	923.74
Retirements of GFA during the Year	0.66	0.00	0.00
Closing GFA	705.78	829.05	1752.79
<b>Average GFA</b>	<b>673.52</b>	<b>767.42</b>	<b>1290.92</b>
Average Grants	251.73	343.02	863.87
Net Average Capital Assets (not funded through Grants)	421.79	424.40	427.05
Equity @30% of Capital Assets	126.54	127.32	128.11
Rate of Return on Equity	14%	14%	14%
<b>Return on Equity</b>	<b>17.72</b>	<b>17.82</b>	<b>17.94</b>

2.3.7. **Commission accordingly approves Return on Equity of Rs. 17.94 Crore for MePTCL for FY 2026-27.**

## 2.4. Depreciation of Transmission Business

### Petitioner's Submission

- 2.4.1. The Petitioner has submitted that the depreciation for FY 2025-26 has been projected based on the capitalization and movement of grants as approved in the Business Plan for the Fourth Control Period.
- 2.4.2. Further, the petitioner has submitted that the opening Gross Fixed Assets (GFA) for FY 2025-26 has been considered based on the actual closing GFA as on 31.03.2025, in accordance with the True-Up claim for FY 2024-25.
- 2.4.3. The detailed computation of depreciation for FY 2025-26 and FY 2026-27 are provided in the table below:

**Table 7: Claimed Computation of Depreciation of Transmission Business for FY 2025-26**

*(in Rs. Crs)*

Particular	Opening GFA 2026-27	Addition	Deletion	Closing GFA	Average GFA	90% of Average GFA	Rate of Depreciation	Depreciation During FY 2026-27
Land	12.14	-	-	12.14	12.14	10.93	0.00%	0.00
Buildings	18.17	-	-	18.17	18.17	16.35	3.34%	0.55
Plant and equipment	245.04	-	-	245.04	245.04	220.54	5.28%	11.64
Furniture and Fixtures	0.98	-	-	0.98	0.98	0.88	6.33%	0.06
Vehicles	0.31	-	-	0.31	0.31	0.28	9.50%	0.03
Office Equipments	0.61	-	-	0.61	0.61	0.55	6.33%	0.03
Hydraulic Works	0.09	-	-	0.09	0.09	0.08	5.28%	0.00
Other Civil Works	12.96	-	-	12.96	12.96	11.67	3.34%	0.39
Lines and Cable Works	415.48	123.27	-	538.75	477.11	429.40	5.28%	22.67
<b>Total</b>	<b>705.78</b>	<b>123.27</b>	<b>0.00</b>	<b>829.05</b>	<b>767.42</b>	<b>690.67</b>		<b>35.37</b>
<b>Rate of Depreciation</b>								<b>5.12%</b>
<b>90% of Average Grants</b>								<b>307.51</b>
<b>Depreciation on Grants</b>								<b>15.75</b>
<b>Net Depreciation</b>								<b>19.62</b>

**Table 8: Claimed Computation of Depreciation of Transmission Business for FY 2026-27**

*(in Rs. Crs)*

Particular	Opening GFA 2026-27	Addition	Deletion	Closing GFA	Average GFA	90% of Average GFA	Rate of Depreciation	Depreciation During FY 2026-27
Land	12.14	-	-	12.14	12.14	10.93	0.00%	0.00
Buildings	18.17	-	-	18.17	18.17	16.35	3.34%	0.55
Plant and equipment	245.04	-	-	245.04	245.04	220.54	5.28%	11.64
Furniture and Fixtures	0.98	-	-	0.98	0.98	0.88	6.33%	0.06
Vehicles	0.31	-	-	0.31	0.31	0.28	9.50%	0.03
Office Equipments	0.61	-	-	0.61	0.61	0.55	6.33%	0.03
Hydraulic Works	0.09	-	-	0.09	0.09	0.08	5.28%	0.00
Other Civil Works	12.96	-	-	12.96	12.96	11.67	3.34%	0.39

Particular	Opening GFA 2026-27	Addition	Deletion	Closing GFA	Average GFA	90% of Average GFA	Rate of Depreciation	Depreciation During FY 2026-27
Lines and Cable Works	538.75	999.71	-	1538.46	1038.60	934.74	5.28%	49.35
<b>Total</b>	<b>829.05</b>	<b>999.71</b>	<b>0.00</b>	<b>1828.76</b>	<b>1328.91</b>	<b>1196.01</b>		<b>62.06</b>
<b>Rate of Depreciation</b>								<b>5.19%</b>
90% of Average Grants								900.52
Depreciation on Grants								46.72
<b>Net Depreciation</b>								<b>15.33</b>

2.4.4. MePTCL requested Commission to approve the depreciation as computed above.

**Respondents’ submission in this regard**

2.4.5. The objector submitted that although MePTCL has claimed capitalization in line with the amount approved by the Commission in its Order dated 24.10.2024, the methodology adopted for computation of depreciation is not consistent with the approach followed by the Commission.

2.4.6. The objector contended that MePTCL has calculated depreciation on 90% of the total Gross Fixed Assets (GFA), including the value of land, which has resulted in lower depreciation.

2.4.7. The objector further submitted that while the Commission had earlier reduced depreciation by considering 90% of the grant for specific assets, MePTCL has considered the total average grant on GFA rather than 90% of the average grant, which has also resulted in lower depreciation.

**MePTCL’s Response to Respondent’s submissions**

2.4.8. The Petitioner submitted that the discrepancy occurred due to an inadvertent linking error in the computation sheet. The Petitioner further submitted that the error has since been rectified and the revised computation of depreciation has already been submitted before the Commission and uploaded on the website of the Corporation.

**Commission’s Analysis**

2.4.9. The Petitioner, vide additional submission dated 27.02.2026, submitted that an inadvertent error occurred in the computation of depreciation for the Transmission Business for FY 2026-27, wherein 100% of the grant component was considered instead of 90%. The Petitioner submitted that the error arose due to a linking error in the computation model and requested the Commission to consider 90% of the grant component while computing depreciation. The Petitioner has submitted the revised computation model for Transmission ARR and Tariff for FY 2026-27 and reiterated the same in response to Second Additional Information Requirement dated 16.02.2026, enclosing the revised tariff model in an excel format.

2.4.10. Further, the Petitioner revised the claim of Funding pattern of FY 2024-25 and accordingly, the Opening grant of FY 2025-26 and FY 2026-27 have also been adjusted. Accordingly, the revised Amortization of grant figure have been considered during the calculation of Depreciation, as submitted by the Petitioner.

2.4.11. Accordingly, the revised depreciation for FY 2025-26 and FY 2026-27, claimed by the Petitioner, are provided in the table below:

**Table 9: Revised Claim for Computation of Depreciation of Transmission Business for FY 2025-26**

Particular	Opening GFA 2026-27	Addition	Deletion	Closing GFA	Average GFA	90% of Average GFA	Rate of Depreciation	Depreciation During FY 2026-27
Land	12.14	-	-	12.14	12.14	10.93	0.00%	0.00
Buildings	18.17	-	-	18.17	18.17	16.35	3.34%	0.55
Plant and equipment	245.04	-	-	245.04	245.04	220.54	5.28%	11.64
Furniture and Fixtures	0.98	-	-	0.98	0.98	0.88	6.33%	0.06
Vehicles	0.31	-	-	0.31	0.31	0.28	9.50%	0.03
Office Equipments	0.61	-	-	0.61	0.61	0.55	6.33%	0.03
Hydraulic Works	0.09	-	-	0.09	0.09	0.08	5.28%	0.00
Other Civil Works	12.96	-	-	12.96	12.96	11.67	3.34%	0.39
Lines and Cable Works	415.48	123.27	-	538.75	477.11	429.40	5.28%	22.67
<b>Total</b>	<b>705.78</b>	<b>123.27</b>	<b>0.00</b>	<b>829.05</b>	<b>767.42</b>	<b>690.67</b>		<b>35.37</b>
<b>Rate of Depreciation</b>								<b>5.12%</b>
<b>90% of Average Grants</b>								<b>309.62</b>
<b>Depreciation on Grants</b>								<b>15.86</b>
<b>Net Depreciation</b>								<b>19.52</b>

**Table 10: Revised Claim for Computation of Depreciation of Transmission Business for FY 2026-27**

Particular	Opening GFA 2026-27	Addition	Deletion	Closing GFA	Average GFA	90% of Average GFA	Rate of Depreciation	Depreciation During FY 2026-27
Land	12.14	-	-	12.14	12.14	10.93	0.00%	0.00
Buildings	18.17	-	-	18.17	18.17	16.35	3.34%	0.55
Plant and equipment	245.04	-	-	245.04	245.04	220.54	5.28%	11.64
Furniture and Fixtures	0.98	-	-	0.98	0.98	0.88	6.33%	0.06
Vehicles	0.31	-	-	0.31	0.31	0.28	9.50%	0.03
Office Equipments	0.61	-	-	0.61	0.61	0.55	6.33%	0.03
Hydraulic Works	0.09	-	-	0.09	0.09	0.08	5.28%	0.00
Other Civil Works	12.96	-	-	12.96	12.96	11.67	3.34%	0.39
Lines and Cable Works	538.75	999.71	-	1538.46	1038.60	934.74	5.28%	49.35
<b>Total</b>	<b>829.05</b>	<b>999.71</b>	<b>0.00</b>	<b>1828.76</b>	<b>1328.91</b>	<b>1196.01</b>		<b>62.06</b>
<b>Rate of Depreciation</b>								<b>5.19%</b>
<b>90% of Average Grants</b>								<b>812.57</b>
<b>Depreciation on Grants</b>								<b>42.16</b>
<b>Net Depreciation</b>								<b>19.90</b>

- 2.4.12. The Commission notes that Regulation 33 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

***“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.”*

***<Emphasis added>***

- 2.4.13. The Commission has examined the submissions and the revised computation model furnished by the Petitioner. Accordingly, the Commission has approved

the depreciation for FY 2026-27 in line with the aforementioned provisions as per MSERC MYT Regulations 2014.

- 2.4.14. The Commission excludes the valuation of land while determining the 90% of GFA. Further, as per the principle set out in the prevailing Tariff Orders for Transmission Business, the Commission considers weighted average rate of depreciation for FY 2026-27, as equal to Approved rate of depreciation for FY 2024-25 (5.19%), subject to change in depreciation rate during the time of true-up of FY 2026-27.
- 2.4.15. The depreciation as per Regulations is computed for FY 2026-27 as depicted in the table below:

**Table 11: Approved Depreciation of Transmission Business for FY 2026-27  
(in Rs. Crs)**

Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026-27
Opening GFA	641.25	705.78	829.05
Addition to GFA	65.19	123.27	923.74
Deletion to GFA	0.66	0.00	0.00
Closing GFA	705.78	829.05	1752.79
Average GFA	673.52	767.42	1290.92
90% of GFA (excl. Land)	595.24	679.75	1150.90
Rate of Depreciation	5.19%	5.19%	5.19%
Depreciation	30.91	35.30	59.76
Average Grants in GFA	251.73	343.02	863.87
90% of Average Grants	226.55	308.72	777.49
Less: Depreciation on Average Grants and contributions	11.76	16.03	40.37
<b>Net Depreciation</b>	<b>19.14</b>	<b>19.27</b>	<b>19.39</b>

- 2.4.16. **In consideration of the above, this Commission approves Depreciation of Rs. 19.39 Crores, for Revised ARR of Transmission Business for FY 2026-27.**
- 2.4.17. The Commission directs the Petitioner to submit Asset and Item specific Cumulative depreciation projection with Revised ARR/MYT years petition henceforth.

## **2.5. Interest and Finance Charges of Transmission Business**

### **Petitioner's Submission**

- 2.5.1. The petitioner has submitted that they have claimed the Interest on loan as per methodology adopted by the Commission in the True Up of FY 2022-23 and True Up of FY 2023-24 and methodology adopted by the petitioner in True Up of FY 2024-25.

- 2.5.2. Further, the petitioner has submitted that the weighted average rate of interest has been considered as the weighted average rate of interest of FY 2024-25 which is subject to change based on actuals at the time of truing up of respective years.
- 2.5.3. The calculation of interest on loan, as per Petitioner’s revised claim on 13.03.2026, is tabulated below:

**Table 12: Claimed Calculation of Interest on Loan for Transmission Business for FY 2026-27**  
(in Rs. Crs)

Particulars	Actual 2024-25	Estimated 2025-26	Revised Claim 2026-27
Opening Normative Loan	0.00	0.00	0.00
Addition to Loan	0.40	3.71	0
Repayment	19.42	19.52	19.90
Net Normative Loan Closing	-19.02	-15.81	-19.90
Average Loan	0.00	0.00	0.00
Weighted Average Rate of Interest	8.38%	8.38%	8.38%
<b>Interest on Loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

- 2.5.4. The Petitioner has requested the Commission to allow the Interest on Loan as computed above for FY 2026-27.

#### **Commission’s Analysis**

- 2.5.5. The Commission has sought the details of the projected loan capital for FY 2025-26 and FY 2026-27 in a proper format. In response, the Petitioner submitted that the loan requirement has been projected considering the normative debt–equity ratio of 70:30 after accounting for the grants received. The Petitioner further submitted that the projections are indicative in nature and the actual loan arrangements are yet to be finalized; therefore, the detailed information regarding the loans to be availed in future cannot be furnished at this stage. The Petitioner has requested that it may be permitted to submit the requisite documents and details at the time of the respective True-Up petitions.
- 2.5.6. The Commission notes that Regulation 32 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

***“32 Interest and finance charges on loan capital.***

*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.***

.....”

**<Emphasis added>**

- 2.5.7. This Commission notes that the equity in excess of 30% of the capital cost shall be admissible as Normative Loan, where the Debt : Equity computation (70:30) arrived as per the Regulation 27 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 after deducting the Grants and contributions.
- 2.5.8. Further, the outstanding loan capital shall be considered as approved in the True up order for FY 2024-25. The Commission notes that there is no outstanding Normative loan pertaining to the transmission business for FY 2024-25.
- 2.5.9. The Commission has worked out the opening loan for FY 2026-27 considering closing loan of FY 2025-26 which is further based on the Normative loan profile approved in True Up of FY 2024-25. Further, the Commission has considered addition to loan during the year after adjusting grant for the year and Rate of Interest equivalent to that of approved in True Up of FY 2024-25 i.e. 8.38%.
- 2.5.10. Normative Loan repayment value is considered as per minimum of approved depreciation or the sum of Opening loan and Addition of Loan for the respective year. Further, the Commission provisionally considered the Weighted Average Rate of Interest of FY 2025 26 equivalent to that of approved for True-Up of FY 2024-25, since the actual weighted average rate will be determined based on actuals during the truing up for each year.
- 2.5.11. The Commission has examined the submissions of the Petitioner and observes that the additional capitalization proposed for FY 2026-27 has been considered to be fully funded through grants. As there is no loan component associated with the capitalization for FY 2026-27, the Commission has not considered any loan addition or Interest on Loan for FY 2026-27 while determining the Aggregate Revenue Requirement. However, the Petitioner is directed to submit the detailed loan particulars, if any loan is availed in future, along with supporting documents at the time of the respective True-Up filings for prudence check.
- 2.5.12. Accordingly, the interest on loan capital for FY 2026-27 as depicted in the table below:

**Table 13: Approved Interest on Loan of Transmission Business for FY 2026-27**

(in Rs. Crs)

Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026-27
Opening Net Normative Loan	0.00	0.00	0.00
Addition in Loan	0.00	3.71	0.00
Repayment	0.00	3.71	0.00
Net Normative Loan Closing	0.00	0.00	0.00
Average loan	0.00	0.00	0.00
Weighted Average Rate of Interest (%)	8.38%	8.38%	8.38%
<b>Interest on Loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

2.5.13. The Commission accordingly approves NIL interest towards 'Interest and Finance Charges' for FY 2026-27.

## 2.6. Operation and Maintenance Expenses of Transmission Business

### Petitioner's Submission

2.6.1. The Petitioner submitted that the Operation and Maintenance (O&M) expenses for the relevant year have been projected based on the actual O&M expenses incurred during FY 2024-25. The same has been escalated by 5.72% in accordance with the provisions of the MSERC (Multi Year Tariff) Regulations, 2014.

2.6.2. The claimed Operation and maintenance expenses is tabulated below:

**Table 14: Claimed Operation and Maintenance of Transmission Business for FY 2026-27**  
(in Rs. Crs)

Particular	Approved FY 2026-27	Revised Claim 2026-27
Employee Expenses	60.66	50.83
R&M Expenses	7.07	10.42
A&G Expenses	4.35	5.90
<b>Total</b>	<b>72.08</b>	<b>67.14</b>

2.6.3. The claimed employee expenses, R&M expenses and the A&G expenses is tabulated below:

**Table 15: Claimed Employee Expenses of Transmission Business for FY 2026-27**  
(in Rs. Crs)

Particular	Actual 2024-25	Estimate 2025-26	Revised Claim 2026- 27
Salaries and Wages	35.87	37.93	40.10
Contribution to PF	0.27	0.28	0.30

Apportionment of Holding Company	7.62	8.06	8.52
<b>Sub-Total</b>	<b>43.77</b>	<b>46.27</b>	<b>48.92</b>
Add: Employee Expenses of MeECL	1.71	1.81	1.91
<b>Total Employee Expenses</b>	<b>45.48</b>	<b>48.08</b>	<b>50.83</b>

**Table 16: Claimed R&M Expenses of Transmission Business for FY 2026-27  
(in Rs. Crs)**

Particular	Actual 2024-25	Estimate 2025-26	Revised Claim 2026-27
Buildings	0.16	0.17	0.18
Plant and Equipment	0.35	0.38	0.40
Civil Works	0.20	0.21	0.22
Lines and Cables	8.32	8.79	9.30
Vehicles	0.01	0.01	0.01
Furniture and Fixtures	0.01	0.01	0.01
Office Equipment	0.03	0.04	0.04
<b>Sub-Total (A)</b>	<b>9.08</b>	<b>9.60</b>	<b>10.15</b>
R&M Expenses of MeECL (1/3)	0.24	0.25	0.27
<b>Total</b>	<b>9.32</b>	<b>9.85</b>	<b>10.42</b>

**Table 17: Claimed A&G Expenses of Transmission Business for FY 2026-27  
(in Rs. Crs)**

Particular	Actual 2024-25	Estimate 2025-26	Claim 2026-27
Insurance Charges	0.99	1.04	1.10
Rent, Rates and Taxes	0.00	0.00	0.00
Telegram, Postage, Telegraph and Telex charges	0.02	0.02	0.02
Training, conveyance and vehicle running expenses	1.65	1.74	1.84
Printing and stationery expenses	0.04	0.05	0.05
Auditors' remuneration	0.04	0.04	0.04
Books & Periodicals	0.00	0.00	0.00
Advertisement charges	0.03	0.03	0.03
Technical Fees	0.01	0.01	0.01
Legal and professional charges	0.18	0.19	0.20
Meghalaya State Electricity Regulatory Commission (MSERC)	0.06	0.06	0.07
NERPC Fees	0.29	0.31	0.33
Bank Charges	0.00	0.00	0.00
Miscellaneous expenses	0.04	0.04	0.04
Electricity Charges	1.06	1.12	1.18
GST Expenses	0.01	0.01	0.01
ROC Charges	0.01	0.01	0.01
<b>Sub-Total (A)</b>	<b>4.41</b>	<b>4.66</b>	<b>4.93</b>
Add: A&G Expenses of MeECL (1/3)	0.87	0.92	0.97
<b>Total A&amp;G Expense</b>	<b>5.28</b>	<b>5.58</b>	<b>5.90</b>

- 2.6.4. Petitioner requested Commission to approve the O&M expenses as claimed above.

**Commission's Analysis**

- 2.6.5. The Commission notes that Regulation 69 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

***"69 Operation and Maintenance Expenses***

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

*(a) Employee Cost*

*(b) Repairs and Maintenance*

*(c) Administration and General Expenses.*

***69.2 The Licensee shall submit O&M expenses budget indicating the expenditure under each head of account showing actual of the last financial year, estimates for the current year and projections for the next financial year.***

***69.3 The norms for O&M expenses on the basis of circuit kilometers of transmission lines, transformation capacity and number of bays in substations shall be submitted for approval of the Commission.***

*....."*

**<Emphasis added>**

- 2.6.6. The Commission observed that the Petitioner failed to submit the norms based on circuit kilometres of transmission lines, transformation capacity and number of bays in substations and due to the absence of the norms, the Commission applied the WPI-CPI to determine the inflation factor. The Commission determines the Average Inflation Factor of 4.96% based on five (5) years average.

**a. Employee Expenses**

- 2.6.7. The Commission while arriving at the Employee cost for FY 2026-27 has considered the employee cost allowed in True up for FY 2024-25 as base year and escalated the same with 4.96% based on the hybrid WPI/CPI escalation rates for O&M computation. Further, since the Commission has considered Terminal Benefits separately in the ARR for FY 2026-27, the same has been reduced from employee expenses as allowing the same will lead to double accounting of terminal benefits.
- 2.6.8. The Commission approved the Employee expenses for FY 2026-27 as depicted in the table below:

**Table 18: Approved Employee Expenses of Transmission Business for FY 2026-27**  
(in Rs. Crs)

Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026-27
Salaries and Wages	35.88	37.66	39.52
Gratuity Expenses	0.00	0.00	0.00
Leave Encashment Expenses	0.00	0.00	0.00
Pension Expenses	0.00	0.00	0.00
Contribution to Provident Fund	0.09	0.09	0.10
Apportionment of Employee Benefit of Holding Company	7.62	8.00	8.40
1/3rd of the Employee Expenses of MeECL	1.64	1.72	1.81
<b>Total Employee Expenses</b>	<b>45.23</b>	<b>47.47</b>	<b>49.83</b>

**b. Renovation & Modernization (R&M) Expenses**

2.6.9. The Commission considers that the R&M expenses are admissible after escalating 4.96% of the approved R&M expenses as allowed in True up of FY 2024-25 as depicted in the table below:

**Table 19: Approved R&M Expenses of Transmission Business for FY 2026-27**  
(in Rs. Crs)

Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026-27
R&M Expenses	9.32	9.78	10.27

**c. Administration and General (A&G) Expenses**

2.6.10. The Commission considers that the A&G expenses are admissible after escalating 4.96% of the approved A&G expenses as allowed in True up of FY 2024-25 as depicted in the table below:

**Table 20: Approved A&G Expenses of Transmission Business for FY 2026-27**  
(in Rs. Crs)

Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026-27
A&G Expenses	5.28	5.54	5.81

2.6.11. Based on the above, the summary of the total O&M expenses including apportionable portion of O&M expenses of for MeECL are depicted below:

**Table 21: Approved Total O&M Expenses of Transmission Business for FY 2026-27**

*(in Rs. Crs)*

Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026-27
Employee cost	45.23	47.47	49.83
R&M Expenses	9.32	9.78	10.27
A&G expenses	5.28	5.54	5.81
<b>Total O&amp;M expenses</b>	<b>59.83</b>	<b>62.79</b>	<b>65.91</b>

- 2.6.12. **This Commission approves Rs. 65.91 Crores towards O&M Expenses for Revised ARR of FY 2026-27.**

## **2.7. Interest on Working Capital of Transmission Business**

### **Petitioner's Submission**

- 2.7.1. Petitioner claimed the Interest on working capital on the basis of the provisions of the MSERC (Multi Year Tariff) Regulations, 2014. The Petitioner has considered that the rate of interest as the SBI advance rate as on 01.04.2025 which is 15.15%. The computation of Interest on Working Capital, as revised by the Petitioner on 13.03.2026, is tabulated below:

**Table 22: Claimed Interest on Working Capital of Transmission Business for FY 2026-27**

*(in Rs. Crs)*

Particular	Amount for FY 2026-27
Operation and Maintenance Expenses (1 Month)	5.60
Maintenance Spares 1% of GFA with 6% Escalation	9.32
Receivables	18.13
<b>Total Working Capital Requirement</b>	<b>33.04</b>
Rate of Interest on Working Capital	15.15%
<b>Interest on Working Capital</b>	<b>5.01</b>

- 2.7.2. Petitioner requested Commission to approve the Interest on Working Capital as claimed above.

### **Commission's Analysis**

- 2.7.3. The Commission notes that Regulation 34.2 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

***"34.2 Transmission:***

*(i) The Transmission Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:*

- a) Operation and maintenance expenses for one month; plus*

b) Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus

c) Receivables equivalent to two (2) month of transmission charges calculated on target availability level;

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

<Emphasis added>

2.7.4. In consideration of the aforementioned Regulatory provisions, Commission considers computation of interest on working capital with a Rate of Interest equivalent to State Bank Advance Rate (SBAR) as on 01.04.2024 (15.00%). Commission will take into consideration the actual rate of interest for FY 2026-27 as on 1<sup>st</sup> April 2026 during Truing Up with a prudence check. Accordingly, the approved Interest on Working Capital is depicted in the table below:

**Table 23: Approved Interest on Working Capital of Transmission Business for FY 2026-27**

<i>(in Rs. Crs)</i>			
Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026-27
O&M Expenses	4.99	5.23	5.49
Maintenance Spares	6.80	7.48	8.79
Receivables	10.61	16.08	17.74
<b>Total Working Capital Requirement</b>	<b>22.39</b>	<b>28.80</b>	<b>32.02</b>
Rate of Interest on Working Capital	15.00%	15.00%	15.00%
<b>Interest on Working Capital</b>	<b>3.36</b>	<b>4.32</b>	<b>4.80</b>

2.7.5. **Commission approves the interest on working capital as Rs. 4.80 Cr. for the FY 2026-27.**

## **2.8. SLDC Charges and SLDC ARR**

### **Petitioner's Submission**

2.8.1. Petitioner has claimed SLDC Charges of Rs. 4.61 Crores vide Table 32 of the submitted Petition. However, the Petitioner subsequently revised its claim at Rs 3.58 Cr, on 13.03.2026.

### **Commission's Analysis**

2.8.2. The Commission has examined the submission of the Petitioner regarding the SLDC charges claimed for FY 2026-27. The Petitioner in its response to First Additional Information Requirement has submitted that the SLDC ARR for FY 2026-27 was initially considered as Rs. 8.96 crore, as reflected in the SLDC

petition. As per the methodology adopted by the Commission in previous tariff orders, 50% of the SLDC charges are allocated to MePTCL and 50% to MePGCL. Accordingly, the Petitioner (MePTCL) had considered Rs. 4.48 crore as SLDC charges in its original petition.

- 2.8.3. Subsequently, based on the additional submission dated 27.02.2026 and Second Additional Information Requirement response, certain corrections were made in the SLDC ARR computation, resulting in a revised ARR of Rs. 9.23 crore. Accordingly, 50% of the revised ARR, i.e., Rs. 4.61 crore has been considered as the SLDC charge for MePTCL in the revised transmission tariff model submitted. The revised SLDC ARR computation model has also been submitted for clarity. Thereafter, the Petitioner on 13.03.2026, has again revised its claim of SLDC charge at 3.58 Cr.
- 2.8.4. The Commission notes that the Petitioner has claimed SLDC charges amounting to Rs. 3.58 Crore in the Petition, based on 50% of the ARR proposed by SLDC for FY 2026-27. The Commission observes that, as per the methodology adopted in previous Tariff Orders, 50% of the approved SLDC ARR is recoverable from the MePTCL.
- 2.8.5. **Accordingly, the Commission has considered 50% of the approved SLDC ARR for FY 2026-27 (the Approved ARR for SLDC business is described in the respective section of this Order) towards SLDC charges payable by MePTCL at Rs 3.16 Cr (i.e. 50% of Rs. 6.32 Cr.), while determining the Aggregate Revenue Requirement for FY 2026-27, based on the approved figures.**

## 2.9. Non-Tariff Income of Transmission Business

### Petitioner's Submission

- 2.9.1. The Petitioner has submitted that the Non-Tariff Income (NTI) for the ensuing years has been projected by applying an escalation factor of 5.72% over the actual Non-Tariff Income for FY 2024-25.
- 2.9.2. The petitioner further submitted that the insurance claim received during FY 2024-25 represents a non-recurring income and does not form part of the regular stream of Non-Tariff Income. Accordingly, the amount pertaining to the insurance claim has been excluded while computing the base NTI for projection of Non-Tariff Income for FY 2025-26 and FY 2026-27.
- 2.9.3. The claimed Non-Tariff Income is tabulated below:

**Table 24: Claimed Non-Tariff Income of Transmission Business for FY 2026-27  
(in Rs. Crs)**

Particular	Actual 2024-25	Estimate 2025-26	Revised Claim 2026-27
Interest Income	2.25	2.38	2.52

Particular	Actual 2024-25	Estimate 2025-26	Revised Claim 2026-27
Scrap Sale	0.20	0.21	0.22
AMC Charges	1.06	1.12	1.19
Rental and Hiring Income	0.18	0.19	0.20
Discount Received	0.00	0.00	0.00
Fees and Penalties	0.15	0.15	0.16
Sale of Tender	0.05	0.05	0.06
Misc. Receipt	0.35	0.37	0.39
Insurance Claim received	2.30	0.00	0.00
<b>Total</b>	<b>6.53</b>	<b>4.47</b>	<b>4.73</b>

2.9.4. The Petitioner has requested the Commission to allow the Non-Tariff Income as computed above for FY 2026-27.

### Commission's Analysis

2.9.5. The Commission has examined the submissions of the Petitioner regarding the projection of Non-Tariff Income (NTI) for FY 2026-27. The Commission notes that the Petitioner has projected NTI based on the actual NTI of FY 2024-25 with an escalation factor of 5.72%, while excluding the insurance claim received during FY 2024-25 on the grounds that the same is non-recurring in nature.

2.9.6. However, for the purpose of tariff determination for FY 2026-27, the Commission considers it appropriate to adopt the Non-Tariff Income as claimed by the Petitioner, subject to adjustment during the True-Up based on actual performance.

**Table 25: Approved Non-Tariff Income of Transmission Business for FY 2026-27**

*(in Rs. Crs)*

Particular	Approved for FY 2026-27
Non-Tariff Income	4.73

2.9.7. **The Commission provisionally approves non-Tariff income at Rs. 4.73 Crore for FY 2026-27.**

## 2.10. Accrued Terminal Benefits

### Petitioner's Submission

2.10.1. The Petitioner claimed Rs 36.05 Cr as 4<sup>th</sup> Instalment of Accrued Liability of Pension for FY 2026-27.

### Commission's Analysis

2.10.2. The Commission vide its order dated 24.10.2024, while deciding the ARR for MYT control Period FY 2024-25 To FY 2026-27 & Transmission Tariff For

2024-25 for MePTCL, has already determined the terminal benefits to be recovered by the MePTCL, based on the actuarial valuation report & the auditor certificate, and the total amount is INR 36.05 Cr, the breakup of which is provided hereunder:

<b>Contribution by MePTCL</b>	<b>Rs. 35.42 Cr.</b>
<b>Contribution on account of MeECL</b>	<b>Rs. 0.63 Cr.</b>

- 2.10.3. As per the above quoted order of the Commission, the total outstanding liability of Govt. of Meghalaya, towards past terminal liabilities as on 01.04.2024 was INR 1937.88 Cr. As per Audit Report submitted by MeECL, it is observed that Govt. of Meghalaya has contributed INR 52.34 Cr. towards the past terminal liabilities in FY 2024-25.
- 2.10.4. Considering the contribution from Govt. of Meghalaya for FY 2024-25 and the carrying cost of 7.35% towards outstanding amount for the past period terminal liabilities, the total outstanding payable by Govt. of Meghalaya as on 01.04.2025 stands at Rs. 2026.06 Cr.
- 2.10.5. **Accordingly, the Commission considers Rs. 36.05 Cr (Rs. 35.42 Crore for MePTCL + 1/3rd of MeECL liability i.e., Rs. 0.63 Crore) to pass through as Accrued Terminal Liabilities in the order for FY 2026-27. Additionally, the Petitioner is directed to pursue the Govt. of Meghalaya for an early liquidation of its pending dues.**
- 2.10.6. The Petitioner is hereby directed to timely deposit the amount realized on account of pension through the approved ARR for the year in the Pension Trust.

## **2.11. Aggregate Revenue Requirement of Transmission Business for FY 2026-27**

### **Petitioner's Submission**

- 2.11.1. Based on the computation of various components of ARR as detailed out in previous paragraphs the ARR for 2026-27 is estimated as under:

**Table 26: Claimed Aggregate Revenue Requirement of Transmission Business for FY 2026-27**

<i>(in Rs. Crs)</i>			
<b>Sl. No.</b>	<b>Particulars</b>	<b>Approved in MYT Order FY 2026-27</b>	<b>Revised Claim for FY 2026-27</b>
1	Depreciation	20.04	19.90
2	Interest on Loan	0.00	0.00
3	Return on Equity	18.43	17.89
4	Operation and Maintenance Expenses	72.08	67.14
5	Interest on Working Capital	4.74	5.01
6	SLDC Charges	10.28	3.58
7	<b>Total</b>	<b>125.57</b>	<b>113.52</b>
8	Less: Other Income	8.10	4.73

Sl. No.	Particulars	Approved in MYT Order FY 2026-27	Revised Claim for FY 2026-27
9	<b>Net ARR</b>	<b>117.47</b>	<b>108.79</b>
10	Add: Gap / (Surplus) of FY 2024-25	0.00	-23.74
13	Add: Comprehensive Income MePTCL Instalment IV	0.00	35.42
14	Add: Comprehensive Income MeECL Instalment IV	0.00	0.63
15	<b>Total ARR Recoverable in FY 2026-27</b>	<b>117.47</b>	<b>121.10</b>

### Commission's Analysis

- 2.11.2. The Commission has carried out a prudence check of the claims made in the MYT Petition with reference to the provisions of the MSERC (Multi Year Tariff) Regulations, 2014. Further, the Commission has considered the past True-up Gap/(Surplus) adjustments, which have been accounted for in the current year ARR, while determining the ARR in this Order.
- 2.11.3. Accordingly, the Commission approves the Aggregate Revenue Requirement (ARR) for the MYT of Transmission Business for FY 2026-27 as depicted in the table below:

**Table 27: Approved Aggregate Revenue Requirement of Transmission Business for FY 2026-27**  
(in Rs. Crs)

Sl. No.	Particulars	for FY 2026-27	Approved for FY 2026-27
1	Depreciation	19.90	19.39
2	Return on Equity	17.89	17.94
3	Interest on Loan	0.00	0.00
4	Operation and Maintenance	67.14	65.91
5	Interest on Working Capital	5.01	4.80
6	SLDC Charges	3.58	3.16
7	<b>Gross ARR</b>	<b>113.52</b>	<b>111.20</b>
8	Less: Non-Tariff Income	4.73	4.73
9	Less: SLDC ARR		
10	<b>Net ARR</b>	<b>108.79</b>	<b>106.46</b>
11	Add: Revenue Gap/(Surplus) as per True up Order for FY 2024-25	-23.74	-32.46
12	<b>Total ARR recoverable (excluding pension)</b>	<b>85.05</b>	<b>74.01</b>
13	Comprehensive Income/ Expenses (Pension)	35.42	35.42
14	Comprehensive Income/ Expenses (1/3 MeECL) (Pension)	0.63	0.63
15	<b>Total ARR recoverable for the year (including Pension Liability)</b>	<b>121.10</b>	<b>110.06</b>

- 2.11.4. **Based on above, the Commission approves Revised ARR at Rs. 110.06 Crores, for Revised ARR of FY 2026-27.**

### 3. Transmission Tariff for FY 2026-27

#### Petitioner's Submission

3.1.1. The Petitioner has submitted that the transmission tariff for FY 2026-27 has been computed based on the Aggregate Revenue Requirement (ARR). For this purpose, the Petitioner estimated the average load in the State by analysing the historical peak demand and energy requirement data obtained from CEA reports. Based on this data, the load factor of the State was calculated using the ratio of energy requirement to peak demand multiplied by total hours in a year.

3.1.2. The load factor arrived from the above formulae is tabulated below:

**Table 28: Historical Load Factor considered from FY 2022-23 to FY 2024-25**

S No	Particular	Peak Demand (MW)	Energy Requirement (MU)	Load Factor
1	2022-23	404	2237	63%
2	2023-24	405	2066	58%
3	2024-25	409	2046	57%
4	<b>CAGR</b>	<b>0.4%</b>		

3.1.3. The Petitioner has calculated average demand by considering the estimated Peak demand in FY 2026-27 based on the CAGR of growth in peak demand i.e., 0.4% (computed in table above) has been multiplied with the average load factor. The computation of average demand for FY 2026-27 is tabulated below:

**Table 29: Claimed average peak demand for FY 2026-27**

S No	Particular	FY 2026-27
1	Peak Demand in FY 2024-25 (MW)	409
2	Three years' CAGR (shown in the above table)	0.4%
3	Expected Peak Demand in FY 2026-27 ( $409 * (1 + 0.4\%)^2$ ) (MW)	412.37
4	Average Load Factor of three financial years (%)	60%
5	Expected Average Demand in FY 2026-27 (60% of 412.37) (MW)	245.42

3.1.4. The proposed Transmission Tariff is tabulated below:

**Table 30: Claimed Transmission Tariff and Open access Charges for FY 2026-27**

S No	Particular	FY 2026-27
1	Annual Transmission Charges (Rs Cr)	127.02
2	Total MW Allocation (MW)	245.42
3	Transmission Tariff (Rs./MW/Day)	<b>14179.77</b>
4	Energy Transfer	2195.79 *
5	Transmission Tariff (Paise/Unit)	<b>57.85</b>

\*The Energy Transfer Values for FY 2026-27 refers to sale of power by MePDCL within the state and has been taken as claimed by MePDCL in its Petition for FY 2026-27.

- 3.1.5. The Petitioner requested the Commission to approve the transmission tariff for FY 2026-27 as proposed.

**Commission’s Analysis**

- 3.1.6. The Commission observed that the Petitioner furnished the Transmission Tariff vide Table No. 33 of the petition, where it claimed “Average Load” of 245.42 MW. In this regard, Commission vide First Additional Information Requirement dated 06.01.2026, directed the Petitioner to submit the 15 min time block wise monthly Load profile. In response, the Petitioner submitted the requisite data in excel format. After due diligence of the submission the Commission approved the average load of 245.42 MW.
- 3.1.7. Recovery of charges from open access consumers shall be done strictly as per Regulation 21 of MSERC (Terms and Conditions of Open Access) Regulations, 2012. The transmission charges shall be payable on the basis of contracted Capacity/Scheduled Load or actual power flow whichever is higher, at the rate determined by the Commission. All other charges shall be as per the Regulations and the Commission’s order issued from time to time. Commission also directs MePTCL to recover the charges of previous period in the same manner as per the Orders and Regulations and show it in the final true up of the previous years.
- 3.1.8. The Quantum of Energy sales within the State approved by this Commission for MePDCL at 1,694.20 MU for FY 2026-27. The Commission considers the Average Load as claimed by Petitioner and computed the Transmission Tariff as follows:

**Table 31: Approved Transmission Tariff and open access charges for FY 2026-27**

S No	Particular	FY 2026-27
1	Annual Transmission Charges (Rs. Cr.)	110.06
2	Total MW Allocation (MW)	245.42
<b>3</b>	<b>Transmission Tariff (Rs. /MW/Day)</b>	<b>12286.14</b>
4	Energy Transfer (MUs)	1,694.20
<b>5</b>	<b>Transmission Tariff (Paise/Unit)</b>	<b>64.96</b>

- 3.1.9. Accordingly, the Commission determines the Transmission Tariff (STU charges) for intra-state open access transaction at Rs. 12286.14/MW/per day and part thereof for FY 2026-27. The quantum of power in MW will be considered as the Contracted capacity/ Scheduled capacity/ Actual power flow whichever is higher.
- Provided, the Open Access Consumers who are liable to pay Additional Surcharge to the MePDCL are exempted from the above Transmission Tariff.
- 3.1.10. The Commission further directs that MePTCL to henceforth submit the 15 min time block wise monthly Load profile in its own network duly certified by SLDC during the submission of True-up and ARR petition.

- 3.1.11. The Commission in order to promote green energy (solar power) within the state, considers that for the Embedded Open Access consumers willing to set-up Solar Power plants and consume power within the state of Meghalaya, shall be charged STU charges at the rate of 64.96 p/kWh instead of Rs. 12286.14/MW/Day. This exemption is only allowed for Captive consumption. If there is any excess power beyond its own consumption from such Captive Power Plant, the power shall be injected to the Network on monthly basis at a Tariff to be notified by the Commission separately.

## **4. In Principle Approval**

The Petitioner submitted that it is praying for the in-principle approval of the Commission for the expenses that are to be incurred in FY 2025-26. However, since for these expenses the baseline data is not available in the audited Statement of Accounts, hence, to avoid in ambiguity and unnecessary loading of the same in ARR these expenses have not been claimed in Tariff for FY 2026-27.

### **4.1. Impact of Pay Revision**

#### **Petitioner's Submission**

- 4.1.1. The Petitioner submitted that the pay Committee of MeECL has approved the revision of pay scales with effect from 01.01.2025. As per the working of the pay revision committee the multiplication factor for pay revision has been arrived at 1.50. However, the pay revision has been actually implemented from August 2025 and hence the actual impact can be assessed only when the final audited accounts of FY 2025-26 are available.
- 4.1.2. Accordingly, the Petitioner sought in principle approval of the Commission to allow the recovery of Impact of Pay revision and its subsequent impact on the Operation and Maintenance Expenses as and when the audited statement of accounts for FY 2025-26 is available and concrete impact of the same can be ascertained.
- 4.1.3. The Petitioner further declared that the Board of Directors of MeECL has approved the Pay Revision in the 165th Board Meeting held on 22nd August 2025. The Board Resolution of the Meeting dated 22nd August 2025 is also provided by the Petitioner.

#### **Commission's Analysis**

- 4.1.4. The Commission acknowledged the submission of the Petitioner and considers that the expense may be approved in the year of True-up based on actual, subject to prudence check. Hereby, the Petitioner is directed to submit all the necessary supporting document and auditor certificate along with the reconciliation for its claim during the true-up of the concerned year.

### **4.2. Judgement of Hon'ble APTEL in Appeal No. 361 of 2017**

#### **Petitioner's Submission**

- 4.2.1. The Petitioner also highlighted that it has filed an appeal before Hon'ble APTEL against the Order dated 30.03.2017 passed by this Commission in the matter of True up of 2013-14 and 2014-15 and Tariff Determination for FY 2016-17. The issue raised in the Appeal was limited to the Consideration of Equity base.

- 4.2.2. The extract of the Decision of the Hon'ble APTEL in the aforesaid Appeal has been submitted by the Petitioner as under:

*"47. Hence, we set aside the findings of the Commission in the impugned order on this issue and remand the issue back to the Commission for fresh consideration after taking into account the equity additions to the equity base of the appellant by reason of vesting of certain assets of erstwhile MeSEB in the appellant in pursuance to the transfer scheme formulated by the Government of Meghalaya."*

*17. In view of the above quoted findings given by us in appeal No.46/2016, we set aside the findings of the Commission in the order dated 30.03.2016 also, which has been impugned in this appeal and remand the issue back to the Commission for fresh consideration after taking into account the equity additions to the equity base of the appellant by reason of vesting of certain assets of erstwhile MeSEB in the appellant in pursuance to the transfer scheme formulated by the government of Meghalaya"*

- 4.2.3. Thus, the issue was remanded back to the Commission for fresh consideration. However, the Petitioner sought liberty of the Commission to claim the impact of Hon'ble APTEL's judgement through separate Petition instead of claiming the impact in the instant Petition the matter pertains to FY 2013-14 and 2014-15 which requires a detailed working to assess the impact of the same.

#### **Commission's Analysis**

- 4.2.4. The Commission acknowledged the submission of the Petitioner and directs the Petitioner to submit the separate petition regarding its detailed claim containing the background, Hon'ble APTEL's judgement, Outcome etc. and all necessary supporting documents along with the Auditor certificate and detailed reconciliation (wherever applicable). The Commission further states that the consideration of any expense may be approved in the year of True-up based on actual, subject to prudence check.

## 5. Revised Aggregate Revenue Requirement (ARR) of SLDC Business for FY 2026-27

### 5.1. Gross Fixed Assets of SLDC Business

#### Petitioner's Submission

- 5.1.1. The Petitioner submitted that the closing Gross Fixed Assets (GFA) as on 31.03.2025 has been considered as the opening GFA for FY 2025-26. The subsequent capitalization and movement of grants have been considered in accordance with the approved Business Plan for the Fourth Control Period (FY 2024-25 to FY 2026-27).
- 5.1.2. The Petitioner further submitted that the opening GFA for FY 2025-26 has been revised based on the actual capitalization and grants capitalized during FY 2024-25, as claimed in the True-Up for FY 2024-25.
- 5.1.3. The movement of GFA during the control period is tabulated below:

**Table 32: Claimed Gross Fixed Assets of SLDC business for FY 2026-27**

(in Rs. Crs)

Particulars	Claimed in True Up 2024-25	Estimated 2025-26	Revised Claim 2026-27
Opening GFA	16.28	16.29	55.41
Additional Capitalization	0.01	39.12	56.56
Deletion	0.01	0.00	0.00
<b>Closing GFA</b>	<b>16.29</b>	<b>55.41</b>	<b>111.97</b>
<b>Average GFA</b>	<b>16.29</b>	<b>35.85</b>	<b>83.69</b>

- 5.1.4. The Petitioner has requested the Commission to allow the Gross Fixed Assets as computed above for FY 2026-27.

#### Commission's Analysis

- 5.1.5. The Commission has examined the submission of the Petitioner regarding the projected addition to GFA for FY 2025-26 and FY 2026-27. The Petitioner submitted that the capitalization projected for the said years has been considered in accordance with the Business Plan approved by the Commission vide Order dated 16.11.2023 in Case No. 21 of 2023 and has furnished the scheme-wise details along with the funding pattern.
- 5.1.6. After examining the submissions and the supporting details, the Commission finds the projections to be in line with the approved Business Plan and, accordingly, allows the proposed additional capitalization as per the approved Business Plan for the purpose of determination of ARR.

**Table 33: Approved Gross Fixed Assets of SLDC business for FY 2026-27**

Particulars	Approved in True Up for FY 2024-25	Estimated for FY 2025-26	Approved for FY 2026-27
Opening GFA	16.28	16.29	55.41

Additional Capitalization	0.01	39.12	56.56
Deletion	0.01	0.00	0.00
<b>Closing GFA</b>	<b>16.29</b>	<b>55.41</b>	<b>111.97</b>
<b>Average GFA</b>	<b>16.29</b>	<b>35.85</b>	<b>83.69</b>

Accordingly, this Commission approves average GFA of Rs. 83.69 Crores for FY 2026-27.

## 5.2. Grant Adjustment and Funding Pattern for SLDC Business

### Petitioner's Submission

- 5.2.1. The Petitioner has submitted that the movement of the grants for revision of ARR of FY 2026-27 in line with approved methodology adopted by this Commission for FY 2022-23, FY 2023-24 and for ARR of Fourth Control Period.
- 5.2.2. The movement of Grant during the control period is tabulated below, as per Petitioner's revised submission on 13.03.2026:

**Table 34: Claimed Capital Structuring of SLDC business for 2026-27**

Particular	Closing Figures 2024-25	Estimated 2025-26	Claim for 2026-27
Opening GFA	16.28	16.29	55.41
Addition in GFA	0.01	39.12	56.56
Deletion from GFA	0.01	0.00	0.00
<b>Closing GFA</b>	<b>16.29</b>	<b>55.41</b>	<b>111.97</b>
<b>Average GFA</b>	<b>16.29</b>	<b>35.85</b>	<b>83.69</b>
Opening Grants	9.75	9.75	47.04
Add: Cap Funded Through Grants	0.00	37.29	55.35
Closing Grants	9.75	47.04	102.39
<b>Average Grants</b>	<b>9.75</b>	<b>28.40</b>	<b>74.72</b>
<b>Addition of Fresh Loan</b>	<b>0.01</b>	<b>1.28</b>	<b>0.85</b>
<b>Addition of Fresh Equity</b>	<b>0.00</b>	<b>0.55</b>	<b>0.36</b>

- 5.2.3. The Petitioner has requested the Commission to allow the capital structuring as computed above for FY 2026-27.

### Commission's Analysis

- 5.2.4. The Commission has examined the submission of the Petitioner regarding the projection of "Add Cap Funded Through Grant". The Petitioner submitted that the projected capitalization along with the funding pattern has been considered in accordance with the Business Plan approved by the Commission, and the relevant details have been provided in the Annexure submitted in response to the query.

- 5.2.5. After examining the submissions of the Petitioner, the Commission finds the projections to be consistent with the approved Business Plan and the provisions of the MYT Regulations, 2014, and accordingly considers the same for the purpose of determination of ARR.
- 5.2.6. As per the extant MSERC MYT Tariff Regulations 2014, any grant obtained for execution of the project shall not be considered for the purpose of computation of the capital structure for calculation of Debt & Equity and there after Depreciation & Return on Equity.
- 5.2.7. The Commission has maintained the same approach for the revised ARR of FY 2026-27, as adopted during the True-up process for FY 2024-25. The opening grant for each individual project is considered as the closing grant determined in the previous year, ensuring that it does not exceed the closing Gross Fixed Assets (GFA) approved. The capitalization of additional grants for the year has been considered to be equivalent to what has been submitted by Petitioner, with a key stipulation that net depreciation, post adjustment of yearly grant amortization, remains non-negative. The closing value of capitalized grants for the commissioned asset is derived by summing the opening grant and the additional capitalization executed through grants. Any balance of additional capitalization after grant adjustment is apportioned between debt and equity in a 70:30 ratio, as per regulatory norms.
- 5.2.8. Considering the above principle, the grant funding considered by the Commission for SLDC Business is tabulated below:

**Table 35: Approved Grant adjustment and funding pattern of SLDC Business for FY 2026-27**

Sl. No	Funding Pattern	FY 2024-25 (Approved in True-Up)	Estimated for FY 2025-26	Approved for FY 2026-27
1	Opening GFA	16.28	16.29	55.41
2	Addition of GFA	0.01	39.12	56.56
3	Deletion of GFA	0.01	0.00	0.00
4	Closing GFA	16.29	55.41	111.97
5	<b>Average GFA</b>	<b>16.29</b>	<b>35.85</b>	<b>83.69</b>
6	Opening Grant	9.74	9.75	47.04
7	Add-cap funded through grant	0.01	37.29	55.35
8	Closing Grant	9.75	47.04	102.39
9	<b>Average Grant</b>	<b>9.75</b>	<b>28.40</b>	<b>74.72</b>
10	<b>Addition of fresh loan for current year add-cap</b>	<b>0.00</b>	<b>1.28</b>	<b>0.85</b>
11	<b>Addition of fresh equity for current year add-cap</b>	<b>0.00</b>	<b>0.55</b>	<b>0.36</b>

- 5.2.9. Accordingly, this Commission considers Rs. 74.72 Crores as the average grant for FY 2026-27 and the Normative loan at Rs 0.85 Cr and Normative equity at Rs. 0.36 Crore for the SLDC Business.

### 5.3. Return on Equity of SLDC Business

#### Petitioner's Submission

- 5.3.1. The Petitioner submitted that, based on the movement of grants considered in the asset base, the equity component in the opening and closing Gross Fixed Assets (GFA) has been determined for the purpose of computing Return on Equity (RoE).
- 5.3.2. The Return on Equity for FY 2026-27, as per Petitioner's claim as on 15.032026, is tabulated below:

**Table 36: Claimed Return on Equity of SLDC Business for FY 2026-27**

(in Rs. Crs)

Particulars	Approved in Tariff Order FY 2026-27 (Approved)	Revised for FY 2026-27 (Claimed)
Opening GFA	17.92	55.41
Additions	38.10	56.56
Deletions	0.00	0.00
Closing GFA	56.02	111.97
Average GFA	36.97	83.69
Less: Average Grants	0.00	74.72
Net GFA (not funded through grants)	36.97	8.98
30% of GFA (Equity)	11.09	2.69
Rate of Return on Equity	14%	14%
<b>Return on Equity</b>	<b>1.55</b>	<b>0.38</b>

- 5.3.3. The Petitioner has requested the Commission to allow the Return on equity as computed above for FY 2026-27.

#### Commission's Analysis

- 5.3.4. The Commission notes that Regulation 27 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

#### **"27 Debt-Equity Ratio**

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

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

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

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

.....”

<Emphasis added>

5.3.5. Further, Regulation 31 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

“.....

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

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

.....”

<Emphasis added>

5.3.6. The Commission has allowed a Return on Equity (RoE) at 14% on the normative equity, calculated based on the approved average GFA, excluding the average grants and contributions as outlined in the respective section of this order.

5.3.7. The approved normative equity and the corresponding RoE for FY 2026-27 are presented below:

**Table 37: Approved Return on Equity of SLDC Business for FY 2026-27**

(in Rs. Crs)

Particulars	FY 2024-25 (Approved in True-Up)	Estimated for FY 2025-26	Approved for FY 2026-27
Opening GFA	16.28	16.29	55.41
Addition to GFA during the Year	0.01	39.12	56.56
Retirements of GFA during the Year	0.01	0.00	0.00
Closing GFA	16.29	55.41	111.97
<b>Average GFA</b>	<b>16.29</b>	<b>35.85</b>	<b>83.69</b>
Average Grants	9.75	28.40	74.72
Net Average Capital Assets (not funded through Grants)	6.54	7.46	8.98
Equity @30% of Capital Assets	1.96	2.24	2.69
Rate of Return on Equity	14%	14%	14%
<b>Return on Equity</b>	<b>0.27</b>	<b>0.31</b>	<b>0.38</b>

- 5.3.8. **The Commission accordingly approves Return on Equity of Rs. 0.38 Crores for SLDC Business for FY 2026-27.**

#### ***5.4. Depreciation of SLDC Business***

##### **Petitioner's Submission**

- 5.4.1. The Petitioner submitted that depreciation for FY 2026-27 has been projected based on the capitalization and movement of grants approved under the Business Plan for the Fourth Control Period. The petitioner has submitted that the opening Gross Fixed Assets (GFA) for the year have been considered based on the actual closing GFA of FY 2024-25.
- 5.4.2. The Claimed depreciation for the control period, as per Petitioner's revised claim on 13.03.2026, is tabulated below:

**Table 38: Claimed Computation of Depreciation for SLDC Business for FY 2026-27**

(in Rs. Crs)

Particular	Closing GFA as on March 2025	Addition 2025-26	Opening GFA 2026-27	Addition 2026-27	Deletion 2026-27	Closing GFA 2026-27	Average GFA 2026-27	90% of Average GFA	Rate of Depreciation	Depreciation during Year
Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Buildings	0.88	0.00	0.88	5.50	0.00	6.38	3.63	3.26	3.34%	0.11
Plant and Machinery	0.08	5.52	5.60	0.00	0.00	5.60	5.60	5.04	5.28%	0.27
Furniture and Fixtures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.33%	0.00
Vehicles	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.50%	0.00
Office Equipment	6.52	33.60	40.12	51.06	0.00	91.18	65.65	59.09	6.33%	3.74
Hydraulic Works	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.28%	0.00
Other Civil Works	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.34%	0.00
Lines and Cable Works	3.16	0.00	3.16	0.00	0.00	3.16	3.16	2.84	5.28%	0.15
Intangible Assets	5.65	0.00	5.65	0.00	0.00	5.65	5.65	5.09	15.00%	0.76
<b>Total</b>	<b>16.29</b>	<b>39.12</b>	<b>55.41</b>	<b>56.56</b>	<b>0.00</b>	<b>111.97</b>	<b>83.69</b>	<b>75.32</b>		<b>5.03</b>
<b>Rate of Depreciation</b>										<b>6.68%</b>
<b>90% of Average Grants in GFA</b>										<b>67.24</b>
<b>Less: Depreciation On Grants</b>										<b>4.49</b>
<b>Net Depreciation</b>										<b>0.54</b>

5.4.3. The Petitioner has requested the Commission to allow the Depreciation as computed above for FY 2026-27.

### Commission's Analysis

- 5.4.4. The Commission notes that the Petitioner, vide additional submission dated 27.02.2026, submitted that an inadvertent linking error had occurred in the computation of depreciation for the SLDC Business for FY 2026-27. The Petitioner submitted that intangible assets were inadvertently excluded from the total asset base, which resulted in an incorrect depreciation rate and consequently an incorrect depreciation computation.
- 5.4.5. The Petitioner has accordingly submitted the revised computation correcting the above error. The Commission has examined the revised submission and considers the same while determining the depreciation for SLDC Business for FY 2026-27. The Petitioner's claim in the above section is as per the revised claim after rectifying the error.
- 5.4.6. The Commission notes that Regulation 33 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

#### ***"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.”

**<Emphasis added>**

- 5.4.7. Accordingly, the Commission has computed the admissible depreciation in accordance with the approved regulatory methodology followed in earlier Orders. This calculation has been undertaken in strict adherence to the aforementioned provisions of the MYT Regulations, 2014.
- 5.4.8. The Commission observes that a substantial portion of the Gross Fixed Assets (GFA) of the SLDC Business comprises of intangible assets, which attract a depreciation rate of 15.00%, in accordance with the Depreciation Schedule specified under the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 and its subsequent amendments. Accordingly, this results in an increase in the weighted average rate of depreciation for the SLDC Business to 8.97% for FY 2024-25.
- 5.4.9. The Commission, while approving the depreciation rate for FY 2026-27, has adopted a consistent approach as followed in the prevailing Tariff Orders for the Transmission Business. Accordingly, the Commission approves the weighted average depreciation rate of 8.97% for FY 2026-27, which is considered equivalent to the approved rate for FY 2024-25. The same shall, however, be subject to revision at the time of True-up of FY 2026-27, based on actual asset addition, asset mix, and applicable depreciation rates
- 5.4.10. However, as per the principle set out in the prevailing Tariff Orders for Transmission Business, the Commission considers weighted average rate of depreciation for FY 2026-27, as equal to Approved rate of depreciation for FY 2024-25 (8.97%), subject to change in depreciation rate during the time of true-up of FY 2026-27. Moreover, the Commission excludes the valuation of land while determining the 90% of GFA.
- 5.4.11. The depreciation as per Regulations is computed for True up as depicted in the table below:

**Table 39: Approved Depreciation of SLDC Business for FY 2026-27**

*(in Rs. Crs)*

Particulars	FY 2024-25 (Approved in True-Up)	Estimated for FY 2025-26	Approved for FY 2026-27
Opening GFA	16.28	16.29	55.41
Addition to GFA	0.01	39.12	56.56
Deletion to GFA	0.01	0.00	0.00

Particulars	FY 2024-25 (Approved in True-Up)	Estimated for FY 2025-26	Approved for FY 2026-27
Closing GFA	16.29	55.41	111.97
Average GFA	16.29	35.85	83.69
90% of GFA	14.66	32.27	75.32
Rate of Depreciation	<b>8.97%</b>	<b>8.97%</b>	<b>8.97%</b>
Depreciation	1.31	2.89	6.76
Average Grants in GFA	9.75	28.40	74.72
90% of Average Grants	8.77	25.56	67.24
Less: Depreciation on Average Grants and contributions	0.79	2.29	6.03
<b>Net Depreciation</b>	<b>0.53</b>	<b>0.60</b>	<b>0.72</b>

5.4.12. In consideration of the above, this Commission approves Depreciation of Rs. 0.72 Crores for SLDC Business for FY 2026-27.

### 5.5. Interest and Finance Charges of SLDC Business

#### Petitioner's Submission

- 5.5.1. The petitioner has submitted that they have claimed the Interest on loan as per methodology adopted by the Commission in the True Up of FY 2022-23 and True Up of FY 2023-24 of other utilities and the methodology adopted by the petitioner in True Up of FY 2024-25.
- 5.5.2. Further, the petitioner submitted that the weighted average rate of interest has been considered as the weighted average rate of interest of FY 2024-25 which is subject to change based on actuals at the time of truing up of respective years.
- 5.5.3. The calculation of interest on loan, as per Petitioner's revised claim on 13.03.2026, is tabulated below:

**Table 40: Calculation of Interest on Loan for SLDC Business Claimed for FY 2026-27  
(in Rs. Cr)**

Particular	Claimed in True Up FY 2024-25	Computation for FY 2025-26	Claim FY 2026-27
Opening Loan	9.95	8.65	8.77
Addition	0.01	1.28	0.85
Repayment	0.53	0.50	0.54
Closing Normative Loan	9.43	10.21	10.52
Average Loan	9.69	9.82	10.37
Rate of Interest on Loan	8.38%	8.38%	8.38%
<b>Interest on Loan</b>	<b>0.81</b>	<b>0.82</b>	<b>0.87</b>

- 5.5.4. The Petitioner has requested the Commission to allow the interest on loan as computed above for FY 2026-27.

**Commission's Analysis**

- 5.5.5. The Petitioner, vide First Additional Information requirement dated 06.01.2026, was directed to furnish the details of the projected loan capital for FY 2025-26 and FY 2026-27 in a proper format. In response, the Petitioner submitted that the loan agreements/arrangements for the projected capitalization are yet to be finalized and sought liberty to submit the actual loan portfolio, if any, at the time of the respective True-up.
- 5.5.6. The Commission further notes that the Petitioner, vide additional submission dated 27.02.2026, submitted that due to an inadvertent error the Weighted Average Rate of Interest (WAROI) for FY 2026-27 had been considered as 8.88% instead of 8.38%. The Petitioner submitted that the same has been corrected in the computation of Interest on Loan for FY 2026-27, and the revised ARR computation model has been furnished to the additional submission. The Petitioner's claim in the above section is as per the revised claim after rectifying the error and subsequent revised submission on 13.03.2026 after consideration of revised capital structuring.
- 5.5.7. The Commission notes that Regulation 32 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

***"32 Interest and finance charges on loan capital***

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

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

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

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

***....."***

***<Emphasis added>***

- 5.5.8. Further Regulation 27 of the MSERC (Multi Year Tariff) Regulations 2014 states that:

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

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

**<Emphasis added>**

- 5.5.9. This Commission notes that the equity in excess of 30% of the capital cost shall be admissible as Normative Loan, where the Debt : Equity computation (70:30) arrived as per the Regulation 27 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 after deducting the Grants and contributions.
- 5.5.10. The Commission considers the Normative closing loan balance approved in the True-up Order for FY 2024-25 as the Normative opening loan balance for FY 2025-26 and same approach to arrive at the Normative opening loan for FY 2026-27. Additions to loan have been considered in accordance with the approved grants and funding pattern.
- 5.5.11. For the purpose of arriving at the Weighted Average Rate of Interest (WAROI), the Commission has relied upon the approved WAROI of the SLDC Business for FY 2024-25 True-up, in the absence of actual loan portfolio and finalized loan agreements for the projected capitalization. The actual weighted average rate will be determined based on actuals loan portfolio at the time of True-Up for each year, in line with the Commission’s principle as followed in the prior true-up orders.
- 5.5.12. The Commission approves the Normative Repayment of Loan equal to minimum of Approved Depreciation for FY 2026-27 and the Summation of Normative Opening and Addition of Loan during the year.
- 5.5.13. Based on the above regulatory provisions and the submissions of the Petitioner, the Commission has computed the Interest on Loan for FY 2026-27 as shown in the table below:

**Table 41: Approved Interest on Loan for FY 2026-27  
(in Rs. Crs)**

<b>Particular</b>	<b>Amount</b>
Net Normative Loan Opening	4.73
Addition in Loan	0.85
Repayment	0.72
Net Normative Loan Closing	4.85
Average loan	4.79
WAROI	8.38%
<b>Interest on Loan</b>	<b>0.40</b>

- 5.5.14. **The Commission accordingly approves Rs. 0.40 Crores towards Interest and Finance Charges for FY 2026-27.**

## 5.6. Operation and Maintenance Expenses of SLDC Business

### Petitioner's Submission

5.6.1. The Petitioner submitted that the Operation and Maintenance (O&M) expenses for the relevant year have been projected based on the actual O&M expenses incurred during FY 2024-25. The same has been escalated by 5.72% in accordance with the provisions of the MSERC (Multi Year Tariff) Regulations, 2014.

5.6.2. The claimed Operation and maintenance expenses is tabulated below:

**Table 42: Claimed O&M Expenses of SLDC Business for FY 2026-27**  
(in Rs. Crs)

Particular	Approved 2026-27	Revised Claim 2026-27
Employee Expenses	3.61	3.55
R&M Expenses	0.94	1.04
A&G Expenses	0.31	0.26
<b>Total</b>	<b>4.86</b>	<b>4.85</b>

5.6.3. The claimed employee expenses, R&M expenses and the A&G expenses is tabulated below:

**Table 43: Claimed Employee Expenses of SLDC Business for FY 2026-27**  
(in Rs. Crs)

Particular	Actual for FY 2024-25	Escalated for FY 2025-26	Claim for FY 2026-27
Salaries and Wages	2.99	3.17	3.35
Contribution to PF	0.18	0.19	0.20
Staff Welfare Expenses	0.00	0.00	0.00
<b>Total</b>	<b>3.18</b>	<b>3.36</b>	<b>3.55</b>

**Table 44: Claimed R&M Expenses of SLDC Business for FY 2026-27**  
(in Rs. Cr)

Particular	Actual FY 2024-25	Escalated FY 2025-26	Claim FY 2026-27
Buildings	0.00	0.00	0.00
Plant and Equipment	0.00	0.00	0.00
Civil Works	0.00	0.00	0.00
Lines and Cables	0.05	0.06	0.06
vehicles	0.00	0.00	0.00
Furniture and Fixtures	0.00	0.00	0.00
Office Equipments	0.88	0.93	0.98
<b>Total</b>	<b>0.93</b>	<b>0.98</b>	<b>1.04</b>

**Table 45: Claimed A&G Expenses of SLDC Business for FY 2026-27**

*(in Rs. Crs)*

<b>Particular</b>	<b>Actual FY 2024-25</b>	<b>Escalated FY 2025-26</b>	<b>Claim FY 2026-27</b>
Insurance Charges	0.00	0.00	0.00
Rent, Rates and Taxes	0.00	0.00	0.00
Telegram, Postage, Telegraph and Telex charges	0.06	0.07	0.07
Training, conveyance and vehicle running expenses	0.14	0.15	0.16
Printing and stationery expenses	0.01	0.01	0.01
Auditors' remuneration	0.00	0.00	0.00
Books & Periodicals	0.00	0.00	0.00
Advertisement charges	0.00	0.00	0.00
Technical Fees	0.00	0.00	0.00
Legal and professional charges	0.01	0.01	0.01
Meghalaya State Electricity Regulatory Commission (MSERC)	0.00	0.00	0.00
NERPC Fees	0.00	0.00	0.00
Bank Charges	0.00	0.00	0.00
Miscellaneous expenses	0.00	0.00	0.00
Electricity Charges	0.00	0.00	0.00
GST Expenses	0.00	0.00	0.00
ROC Charges	0.00	0.00	0.00
<b>Total</b>	<b>0.23</b>	<b>0.24</b>	<b>0.26</b>

### **Commission's Analysis**

- 5.6.4. The Commission notes that Regulation 69 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

***“69 Operation and Maintenance Expenses***

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

*(a) Employee Cost*

*(b) Repairs and Maintenance*

*(c) Administration and General Expenses.*

***69.2 The Licensee shall submit O&M expenses budget indicating the expenditure under each head of account showing actual of the last financial year, estimates for the current year and projections for the next financial year.***

***69.3 The norms for O&M expenses on the basis of circuit kilometers of transmission lines, transformation capacity and number of bays in***

**substations shall be submitted for approval of the Commission.**

.....”

**<Emphasis added>**

**a. Employee Expenses**

5.6.5. The Commission while arriving at the Employee cost for FY 2026-27 has considered the employee cost allowed in True up for FY 2024-25 as base year and escalated the same with 4.96% based on the five (5) years’ average hybrid WPI/CPI escalation rates for O&M computation.

5.6.6. The Commission approved the Employee expenses for ARR of FY 2026-27 as depicted in the table below:

**Table 46: Approved Employee Expenses of SLDC Business for FY 2026-27**

*(in Rs. Crs)*

Particulars	FY 2024-25 (Approved in True-Up)	Estimated for FY 2025-26	Approved for FY 2026-27
Salaries and Wages	2.99	3.14	3.30
Contribution to Provident Fund	0.18	0.19	0.20
Staff Welfare Expenses	-	-	-
<b>Total Employee Expenses</b>	<b>3.18</b>	<b>3.33</b>	<b>3.50</b>

**b. Renovation & Modernization (R&M) Expenses**

5.6.7. The Commission considered that the R&M expenses are admissible after escalating 4.96% of the approved R&M expenses as allowed in True up of FY 2024-25 as depicted in the table below:

**Table 47: Approved R&M Expenses of SLDC Business for FY 2026-27**

*(in Rs. Crs)*

Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026- 27
Buildings	0.00	0.00	0.00
Plant and Machinery	0.00	0.00	0.00
Civil Works	0.00	0.00	0.00
Lines and Cables	0.05	0.05	0.06
R&M Vehicles	0.00	0.00	0.00
Furniture and Fixtures	0.00	0.00	0.00
Office Equipments	0.88	0.92	0.97
<b>Total R&amp;M Expenses</b>	<b>0.93</b>	<b>0.98</b>	<b>1.03</b>

**c. Administrative & General (A&G) Expenses**

5.6.8. The Commission considered that the A&G expenses are admissible after escalating 4.96% of the approved A&G expenses as allowed in True up of FY 2024-25 as depicted in the table below:

**Table 48: Approved A&G Expenses of SLDC Business for FY 2026-27**

(in Rs. Crs)

Particular	FY 2024-25 (Approved in True-Up)	Estimate for FY 2025-26	Approved for FY 2026-27
Insurance Charges	0.00	0.00	0.00
Rent, Rates and Taxes	0.00	0.00	0.00
Telegram, Postage, Telegraph and Telex charges	0.06	0.07	0.07
Training, conveyance and vehicle running expenses	0.14	0.15	0.16
Printing and stationery expenses	0.01	0.01	0.01
Auditors' remuneration	0.00	0.00	0.00
Books & Periodicals	0.00	0.00	0.00
Advertisement charges	0.00	0.00	0.00
Technical Fees	0.00	0.00	0.00
Legal and professional charges	0.01	0.01	0.01
Meghalaya State Electricity Regulatory Commission (MSERC) Fees	0.00	0.00	0.00
CERC Fees	0.00	0.00	0.00
NERPC Fees	0.00	0.00	0.00
Bank Charges	0.00	0.00	0.00
Miscellaneous expenses	0.00	0.00	0.00
Electricity Charges	0.00	0.00	0.00
GST Expenses	0.00	0.00	0.00
ROC Charges	0.00	0.00	0.00
<b>Total A&amp;G Expenses</b>	<b>0.23</b>	<b>0.24</b>	<b>0.25</b>

5.6.9. Based on the above, the summary of the total O&M expenses is depicted below:

**Table 49: Total Approved O&M Expenses of SLDC Business for FY 2026-27**

(in Rs. Crs)

Particulars	FY 2024-25 (Approved in True-Up)	FY 2025-26	Approved for FY 2026- 27
Employee cost	3.18	3.33	3.50
R&M Expenses	0.93	0.98	1.03
A&G expenses	0.23	0.24	0.25
<b>Total O&amp;M expenses</b>	<b>4.34</b>	<b>4.55</b>	<b>4.78</b>

5.6.10. **This Commission approves Rs. 4.78 Crores towards O&M Expenses for FY 2026-27.**

## 5.7. Interest on Working Capital of SLDC Business

### Petitioner's Submission

- 5.7.1. The Petitioner submitted that the Interest on Working Capital has been computed in accordance with the provisions of the MSERC (Multi Year Tariff) Regulations, 2014. The applicable rate of interest has been considered as the SBI Advance Rate prevailing as on 01.04.2025, i.e., 15.15%.
- 5.7.2. The detailed computation of Interest on Working Capital, as per Petitioner's revised claim on 13.03.2026, has been provided below:

**Table 50: Claimed Interest on Working Capital of SLDC Business for FY 2026-27**

Particulars	(in Rs. Crs)
	Claim 2026-27
Operation and Maintenance Exp for 2 Months	0.40
1% Maintenance spares on opening GFA escalated at 6%	0.62
Receivables for 2 months of ATC (Net ARR/12*2)	1.16
<b>Total Working Capital Requirement</b>	<b>2.19</b>
Rate of Interest on Working Capital	15.15%
<b>Interest on Working Capital</b>	<b>0.33</b>

- 5.7.3. The Petitioner has requested the Commission to allow the interest on working capital as Rs. 0.33 Cr. for the FY 2026-27.

### Commission's Analysis

- 5.7.4. The Commission notes that Regulation 34.2 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

***"34.2 Transmission:***

*(i) The Transmission Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:*

*d) Operation and maintenance expenses for one month; plus*

*e) Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus*

*f) Receivables equivalent to two (2) month of transmission charges calculated on target availability level;*

*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.*

*<Emphasis added>*

5.7.5. In consideration of the aforementioned Regulatory provisions, the Commission computed the interest on working capital as depicted in the table below:

**Table 51: Approved Interest on Working Capital of SLDC Business for FY 2026-27**

(in Rs. Crs)

Particulars	FY 2024-25 (Approved in True-Up)	Estimated for FY 2025- 26	Approved for FY 2026-27
O&M Expenses for 1 Month	0.36	0.38	0.40
Maintenance Spares @1% on opening GFA escalated at 6%	0.17	0.17	0.59
Receivables for 2 months	0.94	0.97	1.10
<b>Total Working Capital Requirement</b>	<b>1.47</b>	<b>1.52</b>	<b>2.08</b>
Rate of Interest on Working Capital	15.00%	15.00%	15.00%
<b>Interest on Working Capital</b>	<b>0.22</b>	<b>0.23</b>	<b>0.31</b>

5.7.6. **The Commission approves Interest on Working Capital at Rs. 0.31 Crore for FY 2026-27.**

## 5.8. Non-Tariff Income of SLDC Business

### Petitioner's Submission

5.8.1. The Petitioner submitted that the Non-Tariff Income (NTI) for FY 2025-26 and FY 2026-27 has been projected by applying an escalation factor of 5.72% over the actual NTI of FY 2024-25. The Petitioner further submitted that the insurance claim received during FY 2024-25 is a non-recurring income and has therefore been excluded while computing the base NTI for projection of NTI for the ensuing years.

### Commission's Analysis

5.8.2. The Commission observed that the Petitioner submitted that the Non-Tariff Income (NTI) for FY 2025-26 and FY 2026-27 has been projected based on the actual NTI of FY 2024-25 after excluding the insurance claim received during FY 2024-25, as the same is a non-recurring income. The Petitioner, in response to the First Additional Information Requirement dated 06.01.2026, submitted that the NTI for FY 2024-25 amounts to Rs. 2,586, which appears very negligible even after applying the escalation factor of 5.72% (approximately Rs 0 Cr) in the ARR computation.

5.8.3. Further, the Petitioner, in response of the First Additional Information Requirement, clarified that the NTI has been projected based on the actual NTI of FY 2024-25 and that the other income for SLDC Business does not include SLDC charges and Open Access charges. The Petitioner further submitted that, as per the Commission's Order dated 10.04.2014 and

subsequent clarification dated 15.11.2023, the income collected from Open Access consumers (Rs 1.50 Cr) is to be credited to the SLDC Fund for capital expenditure and therefore has not been considered as Non-Tariff Income for ARR purposes. Hence, in totality, the NTI for FY 2024-25 comes out to be Rs 0.00 Cr and escalation of this amount with an escalation factor of 5.72%, provides very negligible amount for FY 2026-27, which apparently shows a figure of Rs 0.00 Cr.

Provided the Petitioner must ensure that the Additional Capitalization for its SLDC Business during the True-up year shall be first adjusted from the SLDC Fund, followed by any grant, loan and equity. The Commission further directs the Petitioner to submit the Auditor Certification to substantiate the said norms set above and a detailed reconciliation has to be provided at the time of true-up of the respective year to justify the SLDC Fund capitalization.

5.8.4. The Commission has examined the submissions of the Petitioner and hereby, for the projection purposes of FY 2026-27, considers the NTI as claimed by the petitioner, subject to actual amount at the time of true-up in FY 2026-27.

5.8.5. Accordingly, Commission approves NTI for revised ARR for FY 2026-27 as follows:

**Table 52: Approved Non-Tariff and Other Income of SLDC Business for FY 2026-27**

<i>(in Rs. Crs)</i>	
Particulars	Approved for FY 2026-27
Non-Tariff Income	0.00

5.8.6. **The Commission approves Non-Tariff / Other income at NIL for FY 2026-27.**

## **5.9. Aggregate Revenue Requirement of SLDC Business for FY 2026-27**

### **Petitioner's Submission**

5.9.1. Petitioner has submitted that based on the explanation and the calculation of individual components in above paragraphs the ARR for the fourth control period is estimated as under:

**Table 53: Claimed Aggregate Revenue Requirement of SLDC Business for FY 2026-27**

<i>(in Rs. Crs)</i>		
Particular	Approved 2026-27	Revised 2026-27
Depreciation	9.48	0.54
Return on Equity	3.29	0.38

Particular	Approved 2026-27	Revised 2026-27
Interest on Loan	3.4	0.87
Operation and Maintenance Exp.	4.86	4.85
Interest on Working Capital	0.66	0.33
<b>Sub-Total</b>	<b>21.69</b>	<b>6.97</b>
Less Other Income	1.13	0.00
<b>Net ARR</b>	<b>20.56</b>	<b>6.97</b>
Add: Revenue Gap/(surplus) for 2024-25	0.00	0.19
<b>Net ARR Recoverable in 2026-27</b>	<b>20.56</b>	<b>7.16</b>

5.9.2. The Petitioner requested the Commission to approve the ARR for FY 2026-27 for SLDC Business as Rs. 7.16 Crore.

#### Commission's Analysis

5.9.3. The Commission, with reference to the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014, after Prudence check of the petition considering the additional information and additional submission, the objections raised by the stakeholders, the response of the MePTCL for the objections, the minutes of the public hearing process and views of the State Advisory Committee, has approved revised Annual Revenue Requirement for SLDC business for FY 2026-27 as depicted in the table below:

**Table 54: Approved Aggregate Revenue Requirement of SLDC Business for FY 2026-27**  
(in Rs. Crs)

Sl. No.	Particulars	Claimed for FY 2026-27	Approved for FY 2026-27
1	Depreciation	0.54	0.72
2	Return on Equity	0.38	0.38
3	Interest on Loan	0.87	0.40
4	Operation and Maintenance	4.85	4.78
5	Interest on Working Capital	0.33	0.31
<b>6</b>	<b>Gross ARR</b>	<b>6.97</b>	<b>6.59</b>
7	Less: Non-Tariff Income	0.00	0.00
<b>8</b>	<b>Net Annual Revenue Requirement (ARR)</b>	<b>6.97</b>	<b>6.59</b>
9	Add: Revenue Gap/(Surplus) for True up of FY 2024-25	0.19	-0.27
<b>10</b>	<b>Total ARR recoverable for the year</b>	<b>7.16</b>	<b>6.32</b>

5.9.4. Based on the above, the Commission approves Revised ARR at Rs. 6.32 Crores for FY 2026-27.

### 6. Commission's Directives

The Commission hereby directs the Petitioner the following directives and is of the view that non-compliance of the directives may lead to non-admittance of the future petitions.

**Table 55: Commission's Directive**

Sl. No.	Particulars												Timeline	
1	Petitioner to submit Additional Capitalization funding structure for the respective year.												To be provide during the Next True-Up petition for FY 2025-26 (for all Tabular formats)	
	No.	Category of Asset	Description/ Equipment/ Asset	Date of Addition	GFA Added During the True-Up Year (In Rs. Cr.)	GFA Capitalized During the Year (In Rs. Cr.)	Funding Source for Capitalization through Loan (In Rs. Cr.)	Funding Source for Capitalization through Grant (In Rs. Cr.)	Scheme of Grant used for capitalisation	Funding Source for Capitalization through Equity (In Rs. Cr.)	Justification for Capitalization	Reference of Notes to the Financial Statement		Supporting Documents Provided (Yes/No)
	1													
	2													
	3													
	4													
	5													
	Particulars		Total Additional Capitalization (In Rs. Cr.)	Funded through Grant (In Rs. Cr.)	Funded through Equity. (In Rs. Cr.)	Funded through Debt (In Rs. Cr.)								
	True-up year													
	Current Financial Year													
	Ensuing Financial year													

Sl. No.	Particulars	Timeline																																																						
2	Petitioner to provide annual Grant data capturing the following details:																																																							
	a. Scheme wise grant allocation details																																																							
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**The Petitioner shall file Status of the all the Directives mentioned in this order under respective sections from time to time and a Compiled status copy with all relevant supporting documents at the time of next ARR Petition.**

**Annexure: Loan Portfolio**

Particulars	Loan Details			As on 01.04.2025			During the Year									Loan outstanding
	Total Loan amount at the Date of Drawl	Rate of interest applicable at the date of drawl	Date of Drawl	Loan Outstanding	Loan repayment of FY preceding True-up year	Interest Due	Loan addition	Previous year Repayment paid	Repayment due for this year	Repayment Made	Rate of interest as on 31 <sup>st</sup> March 2026	Interest accrued	Interest paid	Penal interest due	Penal Interest paid	
Loan 1																
Loan 2																
Loan n																

Particulars	Accrued at the beginning	Accrued during the year	Total	Interest Paid	Interest accrued but not due
Loan 1					
Loan 2					
Loan n					

## ***7. Applicability of the Order***

This Order shall come into effect from 1<sup>st</sup> April 2026.

The Petition of Meghalaya Electricity Power Transmission Company Limited (MePTCL) in Case No. 10 of 2025 stands disposed of accordingly.

Sd/-

**Chandan Kumar Mondol,  
Chairman**

**Annexure I**

**RECORD NOTES OF THE TWENTY-EIGHTH (28) MEETING OF THE STATE ADVISORY COMMITTEE, HELD ON 13<sup>th</sup> MARCH 2026 AT THE STATE CONVENTION CENTRE, SHILLONG AT 11:00 AM**

**Members Present**

1	Shri. Chandan Kumar Mondol Chairman, Meghalaya State Electricity Regulatory Commission.
2	Prof Nalini Prava Tripathi, Professor & Dean, Alumni, IIM, Shillong.
3	Shri. Ronald Rikman Sangma, Tura.
4	Shri. Shyam Sunder Agarwal, CMD (Pioneer Carbide Pvt. Ltd.)
5	Shri. Pawan Joshi (Finance Secretary), M/s Green Valley Cements Limited (Max Cement).
6	Shri. Eswoll Slong, Secretary MSERC, Convenor.

**Invitees**

1	Shri. R. Thang Khiew, Director (Generation), MePGCL
2	Shri. A.F.G. Momin, Director (Distribution), MePDCL
3	Shri. B. Wankhar, CE (Projects), MePDCL
4	Shri. B. Nikhla, CE (D) MePDCL
5	Shri. K. Lyngwa, ACE (T&T) MePTCL
6	Smti. A. Sunn, CE (HP & HC), MePGCL
7	Smti. A. Majaw, CE (Transmission) MePTCL
8	Smti. L. Lyndem, CE (Generation) MePGCL
9	Shri. W. Khyriem, SE (MePDCL)
10	Smti. P. B. Jyrwa, CE (Commercial), MePDCL
11	Smti. P. M. Rymbai, Chairperson, CGRF, Shillong
12	Shri. Syed Saif Abbas Nagir, Consultant MeECL
13	Shri. Soumya Bandyopadhyay (Associate Director) Consultant MSERC

The Chairman Meghalaya State Electricity Regulatory Commission in his opening remarks welcomed all the members of the State Advisory Committee and invitees to the 28<sup>th</sup> meeting of the State Advisory Committee. He briefed the State Advisory Committee

members regarding the activities being carried out by the Commission for the last 1 year. He then highlighted the following issues.

Challenges for the Regulatory Commission:

- Sales of MePDCL is significantly less compared to the projections being made by the Corporation;
- Cost of power is comparatively higher particularly in view of the past pension liability;
- Government of Meghalaya does not provide any subsidy to any category of consumers which is generally prevalent in other states;
- He also briefed that the Commission is also bound to follow various Rules, issued by Government of India under the Electricity Act, 2003 as well as various Judgments/ Orders of the Supreme Court and Appellate Tribunal of Electricity, particularly with respect to consumers rules, regulatory assets and true up gap being passed on to the ARR of subsequent years. It is important that this true up gap is reduced to the minimum possible extent so that tariff does not increase. Furthermore, he emphasized that there is need for better forecasting with respect to power sales and connected load.
- He appreciated the efforts of MePDCL with regard to reduction of the AT & C loss and T & D loss. He also appreciated that there is no Regulatory assets in case of MePDCL. Thereafter, he briefed that the Commission has already brought out Draft Electricity Supply Code to deal with the various standard of performance and also the Draft DRE Regulation to encourage Solar Power within the State. Finally, the Chairman expressed that there will be a fruitful deliberation in the meeting for improvement of the functioning of the utility as well as the Regulatory Commission.

Thereafter, Deloitte, the Consultant of the Commission made a presentation covering the following issues:

1. Key highlights of last SAC Meeting;
2. Regulatory performance of Meghalaya;
3. Strategic Actions Initiated;
4. Draft Supply Code Regulation;
5. Draft Distributed Renewable Energy (DRE) Regulations;
6. Proposed revised MYT Regulation;
7. Regulatory Asset Framework – Supreme Court & APTEL directions;
8. Liquidation of Regulatory Assets & True Up gap;

9. Strengthening Regulatory Monitoring Framework.

The Chairman then invited views and suggestions from the members.

1. **Presentation By the MeECL -**

The Director (Generation), MePGCL expressed appreciation to the Commission and members of the State Advisory Committee, who are there to look after the welfare and health of the Corporations and for the welfare of the public at large. He then stated about the challenges of climate change that is adversely affecting the rainfall, as they are totally dependent on hydro based stations. He further stated about difficulty to get specialized contractors for the works.

Shri A. F. G. Momin, the Director, MePDCL stated that the distribution company is a very difficult/complex organization facing so many problems and challenges. In spite of all the best efforts, they could achieve little progress over the past few years, compared to other companies like Transmission and Generation companies.

Thereafter, the Consultant of MeECL made a presentation highlighting the following:

1. The connected load has grown with a CAGR of 9%;
2. Sales have grown at a CAGR of 3%;
3. Distribution assets trend moving towards reliable power supply;
4. 5 major projects completed in last 7 years involving an investment of Rs. 1362 crores with funding to the tune of 99% through grants to ensure zero burden on end consumer of electricity;
5. Huge infrastructure addition and upgradation helped in reducing the technical losses and increased reliability and quality of power;
6. Due to high concentration of hydro power huge surplus is available in monsoon season and the State is Deficit in peak demand season i.e., winters;
7. Rates available in open market are below annual average during the surplus season and higher during the deficit season;
8. Following the recommendation of the Member of the State Advisory Committee MePDCL has set up a dedicated vigilance cell for tapping the power theft across the entire state. This cell has been making regular inspection;
9. Increase in Generation capacity – MLHEP;
10. Digitization of processes;
11. Consumer Grievances Resolution.

**2. Prof Nalini Prava Tripathi, Professor & Dean, Alumni, IIM**

She raised the following issues and to which the MeECL and Commission responded:

- AI integration - AI based solution, Predictive Energy analytic, maintenance which will help to reduce the cost and also enhance the efficiency and increase the profit and loss, AI can be used in demand projection and supply real time, also can be used for predicting grid stability.
- PM Surya Ghar schemes that aims to provide free electricity to household to install solar panel on roof.
- To install street lights in IIM location in Umsawli for enhancing safety, security and visibility during night time. Solar Energy Corporation of India is one of that which provides energy at a very subsidies rate.

**3. Mr. Ronald Rikman Sangma, Tura**

He raised the issues regarding power connection to all the village which has not been implemented yet. He appreciated that payment of electricity bills has been improved. He informed that there have been some hiccups in the online payment system hampering the consumers to pay immediately. Therefore, he suggested that the system can be improved to make easy for the consumers.

**4. Mr Shyam Sundar from BIA**

He pointed out the EHT consumers, having been provided with advance metering infrastructure are levied billing demand as per their contract demand or as per the maximum demand recorded by the meters, whichever is higher. However, this is not possible for LT consumers as many meters are not working. He suggested that the fixed cost should be higher to the category of consumers whose energy meters are non-functional and lower fixed cost to the genuinely revenue paying consumers.

He also suggested that MePDCL needs to come up with a white paper Report on the installation and status of smart metering being implemented under various schemes.

He further proposed a lower tariff for Industrial consumers with higher load factor to encourage consumers to improve the load factor.

**5. Mr. Pawan Joshi (Finance Secretary) M/s Green Valley Cements Limited (Max Cement)**

He raised the issue about frequent power failure and power fluctuation in Jaintia Hills even during monsoon seasons.

**6. Smti. Palei Macdonald Rymbai, Chairman CGRF, Shillong**

She informed that since she took charge as Chairman, CGRF on May 2025, there is only one formal complaint and anticipated that this is because the consumer grievances are resolved at the field level.

She proposed that public awareness programme should be made to make the consumers aware as to where and to whom complaint about power issues in the respective area/locality should be sent so that immediate solution/steps are solve/rectify at the earliest.

**7. The meeting ended with a vote of thanks by the Secretary, MSERC.**