



M S E R C

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

**MEGHALAYA STATE ELECTRICITY REGULATORY
COMMISSION SHILLONG**

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

Order on Case No. 11 of 2025

**Petition of the Meghalaya Power Distribution Corporation Ltd for approval of
Revised Aggregate Revenue Requirement for FY 2026-27 & Distribution Tariff for
FY 2026-27.**

Coram

Shri. Chandan Kumar Mondol, Chairman

Petitioner:

Meghalaya Power Distribution Corporation Ltd. (MePDCL)

Lum Jingshai, Short Round Road,
Shillong - 793 001

Order

(Dated: 26.03.2026)

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 Distribution Corporation Limited has started functioning as a segregated commercial operation utility independently for power Distribution in the state of Meghalaya with effect from 1st April 2013.

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

relevant material herein, has already issued Order for true-up of Distribution Business for FY 2023-24 dated 24.03.2024.

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

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

The Petitioner herein being MePDCL has filed petition for True-Up of Distribution Business for the FY 2024-25 & Revised ARR for FY 2026-27 and Distribution Tariff for FY 2026-27 on 28th November 2025.

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

- MSERC Case No.11/2025: Approval of Revised ARR for FY 2026-27 and Distribution Tariff for FY 2026-27.

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

Sd/-

**Chandan Kumar Mondol,
Chairman**

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1. Background and Brief History

1.1. Background

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

1.2. Facts about this Case

- 1.2.1. The Petitioner, in compliance with the Regulation 11.2 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 along with its subsequent amendments has filed its application for Revised ARR for FY 2026-27 and Determination of Distribution Tariff for FY 2026-27 dated 28.11.2025.
- 1.2.2. This Commission dated 10.12.2025 had admitted the Petition directing MePDCL to publish abstract of the Petition in two consecutive issues in local dailies in Khasi, Jaintia, Garo and English.
- 1.2.3. Subsequently on 16.12.2025 and 17.12.2025 abstract of the Petition were published in The Shillong Times- Shillong Edition, Mawphor Khasi Edition, Salantini Janera-Achik Edition and Yutip Jaintia Edition, inviting objections/suggestions from stakeholders within 30 (thirty) days from the date of publication.

- 1.2.4. The Commission vide Notification dated 15th January 2026, had extended the last date for submission of objections/suggestions and comments by the stakeholders up to 30th January 2026.
- 1.2.5. Subsequently, on 13.01.2026 the Commission sought Additional Information serial 1 on the Petition from the Petitioner.
- 1.2.6. On 15.01.2026, the Commission invited suggestions/objections/comments from stakeholders on Load Factor incentives and penalty, Cross Subsidy Surcharge (CSS), and Demand Charges. Subsequently Comments were received from Byrnihat Industries Association (BIA), Pioneer Carbide Ltd., and MePDCL on 06.02.2026. Further, comments were received from F. W. Ferro Tech Pvt. Ltd., Meghalaya Cast & Alloys Pvt. Ltd., Pawan Castings (Meghalaya Pvt. Ltd.), Ri-Bhoi Ispat and Rolling Mills, and Shillong Ispat and Rolling Mills on 09.03.2026.
- 1.2.7. Objections/suggestions on the Petition filed by the Petitioner were received from Byrnihat Industries Association (BIA) on 28.01.2026 and from Power Foundation of India (PFI) on 31.01.2026. Subsequently, a corrigendum along with additional comments/objections was submitted on behalf of Byrnihat Industries Association (BIA) on 09.02.2026.
- 1.2.8. 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 U Nongsain Hima.
- 1.2.9. On 16.02.2026, the Commission sought additional information (Serial No. 2) on the Petition.
- 1.2.10. On 27.02.2026, the Petitioner submitted additional submissions to the Petition. Subsequently additional information (Serial No. 1) was submitted by the Petitioner on 02.03.2026.
- 1.2.11. Further, on 03.03.2026, MePDCL submitted its replies to the objections/suggestions of Byrnihat Industries Association (BIA), including its corrigendum and additional comments/objections.
- 1.2.12. On 05.03.2026, MePDCL submitted its replies to the objections/suggestions of Power Foundation of India (PFI). Subsequently, on 06.03.2026, MePDCL furnished additional information (Serial No. 2).
- 1.2.13. The Additional Information and Additional Submission of the Petitioner, Objections and Suggestions of the Stakeholders and Replies of MePDCL thereof, have been uploaded on the website of the Commission.
- 1.2.14. On 10.03.2026, due consultative process through public hearing of the submitted Petition for Revised Aggregate Revenue Requirement for FY 2026-27 and Distribution Tariff for FY 2026-27 was concluded and the Petitioner and the stakeholders were directed for submission of the objections/ suggestions.

- 1.2.15. The Commission has 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.

2. Summary of Petition for Revised ARR and Retail Tariff for FY 2026-27

2.1. Revised Aggregate Revenue Requirement (ARR) for FY 2026-27

2.1.1. Meghalaya Power Distribution Corporation Limited (MePDCL) has submitted the Petition seeking approval of Revised Aggregate Revenue Requirement for FY 2026-27 and Determination of Distribution Tariff for FY 2026- 27. The Petitioner has projected the Revenue Requirement for FY 2026- 27 as depicted below:

Table 1: Proposed ARR for FY 2026-27 (Rs. Cr.)

Particulars	FY 2026-27
Power Purchase Expenses	1510.04
Return On Equity	38.86
Depreciation	30.38
Interest on Loan	23.81
Operation and Maintenance Exp.	234.55
Interest on Working Capital	43.06
Gross ARR	1880.70
Less: Non-Tariff Income	194.83
Less: Revenue from Sale of Surplus Power	343.29
Net ARR	1342.59
Add: Pension Fund (Instalment 4)	113.18
Add: Pension Fund (MeECL Instalment 4)	0.63
Total ARR	1456.40

2.2. Revenue at Current tariffs

2.2.1. The petitioner has computed the revenue for the 3rd year of the control period i.e., FY 2026-27 based on the current existing tariff and the projected consumer-category-wise energy sales for FY 2026-27. The detailed calculation of revenue at current existing tariff is shown in the below table. The total revenue at current existing tariff works out to Rs. 1779.22 Cr. for FY 2026-27.

Table 2: Proposed Calculation of Revenue at Existing Tariff for FY 2026-27

Sl. No.	Category of Consumer	No of Consumers	Connected Load	Sales (MU)	Fixed Charges	Energy Charges	Fixed Charges-Revenue (Rs Cr)	Energy Charges -Revenue (Rs Cr)	Total Revenue (Rs Cr)
1	Domestic (DLT)	415557.00	825607.34	424.76	90.00		89.17	215.08	304.24
2	Commercial (CLT)	45800.00	123302.76	112.74	170	7.5	25.15	84.56	109.71
3	Industrial (ILT)	883.00	11136.95	7.37	170	6.8	2.27	5.01	7.28
4	Agriculture (Ape)	22.00	141.81	0.16	130	3.18	0.02	0.05	0.07
5	Public Lighting (PL)	95.00	1877.05	1.25	180	6.35	0.41	0.79	1.20
6	Water Supply (WSLT)	548.00	8372.80	10.90	180	7.8	1.81	8.50	10.31
7	General Purpose	2871.00	19683.50	15.55	180	7.41	4.25	11.52	15.77

Sl. No.	Category of Consumer	No of Consumers	Connected Load	Sales (MU)	Fixed Charges	Energy Charges	Fixed Charges-Revenue (Rs Cr)	Energy Charges - Revenue (Rs Cr)	Total Revenue (Rs Cr)
8	BPL	285088.00	263810.84	135.05		4.75	0.00	65.04	65.04
9	Crematorium (CRM)	1.00	168.83	0.20	7510	5.12	0.01	0.10	0.11
10	Domestic HT	165.00	23818.13	26.45	350	5.87	10.00	15.53	25.53
11	Water Supply (WSHT)	86.00	17613.56	42.69	410	7.91	8.67	33.77	42.43
12	Bulk Supply (BS)	261.00	59681.60	85.30	420	6.55	30.08	55.87	85.95
13	Commercial (CHT)	230.00	27594.51	33.81	390	6.17	12.91	20.86	33.78
14	Industrial (IHT)	303.00	199746.49	194.94	340	5.57	81.50	108.58	190.08
15	Ferro Alloy	3.00	27686.13	159.88	500	5.92	16.61	94.65	111.26
16	Industrial (EHT)	14.00	80876.88	350.53	500	8.87	48.53	310.92	359.45
17	Ferro Alloy (EHT)	4.00	95752.14	543.59	500	5.83	57.45	316.91	374.36
18	Electric Vehicle	43.00	2064.00	8.92		7.5	0.00	6.69	6.69
19	New Shillong		7000.00	41.70	492	6.55	8.64	27.31	35.95
	Total	751974.00	1795935.32	2195.79					1779.22

2.3. Revenue from Sale of Surplus Power

2.3.1. As per the instant petition, the Petitioner is expected to have surplus power after meeting the State demand. The Petitioner in order to determine the revenue from sale of surplus power has considered a rate of Rs. 7.50/kWh reflecting an increase of 50 paise over the actual rate discovered in FY 2024-25. Based on this assumption, the Petitioner has projected revenue from the sale of surplus power to Rs. 343.29 crore.

2.4. Revenue Gap for FY 2026-27

2.4.1. Based on the ARR projected above and as per Additional submission and the estimation of revenue at existing tariff the gap projected by the Petitioner for the FY 2026-27 is tabulated as under:

Table 3: Proposed projected Revenue Gap for FY 2026-27 (Rs. Cr.)

Sl. No.	Particulars	Amount
1	Aggregate Revenue Requirement for FY 2026-27	1456.40
2	Revenue At Existing Tariff	1779.22
3	Stand Alone Gap/(Surplus) for FY 2026-27	(322.83)
4	Add True Up Gap/(Surplus) for FY 2024-25	429.81
5	Total Gap	106.98

3. Revised Aggregate Revenue Requirement for FY 2026-27

3.1. Tariff Regulations

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

3.2. Determination of Tariff

- 3.2.1. Section 62 (3) of EA 2003 specifies that –
“....
the appropriate commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.”
- 3.2.2. Section 65 of EA 2003 – Provision of subsidy by state Government states that-
“If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State Government shall, notwithstanding any direction which may be given under section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the state Commission may direct, as a condition for the licensee or any other person concerned to implement the subsidy provided for by the State Government. PROVIDED that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the State Commission shall be applicable from

the date of issue of Orders by the Commission in this regard.”

3.3. Regulatory Accounts

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

3.4. Category wise Number of Consumers

Petitioner’s Submission

- 3.4.1. The petitioner has submitted that it has considered the number of consumers as approved by the Hon’ble Commission in its Order on Approval of the Business Plan for the Fourth Control Period and the Order dated 24.10.2024, as shown in the table below:

Table 4: Projected Number of consumers for FY 2026-27 (nos.)

Sl. No	Category	FY 2026-27
A	LT Category	
1	Domestic (DLT)	415557
2	Commercial (CLT)	45800
3	Industrial (ILT)	883
4	Agriculture (Ape)	22
5	Public Lighting (PL)	95
6	Water Supply (WSLT)	548
7	General Purpose	2871
8	BPL	285088
9	Crematorium (CRM)	1
	Sub Total (A)	750865
B	HT Category	
1	Domestic HT	165
2	Water Supply (WSHT)	86
3	Bulk Supply (BS)	261
4	Commercial (CHT)	230
5	Industrial (IHT)	303
6	Ferro Alloy	3
	Sub Total (B)	1048
C	EHT Category	
1	Industrial (EHT)	14
2	Ferro Alloy (EHT)	4
3	Electric Vehicle	43
	Sub Total (C)	61
	Total	751974

Commission’s Analysis:

- 3.4.2. The Commission notes that the number of consumers projected by the Petitioner for FY 2026-27 differs from the number of consumers approved by the Commission in the Business Plan and the MYT Order dated 24.10.2024. In

this regard, the Commission sought clarifications from the Petitioner on the basis of the revised projections submitted in the present Petition. However, the Petitioner did not provide any specific justification with respect to the variation in the projected number of consumers.

- 3.4.3. In this context, the Commission has relied on the approach adopted in its previous Tariff Orders, wherein the Commission has generally considered the number of consumers as submitted by the Petitioner, subject to prudence check. Further, the Commission also takes cognizance of the fact that the number of consumers projected by the Petitioner for FY 2026-27 is lower than the number of consumers approved in the Business Plan and the MYT Order dated 24.10.2024.
- 3.4.4. Accordingly, the Commission finds merit in considering the number of consumers as projected by the Petitioner for FY 2026-27.
- 3.4.5. The Commission has accordingly considered category wise no. of consumers for FY 2026-27 as claimed by the Petitioner in the Revised ARR petition for FY 2026-27.

Table 5: Approved Number of consumers for FY 2026-27 (nos.)

Sl. No	Category	FY 2026-27
A	LT Category	
1	Domestic (DLT)	415557
2	Commercial (CLT)	45800
3	Industrial (ILT)	883
4	Agriculture (Ape)	22
5	Public Lighting (PL)	95
6	Water Supply (WSLT)	548
7	General Purpose	2871
8	BPL	285088
9	Crematorium (CRM)	1
	Sub Total (A)	750865
B	HT Category	
1	Domestic HT	165
2	Water Supply (WSHT)	86
3	Bulk Supply (BS)	261
4	Commercial (CHT)	230
5	Industrial (IHT)	303
6	Ferro Alloy	3
	Sub Total (B)	1048
C	EHT Category	
1	Industrial (EHT)	14
2	Ferro Alloy (EHT)	4
3	Electric Vehicle	43
	Sub Total (C)	61
	Total	751974

3.5. Connected Load

Petitioner's Submission

- 3.5.1. The petitioner has submitted that it has considered the connected load as approved by the Hon'ble Commission in its Order on Approval of the Business Plan for the Fourth Control Period and the Order dated 24.10.2024, as shown in the table below:

Table 6: Proposed Connected Load for FY 2026-27

Sl. No.	Category	FY 2026-27
A	LT Category	
1	Domestic	825607.34
2	Commercial	123302.76
3	Industrial	11136.95
4	Agriculture	141.81
5	Public Lighting	1877.05
6	Water Supply	8372.8
7	General purpose	19683.5
8	Kutir Jyoti	263810.84
9	Crematorium	168.83
	Sub Total (A)	1254101.88
B	HT Category	
1	Domestic	23818.13
2	Water Supply	17613.56
3	Bulk Supply	59681.6
4	Commercial	27594.51
5	Industrial	199746.49
6	Ferro Alloys	27686.13
	Sub Total (B)	356140.42
C	EHT Category	
1	Industrial	80876.88
2	Ferro Alloys	95752.14
3	Electric Vehicle	2064
4	New Shillong	7000
	Sub Total (C)	185693.02
	Grand Total	17,95,935.32

Commission's Analysis:

- 3.5.2. The Commission notes that the connected load projected by the Petitioner for FY 2026-27 differs from the connected load approved by the Commission in the Business Plan and the MYT Order dated 24.10.2024. In this regard, the Commission sought clarifications from the Petitioner on the basis of the revised projections submitted in the present Petition. In this regard the Petitioner submitted a consumer wise actual connected load for the months of April 2025 to December 2025.
- 3.5.3. In this context, after due prudence check of the data submitted by the Petitioner, the Commission has considered the actual data pertaining to FY

2025-26 as provided by the Petitioner. However, the Commission has made certain modifications on a category-wise basis based on its analysis.

- 3.5.4. For Domestic LT consumers and Electric Vehicle consumers, the Commission has considered the connected load as approved in the ARR Order for FY 2025-26. Further, for the Commercial HT category, the Commission, based on the actual trend observed in previous years, has approved a 3% increase over the actual data provided by the Petitioner for FY 2025-26.
- 3.5.5. **Accordingly, Commission approves the projection of category wise connected load for FY 2026-27 as tabled below:**

Table 7: Approved Connected Load for FY 2026-27

Sl. No.	Category	FY 2026-27
A	LT Category	
1	Domestic	731841.38
2	Commercial	140879.96
3	Industrial	11167.87
4	Agriculture	213.00
5	Public Lighting	480.37
6	Water Supply	11578.65
7	General purpose	19693.63
8	Kutir Jyoti	207077.01
9	Crematorium	136.00
	Sub Total (A)	1123067.87
B	HT Category	
1	Domestic	24999.71
2	Water Supply	25877.39
3	Bulk Supply	59280.24
4	Commercial	44507.62
5	Industrial	130821.75
6	Ferro Alloys	17019.00
	Sub Total (B)	302505.72
C	EHT Category	
1	Industrial	106776.00
2	Ferro Alloys	36810.00
3	Electric Vehicle	2064
	Sub Total (C)	145650
	Grand Total	1571223.58

3.6. Energy Sales

- 3.6.1. As per Regulations, proper estimation of category-wise energy sales for FY 2026-27 is essential to arrive at the quantum of power to be purchased and the likely revenue from sale of energy.
- 3.6.2. This Section examines details of consumer category-wise energy sales projected by petitioner in its Petition for FY 2026-27 for approval of ARR.

Petitioner's Submission

- 3.6.3. The petitioner has considered the energy sales for FY 2026-27 as approved in the Business Plan for the Fourth Control Period, by the Hon'ble Commission based on the CAGR of consumption across various consumer categories over the preceding five years.
- 3.6.4. Thus, the total sales projected by the petitioner for FY 2026-27 is presented in the table below.
- 3.6.5. However, Petitioner further submitted that it has been observed that there are certain changes required which would revise the sales in upward directions. Petitioner's observation in this regard are as follows:

- a) The petitioner submitted that during the preparation of the Business Plan projections, the anticipated sales relating to the New Shillong development area were not incorporated, as detailed information on the expected load growth was not available at that time.
- b) However, MePDCL has stated that the new Assembly Building and the IT Park are expected to be commissioned by March 2026, which together are likely to add approximately 7 MVA of load. Accordingly, the petitioner has included the corresponding energy sales for these upcoming loads in the projected sales for FY 2026-27, considering a 50% load factor, given that IT Parks are generally energy-intensive in nature.
- c) In addition to the above, the Petitioner like previous year mentioned that Government of India has proposed 43 EV charging sub-stations under the revenue sharing scheme in the state of Meghalaya and the Petitioner has already got one proposal from EESL for construction of 25 Nos. of EV Charging stations at various locations in the state. The proposed capacity of each station is 48 kW. Accordingly, considering a load factor of 50%, an additional energy consumption of 8.92 MU has been estimated by the Petitioner.
- d) The Petitioner also added that while computing the revenue from sale of power from the Domestic and Kutir Jyoti Consumers, the Petitioner has considered % slab wise consumption as per the actual of FY 2024-25 tabulated below:

Domestic Consumers	%
0-100	21.83%
101-200	23.50%
Above 200	53.67%

- e) Further, for Kutir Jyoti consumers, the petitioner has stated that any consumption beyond 30 units per month has been billed at the domestic tariff, and the slab-wise distribution for such consumption has also been adopted in line with the actual slab-wise consumption of FY 2024-25.

Kutir Jyoti Consumers	%
31-100	62%
101-200	20%
Above 200	18%

f) The working for energy charges from the three categories is as under:

Table 8: Proposed Computation of Revenue from Energy Charges (EC) - Domestic Consumers for FY 2026-27

Projected Sales for Domestic Consumers in FY 2025-26 (MU)	424.76
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Domestic Consumers	%	Consumption Slab Wise (MU)	Slab Wise EC (Rs/kWh)	Revenue from EC (Rs Cr)
0-100	21.83%	92.741	5.00	46.37
101-200	24.50%	104.047	5.04	52.44
Above 200	53.67%	227.972	5.10	116.27
Total				215.08

Proposed Computation of Revenue from Energy Charges- Kutir Jyoti Consumers for FY 2026-27

Projected Sales for Kutir Jyoti Consumers in FY 2026-27 (MU)	135.05
Projected No. of Consumers	285088
Threshold Consumption	30.00
Allowed Consumption	102.63
Consumption Projected	135.05
Excess Consumption	32.42

Kutir Jyoti Consumers	%	Consumption Slab Wise (MU)	Slab Wise EC (Rs kWh)	Revenue from EC (Rs Cr)
31-100	62%	20.095	5.00	10.05
101-200	20%	6.523	5.04	3.29
Above 200	18%	5.800	5.10	2.96
0-30		102.632	4.75	48.75
Total				65.04

3.6.6. Accordingly, the energy sales (MUs) projected by the Petitioner is highlighted in the table below:

Table 9: Proposed Energy Sale projection for FY 2026-27

Sl. No.	Category of Consumer	Sales (MU)
1	Domestic (DLT)	424.76
2	Commercial (CLT)	112.74
3	Industrial (ILT)	7.37

Sl.No.	Category of Consumer	Sales (MU)
4	Agriculture (Ape)	0.16
5	Public Lighting (PL)	1.25
6	Water Supply (WSLT)	10.90
7	General Purpose	15.55
8	BPL	135.05
9	Crematorium (CRM)	0.20
10	Domestic HT	26.45
11	Water Supply (WSHT)	42.69
12	Bulk Supply (BS)	85.30
13	Commercial (CHT)	33.81
14	Industrial (IHT)	194.94
15	Ferro Alloy	159.88
16	Industrial (EHT)	350.53
17	Ferro Alloy (EHT)	543.59
18	Electric Vehicle	8.92
19	New Shillong	41.70
	Total	2195.79

Respondents' submission in this regard

- 3.6.7. PFI has submitted that Meghalaya Power Distribution Corporation Limited has considered the sales of 2,196 MU for FY 2026-27, as approved by the Meghalaya State Electricity Regulatory Commission in its Tariff Order dated 24.10.2024.
- 3.6.8. However, PFI has highlighted that there has been a significant variation between projected sales and actual sales in recent years. Based on the analysis of actual sales for FY 2022-23 to FY 2024-25, PFI has observed that the projections submitted by the DISCOM have substantially deviated from actual performance. In particular, for FY 2024-25, the Commission approved sales of 1,955 MU, whereas the actual sales were only 1,404 MU, reflecting a variation of 550 MU (approximately 28%).
- 3.6.9. PFI has submitted that such deviations indicate shortcomings in the sales forecasting methodology adopted by the DISCOM, including inadequate consideration of historical trends and prevailing market or policy conditions. PFI has further contended that the DISCOM has considered the previously approved sales of 2,196 MU for FY 2026-27, which represents a substantial increase over recent actual sales levels.
- 3.6.10. In view of the above, PFI has proposed an alternative sales projection methodology by taking the average of actual sales for FY 2022-23, FY 2023-24, and FY 2024-25 and applying an escalation of 5%, resulting in an estimated sale of 1,667 MU for FY 2026-27. Accordingly, PFI has requested the Hon'ble Commission to consider 1,667 MU as the sales for FY 2026-27.
- 3.6.11. PFI has also requested the Commission to direct the DISCOM to submit a detailed explanation for the variation between projected and actual category-wise sales in recent years.

MePDCL's Response to Respondent's submissions

- 3.6.12. The Petitioner submitted that all the computation sheets related to load factor wise, and slab wise claim of Projected sales have been submitted before the Commission.
- 3.6.13. In response to the above objection, the Petitioner has submitted that the sales projections for FY 2026-27 have been prepared strictly in accordance with the Business Plan approved by the Meghalaya State Electricity Regulatory Commission.
- 3.6.14. The Petitioner has further clarified that the only deviation from the approved Business Plan relates to the sales projection for New Shillong, which was not considered at the time of submission of the Business Plan and has subsequently been incorporated.
- 3.6.15. Accordingly, MePDCL has requested the Hon'ble Commission to consider the above clarification while examining the objection and has submitted that it may provide any further response, if required. The Petitioner has also stated that revenue from sale of power is directly linked to the projected sales, and therefore no separate submission is required in this regard.

Commission's Analysis:

- 3.6.16. The Commission has considered the submissions of both the Petitioner and the Respondent. After carrying out a prudence check of the actual sales data of the Petitioner for the past years, the Commission is of the view that the sales projected by the Petitioner for FY 2026-27 are on the higher side.
- 3.6.17. The Commission sought clarification from the Petitioner to mandatorily submit detailed calculations along with a write-up explaining the basis for projection of category-wise consumer sales for FY 2026-27. In response, the Petitioner, submitted that energy sales for the remaining consumers of the State have been considered in line with the projections approved in the Business Plan for the Fourth Control Period. The Petitioner further stated that the methodology adopted for projecting energy sales in the Business Plan was based on CAGR derived from the consumption trends of various consumer categories over the past five years.
- 3.6.18. Accordingly, the Commission has undertaken an analysis of the actual category-wise sales along with the respective CAGR and year-on-year growth trends and has realigned the sales projections for FY 2026-27.
- 3.6.19. The Commission further observes that the methodology adopted by the Petitioner in projecting sales for FY 2026-27 solely on the basis of the Business Plan approved by the Commission vide Order dated 16.11.2023 is not appropriate. The Petitioner is expected to undertake a detailed analysis of category-wise variations in actual sales while projecting future sales.

- 3.6.20. The Commission therefore directs the Petitioner, to adopt a more robust and analytical approach for projecting sales in the ensuing years and to provide adequate justification and rationale for the projections. The Commission notes that inflated sales projections may have a material impact on the ARR of the Petitioner and, consequently, on the tariff determination process.
- 3.6.21. Accordingly, the Commission has approved the projected sale for FY 2026-27 subjected to revision during true-up of FY 2026-27 as tabled below:

Table 10: Approved Category-wise Energy Sale (MU) for FY 2026-27

Sl. No.	Category	FY 2026-27
A	LT Category	
1	Domestic	494.52
2	Commercial	153.75
3	Industrial	8.16
4	Agriculture	0.22
5	Public Lighting	1.54
6	Water Supply	9.57
7	General purpose	19.90
8	Kutir Jyoti	161.62
9	Crematorium	0.16
	Sub Total (A)	849.43
B	HT Category	
1	Domestic	27.22
2	Water Supply	39.85
3	Bulk Supply	82.78
4	Commercial	55.15
5	Industrial	144.36
6	Ferro Alloys	76.28
	Sub Total (B)	425.64
C	EHT Category	
1	Industrial	209.50
2	Ferro Alloys	200.71
3	Electric Vehicle	8.92
	Sub Total (C)	419.13
	Total	1694.20

3.7. Energy Availability

Petitioner's Submission

- 3.7.1. MePDCL's projection of the Energy availability for FY 2026-27 vide Table 47 of the petition is tabulated below:

Table 11: Proposed Energy Availability and Power Procurement Plan for FY 2026-27 (MU)

Sl. No.	Name of Station	Projected Availability
A	MePGCL	
1	Umiam Stage I	114.61

Sl. No.	Name of Station	Projected Availability
2	Umiam Stage II	45.45
3	Umiam Stage III	137.33
4	Umiam Stage IV	203.90
5	Sonapani	4.94
6	MLHEP	478.71
7	NUHEP	231.48
8	Lakroh	10.84
9	Ganol	88.69
	Sub-Total MePGCL	1315.94
B	Outside State	
1	Loktak	140.78
2	Kopili (Excluding Free Power)	106.80
3	Kopili Extension (Excluding Free Power)	10.10
4	Khandong (Excluding Free power)	26.80
5	Ranganadi	162.90
6	Doyang	19.80
7	AGBPP	84.71
8	AGTCPP	36.06
9	Pare	66.93
10	Kameng	55.52
11	Bongaigaon	526.64
12	OTPC	359.31
13	Free Power	78.02
14	Purchase from Open Market	217.52
15	Sub-Total (Out Side State)	1891.89
16	Grand Total Outside State	3207.83

Respondents' submission in this regard

- 3.7.2. BIA submitted that in previous Tariff Orders it has been observed that the actual drawal of power by the distribution licensee has been significantly lower than the projected power availability considered in the Tariff Order. BIA further submitted that the load factors for different consumer categories are often projected with considerable variation without adequately considering relevant regulatory provisions and market factors that may influence the actual drawal of power by consumers.
- 3.7.3. Further, BIA referred to Section 42(3) of the Electricity Act, 2003, which provides certain categories of consumers the right to procure power through open access, and stipulates that the distribution licensee shall act as a common carrier providing non-discriminatory open access. In view of these provisions,

the respondent submitted that sales projections should appropriately consider the potential migration of eligible consumers to open access, as their power procurement decisions may vary depending on the prevailing market conditions.

- 3.7.4. The respondent therefore submitted that overestimation of consumer demand and power drawal may result in surplus power availability and stranded capacity for the distribution utility. In this regard, the respondent requested the Hon'ble Commission to ensure that the projection of power availability and sales demand is undertaken prudently, taking into account the possible variation in actual power availability as well as the likely drawal of power through open access by eligible consumers.
- 3.7.5. Accordingly, the respondent submitted that any claim of stranded capacity by the distribution utility should be considered only after duly examining the variation between projected and actual power availability and the appropriate assessment of open access demand in accordance with the provisions of the Act.

MePDCL's Response to Respondent's submissions

- 3.7.6. In response to the objection regarding the lower drawal of power from various approved sources in FY 2024-25, the Petitioner submitted that it has already provided a detailed justification in its objections. The Petitioner therefore requested the Commission to take the replies furnished in the said affidavit on record for the purpose of the present submission as well, without reiterating the same.
- 3.7.7. Further, with regard to the issue of stranded capacity, the Petitioner submitted that the Commission has recently examined and adjudicated the matter while re-hearing the case pursuant to the remand order issued by the Appellate Tribunal for Electricity, in which the present Objector had also participated. Accordingly, the Petitioner submitted that the methodology adopted by the Commission in the said proceeding may continue to be followed, as the objections and suggestions of stakeholders on this issue have already been duly considered during the public hearing in the aforesaid remand proceedings.

Commission's Analysis:

- 3.7.8. The Commission noted that for the Ganol project, the Petitioner has projected ex-bus generation of 88.69 MU, which appears to be an inadvertent error as the auxiliary consumption has not been accounted for in arriving at the net Ex-bus available energy.
- 3.7.9. The Commission sought clarification from the Petitioner regarding the projections from various power sources. In response, the Petitioner submitted that for hydro power projects, the quantum of power has been considered as approved by the Commission, whereas for thermal power projects the quantum

has been projected based on the actual procurement during the first half of FY 2025-26.

- 3.7.10. After carrying out a prudence check, the Commission observes that the actual gross generation of generating stations pertaining to MePGCL has been consistently lower than the approved figures in the past years. In view of this, the Commission has considered a more realistic approach based on the actual operational performance of the stations.
- 3.7.11. Accordingly, based on the station-wise gross generation and plant availability reports certified by SLDC for MePGCL stations, the Commission has adopted the minimum of (i) the plant-wise gross generation projected by the Petitioner and (ii) the actual gross generation as per the available records.
- 3.7.12. However, for Umiam Stage III HEP, the Commission has considered the generation as projected by the Petitioner, taking into cognizance the submission that the plant is expected to be fully scheduled and generate energy in line with its design energy.
- 3.7.13. For the remaining power stations, the Commission has considered the power purchase quantum as projected by the Petitioner. Further, the Commission notes that the Petitioner has projected procurement of 217.52 MU from the short-term market for FY 2026-27. The Commission has examined the same in conjunction with the overall demand-supply position, availability from tied-up sources, and projected surplus power.
- 3.7.14. Upon detailed scrutiny, the Commission observes that a marginal optimization in short-term procurement is feasible without impacting the reliability of supply, particularly in view of the availability of surplus energy during certain periods and improved scheduling from existing sources. Accordingly, based on a prudence check and to ensure optimal power procurement planning, the Commission has considered the short-term power procurement at 220 MU for FY 2026-27.
- 3.7.15. Accordingly, the Commission approves the Energy Availability projection at Ex-Bus for FY 2026-27 are as follows:

Table 12: Approved Energy Availability and Power Procurement Plan for FY 2026-27

Sl. No.	Name of Station	Projected Availability (MU) (Claimed) for FY 2026-27	Projected Availability (MU) (Approved) for FY 2026-27
A	MePGCL		
1	Umiam -I	114.61	112.38
2	Umiam -II	45.45	58.61
3	Umiam -III	137.33	137.33
4	Umiam -IV	203.90	147.47
5	Sonapani	4.94	4.94

Sl. No.	Name of Station	Projected Availability (MU) (Claimed) for FY 2026-27	Projected Availability (MU) (Approved) for FY 2026-27
7	MLHEP	478.71	358.76
8	New Umtru	231.48	186.87
9	Lakroh	10.84	3.28
10	Ganol	88.69	58.91
	Sub-Total MePGCL	1315.95	1068.55
B	NEEPCO		
1	Kopili	106.80	106.80
2	Kopili-Ext	10.10	10.10
3	Khandong	26.80	26.80
4	Ranganadi	162.90	162.90
5	Doyang	19.80	19.80
6	AGBPP	84.71	84.71
7	AGTPP CC	36.06	36.06
8	Pare	66.93	66.93
9	Kameng	55.52	55.52
	Sub-Total NEEPCO	569.62	569.62
1	Loktak	140.78	140.78
C	Sub-Total NHPC	140.78	140.78
D	OTPC-Pallatana	359.31	359.31
E	NTPC		
1	BTPS	526.64	526.64
2	FSTPS	0.00	0.00
3	KHSTPS-I	0.00	0.00
4	KHSTPS-II	0.00	0.00
5	TSTPS-II	0.00	0.00
F	Sub-Total NTPC	526.64	526.64
1	Free Power	78.02	78.02
2	Purchase from Open Market	217.52	220
G	Grand Total	3207.83	2962.92

3.7.16. **The Commission approves the Ex-bus Power Availability of 2962.92 MUs as estimated excluding swapping and bilateral procurement for FY 2026-27.**

3.7.17. The Commission hereby directs the Petitioner to furnish month-wise and source-wise actual power purchase quantum along with cost incurred up to October of that year for which the Petition is being filed for assessing of actual energy availability for ARR/MYT Order from next True Up filing of FY 2025-26.

3.8. Distribution Loss

3.8.1. The Commission observes that the Petitioner had projected 16% Distribution Loss through the Revised Energy Balance for FY 2026-27 vide Table 56 of the

petition. Accordingly, the Commission approves the Distribution Loss at 16.00% for FY 2026-27 as detailed out below:

Table 13: Approved Distribution losses for FY 2026-27

Distribution Loss	FY 2026-27
	(Approved for Revised ARR)
	16.00%

3.9. Power Purchase Cost

Petitioner's Submission

- 3.9.1. The Petitioner had submitted that the total power purchase expenses approved by the Hon'ble Commission in its Order dated 24.10.2024 in Case No. 32 of 2023 were based on the actual power purchase rates of FY 2023-24. However, the Petitioner submitted that, based on the actual power purchase rates from various sources for H1 of FY 2025-26, the power purchase expenses for FY 2026-27 have been revised, considering the actual quantum of power procured and the rates observed during H1 of FY 2025-26.
- 3.9.2. Further, the power purchase expenses allowed for Meghalaya Power Generation Corporation Limited and the transmission charges of Meghalaya Power Transmission Corporation Limited in the aforesaid Order were based on the true-up of FY 2022-23. Since MePGCL and MePTCL are currently filing true-up petitions for FY 2024-25 along with tariff revision petitions for FY 2026-27, the costs claimed in the respective petitions of these two utilities have been considered as the power purchase cost for FY 2026-27.
- 3.9.3. The Petitioner has submitted the rates of power procured during the first 6 months of FY 2025-26 as tabulated below:

Table 14: Proposed Actual Rates of Power Procurement in H1 of FY 2025-26

Sl. No	Station	Energy Procured	Variable Cost	Fixed Cost	Total Cost	Energy Charges Rs./kWh
1	Loktak	40.03	7.79	5.81	13.60	1.95
2	Kopili (Excluding Free Power)	60.71	14.27	0.00	14.27	2.35
3	Kopili Extension (Excluding Free Power)	7.42	1.10	0.77	1.87	1.48
4	Khandong (Excluding Free power)	5.98	1.94	0.00	1.94	3.24
5	Ranganadi	87.29	12.25	11.26	23.51	1.40
6	Doyang	17.60	6.14	4.39	10.53	3.49
7	AGBPP	42.35	19.96	15.96	35.92	4.71
8	AGTCPP	18.03	8.68	7.04	15.72	4.81

Sl. No	Station	Energy Procured	Variable Cost	Fixed Cost	Total Cost	Energy Charges Rs./kWh
9	Pare	38.55	20.59	0.00	20.59	5.34
10	Kameng	46.44	18.58		18.58	4.00
11	Bongaigaon	182.02	67.86	71.72	139.58	3.73
12	OTPC	179.66	39.95	25.30	65.25	2.22
13	Free Power	52.01				
14	Total	778.10	219.09	142.26	361.35	

3.9.4. Further the Petitioner has submitted that with the implementation of GST 2.0, the cost of coal has reduced substantially due to the removal of the compensation cess of Rs. 400 per tonne. Accordingly, the Petitioner has assessed the probable impact of this reduction in coal cost on the Energy Charge Rate (ECR) of Bongaigaon Thermal Power Station. The resulting reduction in ECR has been adjusted against the ECR observed during H1 of FY 2025-26 while projecting the power purchase expenses from Bongaigaon for FY 2026-27.

Table 15: Average GCV of Coal on As Received Basis in H1 2025-26 for Bongaigaon (As per Bills)

Particular	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Average
GCV	3891	3903	3890	3880	3930	3967	3910.17
Grade	G12	G12	G12	G12	G12	G12	
Base Price	896	896	896	896	896	896	

Particular	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Remarks
Coal Price Prior to Sept	1340.8	1340.8	1340.8	1340.8	1340.8	1340.8	(Base Price*(1+5%))+400
Coal Price After Sept	1057.28	1057.28	1057.28	1057.28	1057.28	1057.28	(Base Price)*(1+18%)
Difference	283.52	283.52	283.52	283.52	283.52	283.52	

Particular	Value Before Sept 2025	Value After Sept 2025
Installed Capacity	750	750
SHR	2376.12	2376.12
Average GCV	3910.17	3910.17
Specific Coal Consumption	0.61	0.61
Annual Generation	5584500000	5584500000
Coal Requirement (kg)	3393574564	3393574564
Coal Requirement (Te)	3393574.56	3393574.56

Particular	Value Before Sept 2025	Value After Sept 2025
Price Prior to Sept	1340.8	1057.28
Coal Cost	4550104775	3587958515
ECR	0.81	0.64
Impact	(-)0.17	

- 3.9.5. In addition to the above, the Petitioner further mentioned that the power procurement from Ganol Hydroelectric Project has been projected at 88.69 MU. This projection is based on the fact that Meghalaya Power Generation Corporation Limited has obtained tariff approval for Ganol on a generic basis, and as per the Tariff Regulations of the Commission, the normative Capacity Utilization Factor (CUF) for hydro projects is 45%. Accordingly, the same CUF has been considered for the purpose of estimating the generation and corresponding power procurement.
- 3.9.6. Further, from hydro power projects the Petitioner has considered the quantum of power allocated in line with the allocation approved by the Commission, while the allocation from thermal power projects has been projected based on the actual power procurement during the first half of FY 2025-26.
- 3.9.7. Similarly, the Petitioner has considered transmission charges payable to Meghalaya Power Transmission Corporation Limited as claimed by MePTCL in its Petition, whereas for the transmission charges payable to the Central Transmission Utility (CTU) the Petitioner has estimated it based on the charges incurred during the first half of FY 2025-26.
- 3.9.8. Accordingly, the Petitioner has submitted the revised Power Purchase Expenses for FY 2026-27 as under:

Table 16: Proposed Power Purchase Cost for FY 2026-27

Name of Station	Quantum	Projected Fixed Cost	Energy Charge Rate (H1) Except MePGCL	Energy Charges	Total Cost	Rs./kWh
Umiam Stage I	114.61	18.53	1.62	18.53	37.06	3.23
Umiam Stage II	45.45	10.30	2.27	10.30	20.59	4.53
Umiam Stage III	137.33	30.89	2.25	30.89	61.77	4.50
Umiam Stage IV	203.90	30.89	1.51	30.89	61.77	3.03
Sonapani	4.94	0.77	1.56	0.77	1.54	3.13
MLHEP	478.71	64.86	1.35	64.86	129.72	2.71
NUHEP	231.48	20.59	0.89	20.59	41.18	1.78
Lakroh	10.84	0.77	0.71	0.77	1.54	1.42
Ganol	88.69	0.00	4.77	42.31	42.31	4.77
Sub-Total	1315.94	177.60		219.90	397.50	3.02

Name of Station	Quantum	Projected Fixed Cost	Energy Charge Rate (H1) Except MePGCL	Energy Charges	Total Cost	Rs./kWh
Loktak	140.78	11.62	1.95	27.38	39.01	40.95
Kopili (Excluding Free Power)	106.80	0.00	2.35	25.10	25.10	27.45
Kopili Extension (Excluding Free Power)	10.10	1.54	1.48	1.50	3.04	4.52
Khandong (Excluding Free power)	26.80	0.00	3.24	8.68	8.68	11.92
Ranganadi	162.90	22.52	1.40	22.85	45.37	46.78
Doyang	19.80	8.79	3.49	6.90	15.69	19.18
AGBPP	84.71	31.91	4.71	39.93	71.84	8.48
AGTCPP	36.06	14.08	4.81	17.35	31.43	8.72
Pare	66.93	0.00	5.34	35.75	35.75	5.34
Kameng	55.52	0.00	4.00	22.21	22.21	4.00
Bongaigaon	526.64	143.45	3.83	201.58	345.03	6.55
OTPC	359.31	50.60	3.73	133.95	184.55	5.14
Free Power	78.02					
Purchase from Open Market	217.52		1.74	37.88	37.88	1.74
Sub-Total (Out Side State)	1891.89	284.52		581.07	865.59	4.58
Grand Total	3207.83	462.11		800.97	1263.08	3.94

Respondents' submission in this regard

- 3.9.9. BIA submitted that the Petitioner has revised the power purchase cost on the basis that the expenses approved by the Hon'ble Commission in its Order dated 24.10.2024 in Case No. 32 of 2023 were based on actual rates of FY 2023-24, and that the rates for H1 of FY 2025-26 are now available. Accordingly, the Petitioner has updated the power purchase cost projections. Further, the power purchase cost from Meghalaya Power Generation Corporation Limited and the transmission charges of Meghalaya Power Transmission Corporation Limited have been considered as per the ARR petitions filed by the respective utilities, which are subject to approval by the Meghalaya State Electricity Regulatory Commission.
- 3.9.10. BIA has stated that the per-unit cost projected for certain generating stations appears unusually high and suggested that the same may be due to a calculation error in Table 47 of the Petition.
- 3.9.11. BIA further submitted that the power purchase cost projected by the Petitioner should be subject to prudence check, particularly for high-cost sources such as Doyang Hydroelectric Power Station, Assam Gas Based Power Plant and Assam Gas Turbine Power Company Limited Plant, which reportedly have the highest per-unit cost among the procurement sources.

- 3.9.12. BIA also referred to Regulation 60 of the MSERC MYT Regulations, 2014, which provides for recovery of variation in fuel price through Fuel and Power Purchase Price Adjustment (FPPPA). In this regard, it was submitted that since the FPPPA mechanism is already in place, there may not be a need to revise the power purchase cost in the Petition, and the cost may instead be considered as approved in the Order dated 24.10.2024, with any variation recovered through the FPPPA mechanism.
- 3.9.13. BIA further referred to the MSERC (Renewable Energy Purchase Obligation and its Compliance) (3rd Amendment) Regulations, 2018, under which the Hon'ble Commission has specified RPO targets for FY 2025-26.
- 3.9.14. It was submitted that the Petitioner has not provided adequate details regarding compliance with the RPO requirements. The Objector stated that if the power purchase quantum has been revised, the Petition should have also incorporated details of RPO obligations and compliance. The Objector also pointed out that solar power procurement approved by the Commission has not been reflected in the revised power purchase table, and therefore the Petition does not adequately address the issue of RPO compliance.
- 3.9.15. In view of the above, BIA requested the Hon'ble Commission to direct the Petitioner to ensure compliance with the RPO Regulations and to regularly submit the status of RPO fulfilment.
- 3.9.16. BIA further submitted that the Ministry of Power, in consultation with the Central Electricity Authority, has issued Guidelines for Resource Adequacy for the Indian Electricity Sector under Rule 16 of the Electricity (Amendment) Rules, 2022. The Objector requested the Hon'ble Commission to enforce the Resource Adequacy Guidelines in the interest of consumers and stakeholders, in line with the provisions of the Electricity Rules, 2005 (as amended in June 2023).
- 3.9.17. PFI appreciated the efforts of Meghalaya Power Distribution Corporation Limited in projecting the power purchase cost for FY 2026-27 after taking into account the impact of the recent notifications issued by the Ministry of Finance, namely Notification No. 9/2025–Central Tax (Rate) dated 17.09.2025, which increased the GST rate on coal from 5% to 18%, and Notification No. 2/2025–Compensation Cess (Rate) dated 17.09.2025, which abolished the compensation cess of Rs. 400/MT on coal with effect from 22.09.2025.
- 3.9.18. PFI submitted that the Petitioner has adopted a scientific approach in projecting the Energy Charge Rate (ECR) of thermal power plants by considering the actual ECR for H1 of FY 2025-26 and adjusting the same for the reduction in ECR resulting from the abolition of coal cess. The Objector further stated that, to the best of its knowledge, MePDCL is among the few DISCOMs to have explicitly considered the combined impact of abolition of coal cess and the increase in GST on coal while estimating the ECR.

- 3.9.19. PFI also submitted that in several ARR petitions filed in other States such as Assam, Arunachal Pradesh, Haryana, Bihar, Madhya Pradesh, Punjab, Himachal Pradesh and Uttarakhand, it had recommended that the respective State Commissions consider reducing the ECR of coal-based thermal plants by about 10 paise/kWh, owing to the absence of updated data for FY 2025-26.
- 3.9.20. However, PFI pointed out that an apparent error has been made in the calculation of the ECR for the Bongaigaon Thermal Power Station, wherein the Petitioner has projected the ECR as Rs. 3.83/kWh, whereas the Objector has recalculated the same as Rs. 3.56/kWh (Rs. 3.73 – Rs. 0.17). Based on the revised ECR, the Objector has estimated the power purchase cost from Bongaigaon Power Plant at Rs. 330.70 crore as against the Petitioner's claim of Rs. 345.03 crore.
- 3.9.21. Further, considering its revised estimation of sales for FY 2026-27 based on historical trends, PFI has recomputed the energy balance for FY 2026-27, which indicates that the Petitioner may have surplus power of around 1,087 MU, resulting in additional revenue of approximately Rs. 815 crore from the sale of surplus power.
- 3.9.22. Accordingly, PFI has recomputed the total power purchase cost for FY 2026-27 at Rs. 1,249 crore as against the Petitioner's claim of Rs. 1,263 crore.

MePDCL's Response to Respondent's submissions

- 3.9.23. In response to the submissions of the Objector, the Petitioner acknowledged that, due to an inadvertent computational error, the per-unit cost of certain generating stations was incorrectly reflected in the Petition. However, the Petitioner clarified that this error does not affect the overall power purchase expense claimed for FY 2025-26, and therefore there is no material impact on the total claim. Accordingly, MePDCL requested the Hon'ble Meghalaya State Electricity Regulatory Commission to kindly condone the error.
- 3.9.24. Further, the Petitioner submitted that although the Fuel and Power Purchase Price Adjustment Surcharge (FPPAS) mechanism is in place, it was necessary to revise the power purchase expenses for FY 2026-27 in the Petition itself. This is because the updated rates based on H1 of FY 2025-26 indicate a reduction of approximately Rs. 57 crore in power purchase expenses, and MePDCL considered it appropriate to pass on this benefit in the ARR projections rather than defer the adjustment through FPPAS.
- 3.9.25. With regard to the issue of Renewable Purchase Obligation (RPO) / Renewable Consumption Obligation (RCO) compliance, the Petitioner submitted that the same is governed by separate regulations, and the quarterly compliance reports are being regularly submitted to the Hon'ble Commission.
- 3.9.26. Further, regarding resource adequacy, the Petitioner submitted that it is ready to comply with any directions issued by the Hon'ble Commission in this regard.

However, based on its internal assessment, the Petitioner indicated that it has adequate power availability to meet the projected demand of the State up to FY 2031-32.

- 3.9.27. In response to the submission of the Objector, the Petitioner submitted that while the reduction in power purchase cost from the Bongaigaon Thermal Power Station due to the revised GST structure had been duly considered, an inadvertent linking error resulted in an incorrect projection of the power purchase cost for the said station in the Petition. The Petitioner therefore requested the Hon'ble Commission to condone the error and grant liberty to submit an additional submission correcting the same.
- 3.9.28. Further, with regard to the energy balance, the Petitioner submitted that since it has not provided any comments on the revised sales projections, it has also not submitted any comments on the energy balance proposed by the Objector.

Commission's Analysis:

- 3.9.29. Regulation 85 of the MSERC (Multi Year Tariff) Regulation 2014 specifies the following guidelines.

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

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

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

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

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

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

- 3.9.30. The Commission acknowledges the submissions made by the Objectors as well as the responses provided by the Petitioner with regard to the projection of power purchase cost for FY 2026-27. Upon detailed scrutiny of the Petition, the

Commission sought further clarifications from the Petitioner to address certain data gaps.

- 3.9.31. In response, the Petitioner submitted that, as on date, only one project Subansiri Hydro Project of NHPC is in the pipeline. The total installed capacity of the project is 2000 MW, out of which 440 MW has been allocated to North Eastern States. Meghalaya's share is 11.23%, equivalent to 49.41 MW, corresponding to an energy allocation of 183.36 MU based on the total design energy of 7421.59 MU. However, since only two units of the project have been commissioned so far, no projections from this source have been considered for FY 2026-27.
- 3.9.32. After taking into cognizance all submissions made by the Objectors and the Petitioner, the Commission has adopted the following approach for projecting power purchase cost for FY 2026-27:
- 3.9.33. For generating stations of MePGCL, the Commission based on the station-wise gross generation and plant availability reports certified by SLDC for MePGCL stations, the Commission has adopted the minimum of (i) the plant-wise gross generation projected by the Petitioner and (ii) the actual gross generation as per the available records.
- 3.9.34. However, for Umiam Stage III HEP, the Commission has considered the generation as projected by the Petitioner, taking into cognizance the submission that the plant is expected to be fully scheduled and generate energy in line with its design energy.
- 3.9.35. With regard to cost, the Commission has considered the station wise Annual Fixed Charges (AFC) as approved in the ARR order of MePGCL for FY 2026-27. For the Ganol project, the Commission has considered the generic tariff of Rs. 4.77/kWh as approved in the aforesaid Tariff Order dated 13.03.2024.
- 3.9.36. For the remaining power stations, the Commission has considered the power purchase quantum as projected by the Petitioner. The cost has been determined based on the Actual power purchase rates for FY 2025-26 (H1), as submitted by the Petitioner. Accordingly, the power purchase expenses for FY 2026-27 have been projected based on actual procurement and prevailing H1 rates, subject to prudence check.
- 3.9.37. However, upon detailed scrutiny, the Commission observed that the Petitioner had made an inadvertent error in computing the power purchase cost for Bongaigaon Power Plant and OTPC Pallatana, which was also acknowledged by the Petitioner in its replies. Further, the Petitioner submitted that with the implementation of GST 2.0, the coal cost has reduced significantly due to removal of the compensation cess of Rs. 400 per tonne. The Commission has accordingly estimated the impact of such reduction on the energy charges of Bongaigaon Power Plant.

- 3.9.38. The Commission, after due diligence, has rectified the identified errors and recomputed the power purchase cost for the aforesaid plants, duly considering the corrections and revised cost parameters.
- 3.9.39. Further, the Commission has undertaken a Merit Order Despatch (MOD) analysis while projecting the power purchase quantum for FY 2026-27. In this regard, the Commission has considered hydro generating stations as must-run stations, in line with the guidelines of the Ministry of Power. Accordingly, the monthly energy requirement of the Petitioner has been prioritized to be met first from hydro sources, followed by thermal generating stations and thereafter from short-term sources, including power exchanges.
- 3.9.40. At the same time, the Commission has observed that, on an annual basis for FY 2026-27, the projected power procurement from various sources exceeds the projected sales at the DISCOM periphery. In view of this and in accordance with Merit Order Despatch principles, the Commission has disallowed procurement from costlier generating stations such as AGBPP (Rs. 4.71/kWh) and AGTPPC Cycle Plant (Rs. 4.81/kWh), as proposed by the Petitioner. This decision has also been taken considering the availability of surplus free power from Kopili Stage I & II, which has been factored into the approved power purchase.
- 3.9.41. The Commission further notes that the Petitioner typically faces power deficit during the months of December to March due to reduced water availability in hydro generating stations. During this period, the available thermal generation alone is not sufficient to meet the energy demand of the consumers.
- 3.9.42. Further, to address the seasonal deficit and to ensure reliable power supply, the Commission has allowed procurement of power from the power exchange. The Petitioner had projected procurement of 217.52 MU at a rate of Rs. 1.74/kWh.
- 3.9.43. However, upon detailed analysis of prevailing market trends, the Commission has revised both the quantum and rate of short-term power procurement. Accordingly, the Commission has considered procurement of 220 MU from the power exchange at a rate of Rs. 2.90/kWh, which is based on the average Market Clearing Price (MCP) during solar hours (06:00 to 18:00) over the past 12 months. The said approach ensures a realistic and market-aligned estimation of power procurement cost, while avoiding underestimation and maintaining prudence in tariff determination.
- 3.9.44. The Commission directs the Petitioner to adhere strictly to Merit Order Despatch principles while undertaking power procurement so as to ensure optimization of power purchase cost and overall tariff rationalization.
- 3.9.45. Accordingly, the Commission approves the source wise power purchase cost for FY 2026-27 as tabled below:

Table 17: Approved Power Purchase Cost for FY 2026-27

Source	Installed Capacity (MW)	Allocated Capacity (MW)	Design Energy / Energy Availability Ex-Bus (MU)	Energy Purchase at DISCOM periphery	Total Power Purchase Cost (in Rs. Cr)
MePGCL					
Umiam Stage - I HEP	36.00	36.00	112.38	109.55	32.28
Umiam Stage - II HEP	20.00	20.00	58.61	57.13	20.73
Umiam Stage - III HEP	60.00	60.00	137.33	133.87	54.34
Umiam Stage- IVHEP	60.00	60.00	147.47	143.75	46.82
Sonapani	1.50	1.50	4.94	4.82	1.36
Myntdu- Leishka HEP	126.00	126.00	358.76	349.72	99.81
New Umtru HEP	40.00	40.00	186.87	182.16	32.73
Lakroh HEP	1.50	1.50	3.28	3.20	0.88
Ganol HEP	22.50	22.50	58.91	57.43	28.10
Sub-total MePGCL	367.50	367.50	1068.55	1041.62	317.06
NHPC					
Loktak HEP	105.00	8.11	140.78	132.21	39.01
Sub-total NHPC	105.00	8.11	140.78	132.21	39.01
NEEPCO					
Kopili Stage - I	200.00	35.10	106.80	100.30	25.10
Kopili Stage - II	25.00	3.50	10.10	9.49	3.04
Khandong HEP	50.00	8.50	26.80	25.17	8.68
Rangandai HEP	405.00	47.10	162.90	152.98	45.37
Doyang HEP	75.00	8.70	19.80	18.59	15.69
Pare	110.00	14.00	66.93	62.86	35.75
Kameng	600.00	15.00	55.52	52.14	22.21
AGTPPC-Cycle	130	16.60	36.06	-	14.08
AGBPP	291	34.70	84.71	-	31.91
Free Power	-	-	78.02	73.27	-
Sub-total NEEPCO	1886.00	183.20	647.63	494.79	201.84
NTPC					
Farakka	-	-	-	-	-
Kahalgaon I	-	-	-	-	-
Kahalgaon II	-	-	-	-	-
Talcher	-	-	-	-	-
Bongaigaon	750.00	88.00	526.64	494.58	330.70
Sub-total NTPC	750.00	88.00	526.64	494.58	330.70
OTPC					
Pallatana	726.00	78.99	359.31	337.44	130.50
Sub-total OTPC	726.00	78.99	359.31	337.44	130.50
Short Term Market			220.00	206.61	63.80
Total Power purchase cost (excl. transmission cost)			2,958.42	2,703.02	1082.90

3.9.46. The Commission considers Power purchase cost at Rs. 1,082.90 Crore (excl. PGCIL & MePTCL Transmission charges) for ARR of FY 2026-27.

3.10. Transmission Charges

Petitioner's Submission

- 3.10.1. MePDCL has projected Transmission charges for ARR of FY 2026-27 as depicted in the Table below,

Table 18: Proposed Transmission Charges for FY 2026-27

Particulars	Amounts (in Rs Cr)
Transmission Charges (MePTCL)	127.02
Transmission Charges (PGCIL) (incl. POSOCO Charge)	119.94

Commission's Analysis:

- 3.10.2. The Commission has considered the transmission charges for MePTCL as approved in the ARR of MePTCL for FY 2026-27.
- 3.10.3. With regard to Inter-State Transmission Charges for FY 2026-27, the Commission notes that the Petitioner has projected the same based on the actual expenditure incurred during the first six months of the year, duly annualized by applying a factor of two.
- 3.10.4. The Commission, after due consideration, finds the methodology adopted by the Petitioner to be reasonable and accordingly allows the Inter-State Transmission Charges as projected. However, the same shall be subject to prudence check and adjustment, if any, at the time of truing-up based on actual audited figures.
- 3.10.5. The intra-state transmission charges payable to MePTCL and the inter-state transmission charges payable to PGCIL are approved as detailed in the table below:

Table 19: Approved Transmission Charges for FY 2026-27

Sl. No	Particulars	Amount (in Rs Cr)
1	MePTCL charge	110.06
2	PGCIL charge (incl. POSOCO Charge)	119.94
	Total	230.00

- 3.10.6. **The Commission approves the transmission charges at Rs. 230.00 Crore for FY 2026-27.**

3.11. Total Power Purchase cost

Commission's Analysis:

- 3.11.1. Accordingly, based on the analysis set out above, the Commission has determined the total power purchase cost for FY 2026-27 as presented below:

Sl. No	Particulars	Amount (in Rs Cr)
1	Total Power purchase cost (excl. transmission cost)	1082.90
2	MePTCL charge	110.06
3	PGCIL charge (incl. POSOCO Charge)	119.94
	Total Power Purchase Cost (including transmission cost)	1312.90

3.12. Quantum of Renewable Purchase Obligation (RPO)

- 3.12.1. Every obligated entity shall purchase a minimum percentage of its total electricity consumption (in kWh) from renewable energy sources under the renewable energy purchase obligation during each financial year as specified by the Commission.
- 3.12.2. The Petitioner has not projected any RPO commitment for ARR of FY 2026-27.
- 3.12.3. The Commission has notified RPO obligation on 22nd October 2018, and has amended the RPO Trajectory for the period FY 2026-27 by publishing MSERC Renewable Energy Purchase Obligation & its Compliance) (3rd Amendment) Regulations, 2018 dated 26th November 2024 according to which the minimum percentages are specified as follows,

Table 20: Approved RPO% for FY 2026-27

YEAR	Minimum quantum of purchase (%) from renewable energy sources (kWh)				
	Wind RE	HPO RE	Distributed RE	Other RE	Total RE
FY 2026-27	1.97%	1.34%	1.35%	31.29%	35.95%

- 3.12.4. The Commission observed that the Petitioner has projected procurement of 1,835.66 MU from Renewable Energy (RE) sources for FY 2026-27, considering generation from hydro sources such as Meghalaya Power Generation Corporation Limited, National Hydroelectric Power Corporation and North Eastern Electric Power Corporation Limited, while excluding generation from gas-based power plants such as Assam Gas Based Power Plant and Assam Gas Turbine Power Project Combined Cycle Plant.
- 3.12.5. The Commission further notes that the approved sales for FY 2026-27 are 1,694.20 MU at the consumer level, corresponding to an energy requirement of 2,016.91 MU at the DISCOM periphery for supply within the State. Based on the Renewable Purchase Obligation (RPO) targets applicable for FY 2026-27, the total RPO requirement works out to 725.07 MU. Accordingly, the Commission directs the Petitioner, Meghalaya Power Distribution Corporation Limited, to procure 725.07 MU from Renewable Energy sources, in accordance with the source-wise RPO percentages specified by the Commission.

3.13. Collection Efficiency:

3.13.1. The Commission notes that the average collection efficiency of MePDCL in last 6 years has been 97%. The collection efficiency for FY 2024-25 is approved as 106.86% in the True-Up Order.

3.13.2. The trajectory of the collection efficiency of MePDCL in past 7 years is tabulated below:

Table 21: Past Trends of Collection Efficiency of MePDCL

Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Collection efficiency (%)	99.59%	90.90%	96.27%	100.23%	89.10%	103.40%	106.86%

3.13.3. Based on the targets/commitments under RDSS Scheme the collection efficiency for FY 2026-27, the Commission approves the collection efficiency as per Business Plan Order dated 16.11.2023 and the same is shown in table below:

Table 22: Approved Collection Efficiency for FY 2026-27

Particulars	FY 2026-27 (as per Business Plan Order)	FY 2026-27 (Approved in this Order)
Collection Efficiency (%)	99.00%	99.00%

3.14. Energy Balance

Petitioner's Submission

3.14.1. The Commission notes that based on the revision in the projections of the sales as mentioned in above respective paragraphs, the Petitioner submitted that the Energy balance for the state is revised as under:

Table 23: Proposed Energy Balance for FY 2026-27

Sr. No.	Particulars	Calculation	2026-27
			(Projected)
1	Power purchased from the Eastern Region (ER)	A	0
2	Inter-state transmission loss for ER	B	1.80%
3	Net power purchased from the ER	$C=A*(1-B)$	1891.89
4	Power purchased from the North -Eastern Region (NER)	D	0.00
5	Inter-state transmission loss for NER	E	3.00%
6	Net power available at state bus from external sources on long term	$F=(C+D)*(1-E)$	1835.13
7	Power purchased from generating stations within the state	G	1315.94
8	Power purchased from other sources	H	0
9	Intra-State Transmission Losses		2.52%

Sr. No.	Particulars	Calculation	2026-27
			(Projected)
	Total Availability at MePDCL Periphery	I=F+G+H	3,071.76
10	Power to be sold to consumers within the state (including ASEB)	J	2195.79
11	Transmission & Distribution Losses (%)	K	16.00%
12	Net power requirement at state bus for sale of power within the state	$L=J/(1-K)$	2614.03
13	Surplus Power (for sale outside state)	M = I - L	457.72
14	Revenue from Sale of Surplus Power		343.29
15	Rate of IEX Sales in 2026-27		7.50

Commission's Analysis:

3.14.2. The Commission approves Energy Balance with reference to the Power Purchase estimation approved for the FY 2026-27 as depicted in the table below,

Table 24: Approved Energy Balance for FY 2026-27

Sr. No.	Particulars	FY 2026-27
		(Approved)
1	Power purchased from the Eastern Region (ER)	0.00
2	Inter-state transmission loss for ER	1.80%
3	Net power purchased from the ER	0.00
4	Power purchased from the North -Eastern Region (NER)	1553.60
5	Power purchased from other sources (Short term Market)	220.00
6	Inter-state transmission loss for NER	3.66%
7	Net power available at state bus from external sources on long term	1708.69
8	Power purchased from generating stations within the state	1068.55
9	Total Availability at State Periphery	2777.24
10	Intra-State Transmission Losses % *	2.52%
11	Intra state transmission loss MU	69.99
12	Total Availability at MePDCL Periphery	2707.25
13	Power to be sold to consumers within the state	1694.20
14	Distribution Losses (%)	16.00%
15	Energy Requirement for sale by Discom within state at DISCOM periphery	2016.91
16	Net power requirement at state bus for sale of power within the state	2069.05
17	Surplus Power (for sale outside state) at State Bus	690.34
18	Surplus Power (for sale outside state) at STU-CTU Periphery	708.19
19	Rate of Power to be sold outside the state	7.00
20	Revenue from Sale of Surplus Power at STU-CTU periphery level	495.73

* As approved for Transmission ARR

3.15. Gross Fixed Assets (GFA) and Capitalization

Petitioner's Submission

- 3.15.1. The Petitioner has considered the opening Gross Fixed Assets for FY 2025-26 based on the actual capitalisation during the true-up of FY 2024-25 and has accordingly revised the Gross Fixed Assets for FY 2026-27 as approved in the MYT Order dated 24.10.2024.
- 3.15.2. Accordingly, the capital structure proposed by the Petitioner for FY 2026-27 is tabulated below:

Table 25: Proposed Capital Structure for FY 2026-27

Particular	FY 2026-27 (in Rs Crs)
Opening GFA	3559.70
Addition	370.41
Closing GFA	3930.11
Average GFA	3744.90

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

Commission's Analysis:

- 3.15.4. The closing GFA approved in the True-Up Order for FY 2024-25 has been considered as the opening balance for FY 2025-26 in consistency with this Commission's preceding Orders.
- 3.15.5. The addition to the Gross Fixed Assets (GFA) has been approved as per capitalization projected by the Petitioner for FY 2026-27 and is subject to truing up considering the Petitioner substantiates its claim along with supporting documents and subsequent prudence check by the Commission.
- 3.15.6. Accordingly, the Commission has approved the GFA for FY 2026-27 as follows:

Table 26: Approved Gross Fixed Asset for FY 2026-27 (Rs. Crs.)

Particular	FY 2024-25	FY 2025-26	FY 2026-27
Opening GFA	1495.81	2342.95	3583.35
Addition	847.14	1240.41	370.41
Deduction	0.00	0.00	0.00
Closing GFA	2342.95	3583.35	3953.76
Average GFA	1919.38	2963.15	3768.56

- 3.15.7. **The Commission approves average GFA as Rs 3768.56 Cr. for MePDCL for FY 2026-27.**

3.16. Grants and Funding Pattern

Petitioner's Submission

- 3.16.1. The Petitioner has considered the opening Grants and Funding pattern for FY 2025-26 considering the actual grants capitalised during the true-up of FY 2024-25 and has accordingly revised the Grants and Funding pattern for FY 2026-27 as approved in the MYT Order dated 24.10.2024. The Petitioner has further stated that this component shall be claimed on the basis of actuals at the time of truing up.
- 3.16.2. The funding pattern of the capitalization thereby proposed by the Petitioner is depicted in the table below for FY 2026-27,

Table 27: Proposed Funding Pattern of Capitalization for FY 2026-27 (Rs. Crs.)

Funding Pattern	FY 2026-27
GFA	
Opening GFA	3559.70
Addition to GFA	370.41
Deduction from GFA	0
Closing GFA	3930.11
Average GFA	3744.90
Grant	
Opening Grant	2671.43
Add Cap funded through Grant	296.33
Closing Grant	2967.76
Average Grant	2819.59
Addition of fresh debt for current year Add cap	51.86
Addition of fresh equity for current year Add cap	22.22

- 3.16.3. The Petitioner has requested the Commission to approve the Funding Pattern of Capitalization as above.

Commission's Analysis:

- 3.16.4. As per MSERC (Multi Year 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.
- 3.16.5. The Commission has decided to follow the same approach for FY 2026-27 as adopted during the True-up process for FY 2024-25. The opening grant is considered equivalent to the closing grant as determined in the previous year, ensuring that it does not exceed the closing Gross Fixed Assets (GFA) approved for respective years. The capitalization of additional grants for the year has been aligned with the Petitioner's claim, with a key stipulation that net

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

3.16.6. The grant funding considered by Commission is tabulated below.

Table 28: Approved Additional Capitalization funded through Grant for FY 2026-27 (Rs. Crs.)

Funding Pattern	FY 2024-25	FY 2025-26	FY 2026-27
GFA			
Opening GFA	1495.81	2342.95	3583.35
Addition to GFA	847.14	1240.41	370.41
Deduction from GFA	0	0	0
Closing GFA	2342.95	3583.35	3953.76
Average GFA	1919.38	2963.15	3768.56
Grant			
Opening Grant	1382.35	1928.73	2921.05
Add Cap funded through Grant	546.38	992.32	296.33
Closing Grant	1928.73	2921.05	3217.38
Average Grant	1655.54	2424.89	3069.22
Addition of fresh debt for current year Add cap	210.53	173.66	51.86
Addition of fresh equity for current year Add cap	90.23	74.43	22.22

3.16.7. **The Commission approves average grant at Rs. 3069.22 Cr. for FY 2026-27.**

3.17. Depreciation

Petitioner's Submission

3.17.1. The Petitioner has considered the opening Gross Fixed Assets based on the actual closing Gross Fixed Assets as of FY 2024–25 and accordingly has claimed depreciation for FY 2026–27 in line with the capitalization and movement of grants as approved in the MYT Order dated 24.10.2024. The Petitioner has further stated that this component shall be claimed on the basis of actuals at the time of truing up.

3.17.2. Accordingly, the calculation of depreciation for FY 2026-27 is tabulated below:

Table 29: Proposed Depreciation for FY 2026-27 (Rs. Cr.)

Particular	FY 2026-27
Opening GFA	3561.35

Particular	FY 2026-27
Closing GFA	3931.76
Average GFA	3746.55
90% of Average GFA	3371.90
Rate of Depreciation	5.50%
Depreciation	185.48
Average Grants in GFA	2819.59
90% of Average Grant	2537.63
Depreciation on Grants	155.10
Net Depreciation	30.38

3.17.3. The Petitioner has requested the Commission to allow depreciation for FY 2026-27 as presented in the table above.

Respondent's submission in this regard

3.17.4. BIA has submitted that there is a mismatch in the average GFA figure as provided in Table 48, which is Rs. 3744.90 Crore, and Table 51, under calculation of depreciation whereby the figure considered is Rs. 3746.55 Crore resulting in the difference in depreciation.

3.17.5. Moreover, BIA has highlighted that the Petitioner has claimed capitalization similar to the amount approved in Order dated 24.10.2024. However, while the Commission has adopted a consistent approach of not considering the value of the land, the Petitioner has considered 90% of the value of the land and accordingly derived the depreciation rate resulting in lower depreciation.

3.17.6. It is further submitted that the Petitioner has not considered 90% of average grant on GFA but has considered the total average grant on GFA resulting in understated depreciation amount.

3.17.7. Similarly, PFI has recomputed the depreciation after considering the grant portion, in accordance with the submissions of the Petitioner, at Rs. 33.69 Crore, as against the amount of Rs. 30.38 Crore claimed by the Petitioner.

MePDCL's response to Respondent's submission

3.17.8. The petitioner submitted that the contentions made by the objectors is similar to the contentions made in the true up part of the objections. Since the Petitioner has already provided a detailed response to the objections under the relevant section, the same may be considered for the objections raised under the present head.

3.17.9. Moreover, in response to the submissions of the Objector concerning the projections of Depreciation wherein the Objector has relied upon the objections submitted under the truing-up section by contending that the grant should be considered as Rs. 573 Crore instead of the amount claimed by the

Petitioner and has accordingly considered the opening grants under the current section, the Petitioner submitted that the detailed justification for considering the grants at Rs. 297 Crore, as opposed to the amount proposed by the Objector, has already been provided.

Commission's Analysis:

- 3.17.10. Regulation 33 of the MSERC (Multi Year Tariff) Regulations 2014 is reproduced below:

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

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

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

....

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

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

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

....."

<Emphasis added>

- 3.17.11. Accordingly, the Commission computed the allowable GFA based on the approved closing Gross Fixed Assets (GFA) for FY 2024-25 as opening of FY 2025-26, and this principle has been continued for FY 2026-27 also.
- 3.17.12. As per the principle set out in the prevailing Tariff Orders for Distribution Business, the Commission considers weighted average rate of depreciation to be 5.48% for FY 2026-27, as equal to Approved rate of depreciation for FY 2024-25 (5.48%), subject to change in depreciation rate during the time of true-up of FY 2026-27
- 3.17.13. The Commission approves Depreciation for FY 2026-27 as tabled below:

Table 30: Approved Depreciation for FY 2026-27 (Rs. Cr.)

Particular	FY 2024-25	FY 2025-26	FY 2026-27
Opening GFA	1495.81	2342.95	3583.35
Closing GFA	2342.95	3583.35	3953.76
Average GFA	1919.38	2963.15	3768.56
90% of Average GFA	1725.51	2666.83	3391.70
Rate of Depreciation	5.48%	5.48%	5.48%
Depreciation	94.51	146.06	185.76
Average Grants in GFA	1655.54	2424.89	3069.22
90% of Average Grant	1489.99	2182.40	2762.29
Depreciation on Grants	81.61	132.81	168.10
Net Depreciation	12.90	13.25	17.66

3.17.1. **The Commission approves Depreciation at Rs. 17.66 Cr. for FY 2026-27.**

3.18. Return on Equity

Petitioner's Submission

3.18.1. The Petitioner has considered the opening Gross Fixed Assets based on the actual closing Gross Fixed Assets as of FY 2024–25 and accordingly has claimed return on equity for FY 2026–27 in line with the movement of grants as approved in the MYT Order dated 24.10. 2024. The Petitioner has further stated that this component shall be claimed on the basis of actuals at the time of truing up.

3.18.2. Accordingly, the Return on Equity for FY 2026-27 is tabulated below,

Table 31: Proposed Return on Equity for FY 2026-27 (Rs. Cr.)

Particulars	FY 2026-27
Opening GFA	3559.70
Additions	370.41
Retirements	-
Closing GFA	3930.11
Average GFA	3744.90
Less: Average Grants and Contributions	2819.59
Net Average GFA (not funded with grants)	925.31
Average Equity @ 30%	277.59
Rate of Return on Equity	14%
Net ROE	38.86

3.18.3. The Petitioner has requested the Commission to allow ROE for FY 2026-27 as claimed above.

Respondent's submission in this regard

- 3.18.4. The Objector, PFI, has recomputed the return on equity after considering the equity portion, in accordance with the submissions of the Petitioner, at Rs. 28.51 Crore, as against the amount of Rs. 38.86 Crore claimed by the Petitioner.

MePDCL's response to Respondent's submission

- 3.18.5. In response to the submissions of the Objector concerning the projections of return on equity wherein the Objector has relied upon the objections submitted under the true-up section by contending that the grant should be considered as Rs. 573 Crore instead of the amount claimed by the Petitioner and has accordingly considered the opening grants under the current section, the Petitioner submitted that the detailed justification for considering the grants at Rs. 297 Crore, as opposed to the amount proposed by the Objector, has already been provided.

Commission's Analysis:

- 3.18.6. The Return on Equity shall be computed as per Regulation 31 read with Regulation 27 of the MSERC (Multi Year Tariff) Regulation, 2014. The relevant Regulations 33 is reproduced as under:

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

...."

<Emphasis added>

- 3.18.7. Further, Regulation 27 of the MSERC (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>

- 3.18.1. The Commission has considered the approved closing GFA of True-up year FY 2024-25 as the opening GFA of FY 2025-26 and the same approach has been

consistently followed for the subsequent years i.e., FY 2025-26, & FY 2026-27. Accordingly, the Commission allowed a Return on Equity (RoE) at 14% on the Normative Average Equity, which is determined as 30% of the approved Net average GFA (not funded through grants and contributions).

- 3.18.2. The Commission has approved Return on Equity for FY 2026-27 as tabled below:

Table 32: Approved Return on Equity for FY 2026-27 (Rs. Cr.)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27
Opening GFA	1495.81	2342.95	3583.35
Additions	847.14	1240.41	370.41
Retirements	0.00	0.00	0
Closing GFA	2342.95	3583.35	3953.76
Average GFA	1919.38	2963.15	3768.56
Less: Avg. Grants and Contributions	1655.54	2424.89	3069.22
Net Average GFA (not funded with grants)	263.84	538.26	699.34
Average Equity @ 30%	79.15	161.48	209.80
Rate of Return on Equity	14%	14%	14%
Net ROE	11.08	22.61	29.37

- 3.18.3. **The Commission approves Return on Equity at Rs. 29.37 Cr. for FY 2026-27.**

3.19. Interest on Loan

Petitioner's Submission

- 3.19.1. The Petitioner has claimed Interest on Loan based on the methodology earlier adopted in the approved true-up orders. The Petitioner has further stated that this component shall be claimed on the basis of actuals at the time of truing up.
- 3.19.2. Further the Petitioner has considered the weighted average rate of interest of FY 2024-25 for computation of Interest on loan.
- 3.19.3. Accordingly, the proposed calculation of interest on loan is tabulated below,

Table 33: Proposed Interest on Loan for FY 2026-27 (Rs. Cr.)

Particular	FY 2026-27
Normative Opening Loan	666.01
Addition	51.86
Repayment	30.38
Normative Closing Loan	687.48
Average Loan	676.75
Rate of Interest	3.52%
Interest on Loan	23.81

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

Respondent's submission in this regard

- 3.19.5. The Objector, PFI, has recomputed the interest on loan after considering the loan portion, in accordance with the submissions of the Petitioner, at Rs. 15.35 Crore, as against the amount of Rs. 23.81 Crore claimed by the Petitioner.

MePDCL's response to Respondent's submission

- 3.19.6. In response to the submissions of the Objector, PFI, concerning the projections of interest on loan wherein the Objector has relied upon the objections submitted under the truing-up section by contending that the grant should be considered as Rs. 573 Crore instead of the amount claimed by the Petitioner and has accordingly considered the opening grants under the current section, the Petitioner submitted that the detailed justification for considering the grants at Rs. 297 Crore, as opposed to the amount proposed by the Objector, has already been provided.

Commission's Analysis:

- 3.19.7. Regulation 32.1 and 32.2 of the MSERC (Multi Year Tariff) Regulations 2014 is reproduced below:

*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>

- 3.19.8. 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>

- 3.19.9. Accordingly, the Commission has allowed the interest on loans on normative basis by considering the closing loan balance from the approved True-Up Order for FY 2024-25 as the opening loan balance for FY 2025-26 and this approach remains consistent throughout for FY 2026-27 as well. Addition of loan for current year has been considered in 70:30 ratio as detailed out in Grants and Funding Pattern section.
- 3.19.10. Loan repayment value is considered as per minimum of approved depreciation or the sum of opening loan and loan addition for the respective year. Interest rates have been provisionally considered equal to those approved by the Commission in the True-up for FY 2024-25 since, the actual weighted average rate will be determined during the truing up for each year, in line with the principle followed in prior true-up Orders.
- 3.19.11. The calculation of Interest on loan as approved by the Commission is tabulated below,

Table 34: Approved Interest on Loan for FY 2026-27 (Rs. Cr.)

Particular	FY 2024-25	FY 2025-26	FY 2026-27
Normative Opening Loan	180.57	378.20	538.61
Addition	210.53	173.66	51.86
Repayment	12.90	13.25	17.66
Normative Closing Loan	378.20	538.61	572.80
Average Loan	279.38	458.40	555.70
Rate of Interest	4.63%	4.63%	4.63%
Interest on Loan	12.95	21.24	25.75

- 3.19.12. **The Commission approves the Interest on Loan at Rs. 25.75 Cr. for FY 2026-27.**

3.20. Operation & Maintenance Expenses

Petitioner's Submission

- 3.20.1. The Petitioner has claimed Operation and Maintenance Expenses as approved in MYT Order dated 24.10.2024. The Petitioner has further stated that this component shall be claimed on the basis of actuals at the time of truing up.
- 3.20.2. Accordingly, the calculation of employee expenses, R&M expenses and the A&G expenses proposed by the Petitioner are tabulated below,

Table 35: Proposed Operation & Maintenance Expenses for FY 2026-27 (Rs. Cr.)

Sl. No.	Particular	FY 2026-27
1	Employee expense	205.41
2	R&M expense	8.10
3	A&G Expense	21.04
4	Total Operation expense	234.55

- 3.20.3. The Petitioner has requested the Commission to approve the O&M expenses as projected above.

Commission's Analysis:

- 3.20.4. Regulation 94 of the MSERC (Multi Year Tariff) Regulations 2014 specifies that:

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

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

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

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

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

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

<Emphasis Added>

- 3.20.5. The Commission notes that the Petitioner has claimed the Operation and Maintenance (O&M) expenses as approved in the MYT Order dated 24.01.2024 in Case No. 32 of 2023. Upon examination of the submissions made by the Petitioner, the Commission has considered the same as submitted by the Petitioner for the purpose of the present determination of ARR for FY 2026-27.
- 3.20.6. However, the Commission further clarifies that the O&M expenses admitted herein shall remain subject to prudence check and verification of actual expenditure at the time of truing up, based on the supporting records and audited accounts to be furnished by the Petitioner.
- 3.20.7. **The Commission approves O&M expenses at Rs. 234.55 Crore for FY 2026-27.**

3.21. Interest on Working Capital

Petitioner's Submission

- 3.21.1. The Petitioner has claimed Interest on Working Capital as approved in MYT Order dated 24.10.2024 applying the SBI advance rate of 15.15% as of 01.04.2025.
- 3.21.2. Accordingly, the proposed calculation of interest on working capital is tabulated below,

Proposed Interest on Working Capital for FY 2026-27 (Rs. Cr.)

S No.	Particular	FY 2026-27
1	O&M Expenses (1 month)	22.70
2	Maintenance Spares (@ 1% of Opening GFA escalated at 6%)	37.73
3	Receivables for 2 Months (Net ARR*2/12)	222.22
4	Total Working Capital Requirement	282.65
5	Rate of Interest (%) (SBI advance rate as on 01.04.2025)	15.15%
6	Interest on Working Capital	42.82

- 3.21.3. The Petitioner has requested the Commission to approve the Interest on Working Capital as projected above.

Respondent's submission in this regard

- 3.21.4. The Objector, BIA, has contended that the Petitioner has considered the O&M Expenses in accordance with the amount approved by the Commission in its Order dated 24.10.2024 in Case No. 32 of 2023, amounting to Rs 234.55 Crore. In terms of the provisions of the MYT Regulations, 2014, the admissible O&M Expenses for one month works out to be Rs. 19.55 Crore. However, the petitioner has considered an amount of Rs 22.70 Crore towards one month of O&M Expenses for the purpose of computation of working capital, which, according to the Objector, has resulted in an overstatement of the working capital requirement.
- 3.21.5. Moreover, the Objector, PFI, has submitted that the Petitioner has not computed the Interest on Working Capital (IoWC) in accordance with the applicable provisions of the MYT Regulations, 2014, and has considered receivables based on the Annual Revenue Requirement (ARR) instead of the revenue from sale of power. Accordingly, the Objector has recomputed the IoWC at Rs 42.61 Crore in line with the provisions of the said Regulations.

MePDCL's response to Respondent's submission

- 3.21.6. The Petitioner has submitted that, due to an inadvertent linking error, the Interest on Working Capital (IoWC) was incorrectly reflected in the Petition. In

this regard, the petitioner seeks leave of the Commission to place an additional submission on record for the limited purpose of rectifying the said error and prays that the Commission may kindly condone the same.

Commission's Analysis:

3.21.7. Regulation 34.3 of the MSERC (Multi Year Tariff) Regulations 2014 is reproduced below:

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

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

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

<Emphasis Added>

3.21.8. The 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 i.e., 15.00%, consistent with the rate adopted by the Petitioner in the computation of Interest on Working Capital for the true-up of FY 2024-25. The Commission will take into consideration the actual rate of interest for FY 2026-27 as on 1st April 2025 during Truing Up with a prudence check.

3.21.9. Accordingly, the Commission approves Interest on Working Capital as tabled below:

Table 36: Approved Interest on Working Capital for FY 2026-27 (Rs. Cr.)

S No.	Particular	FY 2026-27
1	O&M Expenses (1 month)	19.55
2	Maintenance Spares (@ 1% of Opening GFA escalated at 6%)	37.98
3	Receivables for 2 Months (Net ARR*2/12)	160.39
4	Total Working Capital Requirement	217.92
5	Rate of Interest (%) (SBI advance rate as on 01.04.2024)	15.00%
6	Interest on Working Capital	32.69

3.21.10. **The Commission considers Interest on Working Capital at Rs. 32.69 Cr for FY 2026-27.**

3.22. Non-Tariff and Other Income

Petitioner's Submission

- 3.22.1. The Petitioner has claimed Non-Tariff Income after considering an escalation rate of 10% on actual other income of FY 2024-25.
- 3.22.2. Accordingly, the Non-Tariff Income for FY 2026-27-as claimed by the Petitioner is projected as tabulated below,

Table 37: Proposed Non-Tariff Income for FY 2026-27 (Rs. Cr.)

Particular	FY 2026-27 (Rs. Cr.)
Non-Tariff Income	194.83

Respondents' submission in this regard

- 3.22.3. PFI submitted that the Petitioner has projected Other Income of Rs. 195 crores for FY 2026-27, based on a 10% escalation over the actual Other Income of FY 2024-25.
- 3.22.4. Further PFI submitted that it has observed that the Petitioner has applied a 10% escalation particularly to the Delayed Payment Charges (DPC) collected from consumers, which, according to the Objector, may not be appropriate.
- 3.22.5. Accordingly, PFI has recomputed the Other Income in line with the methodology proposed in the True-up section and estimated the total Other Income at Rs. 164 crores as against Rs. 195 crores projected by the Petitioner. The difference primarily arises from the reassessment of DPC collected from consumers, which the Objector has considered as Rs. 6 crores instead of Rs. 36 crores projected by the Petitioner, while most of the other components have been retained at the same level as proposed by the Petitioner.

MePDCL's Response to Respondent's submissions

- 3.22.6. In response to the submission of the Objector, the Petitioner has acknowledged the concern raised regarding the financing cost and Late Payment Surcharge (LPS) associated with Delayed Payment Charges (DPC). However, the Petitioner submitted that, in the absence of any specific provision under the MSERC Tariff Regulations, 2014, it is not in a position to provide further comments or take a position on the matter.

Commission's Analysis:

- 3.22.7. The Commission observes that the Petitioner has not furnished any detailed submission or justification regarding the projection of Non-Tariff Income in the instant ARR petition for FY 2026-27; however, a line item for Non-Tariff Income has been included in the ARR summary sheet, wherein the Petitioner has projected the claimed Non-Tariff Income after considering an escalation rate of 10% on the actual Other Income of FY 2024-25 for the subsequent years, i.e.,

FY 2025–26 and FY 2026–27. Taking cognizance of the same, **the Commission provisionally approves the Non-Tariff Income of Rs 194.83 Crore as projected by the Petitioner. The Commission further directs that the actual Non-Tariff Income for FY 2026–27 shall be considered at the time of truing up, subject to prudence check and verification of the Audited Accounts.**

3.23. Revenue from Sale of Surplus power

Petitioner’s Submission

- 3.23.1. Based on the revision in the projections of the sales as explained in the respective paragraphs, the Petitioner submitted the revised Energy balance for the state, wherein the Petitioner proposed 457.72 MUs as Surplus energy.
- 3.23.2. The Petitioner submitted that the revenue from the sale of surplus power has been estimated at a rate of Rs. 7.50/kWh, considering an increase of 50 paise over the actual rate discovered during FY 2024-25. Based on this rate, the Petitioner projected the revenue from the sale of surplus power as Rs. 343.29 crore.
- 3.23.3. Accordingly, considering the above rates the revenue from sale of surplus power as proposed by the Petitioner is tabulated as under:

Table 38: Proposed Revenue from Sale of Surplus Power for FY 2026-27 (Rs. Cr.)

Particulars	FY 2026-27
Surplus Energy as per the Energy Balance (MUs)	457.72
Rate of Surplus Energy (Rs/Unit)	7.50
Revenue from Sale of Surplus Energy (Rs Cr)	343.29

Commission’s Analysis:

- 3.23.4. The Commission notes that the Petitioner has considered the revenue from sale of surplus power at Rs. 7.50/kWh arrived at by applying an increment of Rs. 0.50/kWh over the average rate discovered during FY 2024-25. Accordingly, the Petitioner has projected total revenue from surplus power at Rs. 343.29 Crore.
- 3.23.5. The Commission has computed the energy balance in the concerned segment of this Order considering the estimated energy purchase and energy requirement at DISCOM periphery for FY 2026-27 for consideration of Sale of Surplus energy.
- 3.23.6. The Commission is of the view that the revised rate of Rs. 7.00/kWh appropriately reflects a realistic and balanced estimate of surplus power realization, considering recent market behaviour, revised surplus energy projections, and the need to avoid overestimation of revenue.

- 3.23.7. Accordingly, the Commission, taking a prudent and conservative view, provisionally approves the surplus power sale rate at Rs. 7.00/kWh for FY 2026-27. Any variation in actual realization shall be adjusted based on actuals at the time of truing-up, subject to prudence check.

Table 39: Approved Revenue from sale of Surplus Power for FY 2026-27(Rs. Cr.)

Particulars	FY 2026-27
Surplus Energy during the Year at STU-CTU Periphery (MU)	708.19
Rate of Surplus power (Rs. /kWh)	7.00
Revenue from Sale of Surplus Energy at STU-CTU periphery level (Rs. Cr)	495.73

- 3.23.8. **The Commission approves Revenue from sale of surplus power at Rs. 495.73 Cr for FY 2026-27.**

3.24. Accrued Terminal Benefits

Petitioner's Submission

- 3.24.1. The Petitioner has claimed Rs. 113.81 Crore for MePDCL and Rs. 0.63 Crore for MeECL as 4th instalment of Accrued Terminal Liabilities of Pension for FY 2026-27.

Commission's Analysis:

- 3.24.2. The Commission vide its order dtd. 24.10.2024, while deciding the ARR for MYT control Period FY 2024-25 to FY 2026-27 & Distribution Tariff For 2024-25 for MePDCL, has already determined the terminal benefits to be recovered by the MePDCL, based on the actuarial valuation report & the auditor certificate, and the total amount is Rs. 113. 81 Cr, the breakup of which is provided hereunder:

Contribution by MePDCL:	Rs. 113.18 Cr
Contribution on account of MeECL:	Rs. 0.63 Cr

- 3.24.3. 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 Rs. 1937.88 Cr. As per the auditor's report submitted by MeECL, it is observed that Govt. of Meghalaya has contributed Rs. 52.34 Cr. towards the past terminal liabilities in FY 2024-25.
- 3.24.4. 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.
- 3.24.5. **Accordingly, the Commission considers Rs. 113.81 Cr (Rs. 113.18 Crore for MePDCL + 1/3rd of MeECL liability i.e., Rs. 0.63 Crore) to pass through as Accrued Terminal Liabilities in the order for FY 2026-27. Additionally, the Petitioner is directed to pursue the Govt. of Meghalaya for an early**

liquidation of its pending dues amounting to Rs. 2026.06 Crore as on 01.04.2025 towards pension trust.

- 3.24.6. 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.

3.25. Revised Annual Revenue Requirement for FY 2026-27

Petitioner's Submission

- 3.25.1. Based on the above submissions and considering all the responses of Additional Information as submitted by the Petitioner, the revised ARR and Revenue Gap for FY 2026-27 as proposed by the Petitioner is represented as under.

Table 40: Proposed ARR projection for FY 2026-27 (Rs. Cr.)

Particular	Revised Claim 2026-27
Power Purchase Cost	1263.08
Inter-State Transmission Charges	119.94
Intra-State Transmission Charges	127.02
Return on Equity	38.86
Depreciation	30.38
Interest on Loan	23.81
Operation and Maintenance Exp.	234.55
Interest on Working Capital	43.06
Sub-Total (A)	1880.71
Less: Non- Tariff Income	194.83
Less: Revenue from Sale of Surplus Power	343.29
Sub-Total (B)	1342.59
Add: Pension Fund (Instalment 4)	113.18
Add: Pension Fund (MeECL Instalment 4)	0.63
Grand Total	1456.40

Commission's Analysis:

- 3.25.2. The Commission, after undertaking a prudence check of the Petition and considering the additional information/submissions, objections raised by stakeholders, responses of the Petitioner, minutes of the public hearing, and the views of the State Advisory Committee, and after duly factoring in the gap/(surplus) pertaining to past true-up years, hereby approves the revised Annual Revenue Requirement for FY 2026-27, as presented in the table below.

Table 41: Approved ARR projection for FY 2026-27 (Rs. Cr.)

Sl. No	Particular	FY 2026-27 (Claimed)	FY 2026-27 (Approved)
1	Power Purchase Expenses	1263.08	1082.90
2	Transmission Charges (PGCIL) (incl. POSOCO Charges)	119.94	119.94
3	Transmission Charges (MePTCL)	127.02	110.06
4	Return on Equity	38.86	29.37
6	Depreciation	30.38	17.66
7	Interest on Loan	23.81	25.75
8	Operation and Maintenance Exp.	234.55	234.55
9	Interest on Working Capital	43.06	32.69
10	Gross ARR	1880.71	1652.92
11	Less: Non-Tariff Income	194.83	194.83
12	Less: Revenue from Sale of Surplus Power	343.29	495.73
13	Net ARR	1342.59	962.36
14	Add: Comprehensive (Income)/ Expenses (Pension)	113.18	113.18
15	Add: Comprehensive (Income)/ Expenses (1/3rd MeECL) (Pension)	0.63	0.63
16	Total ARR recoverable for the year	1456.40	1076.17

3.25.3. The Commission approves Revised ARR for FY 2026-27 at Rs. 1076.17 Crore.

3.26. Revenue at Existing Tariffs

Petitioner's Submission

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

Table 42: Proposed Calculation of Revenue at Existing Tariff for FY 2026-27 (Rs. Cr.)

Sl. No.	Category of Consumer	No of Consumers	Connected Load	Sales (MU)	Fixed Charges	Energy Charges	Fixed Charges-Revenue (Rs Cr)	Energy Charges - Revenue (Rs Cr)	Total Revenue (Rs Cr)
1	Domestic (DLT)	415557.00	825607.34	424.76	90.00		89.17	215.08	304.24
2	Commercial (CLT)	45800.00	123302.76	112.74	170	7.5	25.15	84.56	109.71
3	Industrial (ILT)	883.00	11136.95	7.37	170	6.8	2.27	5.01	7.28
4	Agriculture (Ape)	22.00	141.81	0.16	130	3.18	0.02	0.05	0.07
5	Public Lighting (PL)	95.00	1877.05	1.25	180	6.35	0.41	0.79	1.20
6	Water Supply (WSLT)	548.00	8372.80	10.90	180	7.8	1.81	8.50	10.31
7	General Purpose	2871.00	19683.50	15.55	180	7.41	4.25	11.52	15.77
8	BPL	285088.00	263810.84	135.05		4.75	0.00	65.04	65.04
9	Crematorium (CRM)	1.00	168.83	0.20	7510	5.12	0.01	0.10	0.11
10	Domestic HT	165.00	23818.13	26.45	350	5.87	10.00	15.53	25.53

Sl. No.	Category of Consumer	No of Consumers	Connected Load	Sales (MU)	Fixed Charges	Energy Charges	Fixed Charges-Revenue (Rs Cr)	Energy Charges - Revenue (Rs Cr)	Total Revenue (Rs Cr)
11	Water Supply (WSHT)	86.00	17613.56	42.69	410	7.91	8.67	33.77	42.43
12	Bulk Supply (BS)	261.00	59681.60	85.30	420	6.55	30.08	55.87	85.95
13	Commercial (CHT)	230.00	27594.51	33.81	390	6.17	12.91	20.86	33.78
14	Industrial (IHT)	303.00	199746.49	194.94	340	5.57	81.50	108.58	190.08
15	Ferro Alloy	3.00	27686.13	159.88	500	5.92	16.61	94.65	111.26
16	Industrial (EHT)	14.00	80876.88	350.53	500	8.87	48.53	310.92	359.45
17	Ferro Alloy (EHT)	4.00	95752.14	543.59	500	5.83	57.45	316.91	374.36
18	Electric Vehicle	43.00	2064.00	8.92		7.5	0.00	6.69	6.69
19	New Shillong		7000.00	41.70	492	6.55	8.64	27.31	35.95
	Total	751974.00	1795935.32	2195.79					1779.22

Commission's Analysis

3.26.2. The Commission, for the purpose of computing the revenue from existing tariff for FY 2026-27, has considered the approved sales, number of consumers, and connected load, in accordance with the methodology adopted by the Commission in the relevant sections of this Order.

3.26.3. Accordingly, Revenue from Existing Tariffs considered for FY 2026-27 as depicted in the Table below:

Table 43: Approved Revenue from Existing Tariff for FY 2026-27

S I. No	Category	Number of Consumers	Connected Load (KVA)	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs. Unit)
A)	LT Category					
1	Domestic (DLT)	415557	731841.38	494.52	327.75	6.63
2	Commercial (CLT)	45800	140879.96	153.75	144.05	9.37
4	Industrial LT (ILT)	883	11167.87	8.16	7.82	9.59
5	Agriculture (Ape)	22	213.00	0.22	0.10	4.70
6	Public Lighting (PL)	95	480.37	1.54	1.08	7.02
7	Water supply (WSLT)	548	11578.65	9.57	9.97	10.41
8	General Purpose (GP)	2871	19693.63	19.90	19.00	9.55
9	Kutir Jyoti (KJT)	285088	207077.01	161.62	147.34	9.10
10	Crematorium (CRM)	1	136.00	0.16	0.09	5.68
B)	HT Category					
1	Domestic (HT)	165	24999.71	27.22	26.48	9.73
2	Public water supply	86	25877.39	39.85	44.25	11.10
3	Bulk Supply	261	59280.24	82.78	84.10	10.16
4	Commercial (HT)	230	44507.62	55.15	54.86	9.95
5	Industrial (HT)	303	130821.75	144.36	133.78	9.27
6	Ferro Alloys	3	17019.00	76.28	55.37	7.26
C)	EHT Category					
1	Industrial	14	106776.00	209.50	249.89	11.93
2	Ferro Alloys	4	36810.00	200.71	139.10	6.93
3	Electric Vehicle	43	2064.00	8.92	6.69	7.50
	Total	751974	1571223.58	1694.20	1,451.72	8.57

3.27. Revenue Gap for FY 2026-27 at Existing Tariffs

Petitioner's Submission

- 3.27.1. Based on the ARR projected above and the estimation of Revenue at Existing Tariffs, the Gap for FY 2026-27 is tabulated as under.

Table 44: Proposed ARR Gap for FY 2026-27

Sl. No.	Particulars	Amount
1	ARR of FY 2026-27	1456.40
2	Revenue at Existing Tariff	1779.22
3	Gap/(Surplus)	(322.83)
4	Add: True up Gap of FY 2024-25	383.22
5	Total Gap	60.39

Commission's Analysis

- 3.27.2. The Commission, after conducting a detailed due diligence of the initial petition submitted by the Petitioner, sought two sets of additional queries across various parameters related to the True-up for FY 2024-25. In response to these queries, the Petitioner submitted additional clarifications and supporting information in compliance with the Commission's directions reducing the True-up gap for FY 2024-25 to Rs. 383.22 Cr from Rs. 429.81 Cr, primarily on account of changes in power purchase cost, special tariff adjustments, FPPA adjustments, and revenue from sale of power.
- 3.27.3. The Commission, after considering the revenue at existing tariff for FY 2026-27 and duly factoring in the true-up gap/surplus of previous years, hereby determines the net revenue gap, as detailed below.

Table 45: Approved Revenue Gap/(Surplus) at Existing Tariff for FY 2026-27 (Rs. Cr.)

Sl. No.	Particulars	FY 2026-27 (Claimed)	FY 2026-27 (Approved)
1	ARR of FY 2026-27	1456.40	1076.17
2	Revenue at Existing Tariff	1779.22	1,451.72
5	Gap/(Surplus)	(322.83)	(375.55)
6	Add: True up Gap of FY 2024-25	*383.22	307.27
7	Total Gap / (Surplus)	60.39	(68.28)

**revised gap based on additional submissions of the petitioner*

- 3.27.4. **The Commission considers a Revenue Surplus of Rs. 68.28 Crore at Existing Tariffs taking into account the Gap/(Surplus) of previous years for FY 2026-27.**

Commission considers Total ARR for the year 2026-27 as 1076.17 Cr. plus 307.27 Cr i.e. 1383.44 Cr.

4. Tariff Principles and design and Approved Tariff

4.1. Background

- 4.1.1. The Commission while determining the Revenue Requirement and retail tariff for MePDCL for FY 2026-27, has been guided by the provisions of the Electricity Act, 2003, Revised National Tariff Policy, Regulations on Terms and Conditions of Tariff issued by Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by MSERC. The Act mandates that the tariff determination shall be guided by the factors which encourage competition, efficiency, economical use of resources, good performance and optimum investment. The National Tariff Policy (NTP) notified by Govt. of India provides comprehensive guidelines for determination of tariff and also in working out the revenue requirement of power utilities. The Commission has endeavoured to follow these guidelines as far as possible. The mandate of NTP is that tariff should be within $\pm 20\%$ of the average cost of supply for the year. It is not possible for the Commission to lay down the road map for reduction of cross subsidy, mainly because of lack of data regarding Cost of Supply (CoS) at various voltage levels.
- 4.1.2. In view of the prevailing situation, the Commission has gone on the basis of average cost of supply for working out consumer category wise cost of supply. Commission has always stressed the licensee that better performance in reduction in loss levels would result in substantial reduction in average cost of supply and would be of benefit to the consumer.

4.2. Tariff Proposal

Stakeholders' submission on Consumer Category wise Demand charge

- 4.2.1. **MePDCL Submission:**
- a. MePDCL has submitted that the Annual Revenue Requirement (ARR) approved by the Commission for a given year is recovered from consumers through two primary tariff components, namely demand charges and energy charges. Based on prevailing billing trends, demand charges presently recover only about 27% of the total fixed cost liability of the distribution licensee, while the remaining 73% is recovered through energy charges. MePDCL has further submitted that consumers opting for open access continue to pay demand charges but do not contribute to energy charges, which results in a potential under-recovery of the fixed cost component embedded in the approved ARR.
 - b. MePDCL has contended that in instances where actual energy consumption by consumers is lower than the projected sales approved in the tariff order, the recovery of fixed cost liability through energy charges is correspondingly reduced. According to MePDCL, although a portion of such

revenue loss from open access migration may be addressed through the levy of Additional Surcharge under the provisions of the Electricity Act, 2003, any residual shortfall, particularly in respect of non-open access consumers, gets carried forward as a regulatory gap in the subsequent true-up exercise, which ultimately impacts tariff levels for all consumers in the State.

- c. In view of the above, MePDCL has proposed that a larger proportion of the fixed cost liability of the distribution licensee may be recovered through demand charges rather than energy charges, so as to reduce dependence on energy-based recovery and minimize the accumulation of true-up gaps over successive tariff periods. MePDCL has further submitted that such a restructuring of tariff design may be implemented in a phased manner, while protecting vulnerable consumer categories such as domestic, agricultural and Below Poverty Line (BPL) consumers
- d. Moreover, MePDCL has referred to the recommendation of the Forum of Regulators to structure demand charges for high end consumers such that they cover 75% to 100% of the fixed cost liability of the DISCOM.

4.2.2. M/s Byrnihat Industries Association (BIA) submission:

- a. BIA has acknowledged the statutory obligation of the Distribution Licensee under Section 42(1) of the Electricity Act, 2003 to develop, maintain, and operate an efficient, coordinated, and economical distribution system and that such obligation necessarily entails incurrence of substantial fixed costs, including capital investment in network infrastructure, capacity charges under long-term power purchase agreements, transmission charges, and system operation and maintenance expenses.
- b. BIA has submitted that, while recovery of fixed costs through Demand Charges is conceptually justified, the extent of such recovery cannot be determined in isolation and must be balanced against considerations of tariff equity, consumer diversity, and economic efficiency. BIA has contended that excessive or complete recovery of fixed costs through Demand Charges does not result in uniform per-unit fixed cost recovery, but rather produces the opposite outcome i.e., sharp divergence in effective tariffs across consumers, particularly penalising those with variable or cyclical operations.
- c. Moreover, BIA has emphasised that electricity consumption is not homogeneous across consumer categories and varies materially with respect to load factor, diversity factor, coincidence with system peak, voltage level of supply, and consumption patterns. According to BIA, tariff methodologies that ignore these differences fail to adhere to the principle of cost causation.

d. In support of its submissions, BIA has provided numerical illustrations to demonstrate the impact of varying degrees of fixed cost recovery through Demand Charges. The Commission notes the following illustrative scenarios placed on record by BIA:

1. Illustrative Scenario 1: 100% Fixed Cost Recovery through Demand Charges

Under this scenario, assuming total annual fixed costs of ₹100 crore, total contracted demand of 1,000 MVA, and total annual energy sales of 4,000 MU, the entire fixed cost is recovered through Demand Charges, resulting in a Demand Charge of approximately ₹8,333 per kVA per month.

2. Illustrative Scenario 2: 50% Fixed Cost Recovery through Demand Charges and 50% through Energy Charges

Under this scenario, 50% of fixed costs are recovered through Demand Charges and the balance through Energy Charges. BIA has submitted that this structure materially reduces the dispersion in effective fixed cost per unit across consumers with different load factors and results in more predictable and rational tariff outcomes, while ensuring revenue adequacy for the Distribution Licensee.

3. Illustrative Scenario 3: 40% Fixed Cost Recovery through Demand Charges and 60% through Energy Charges

Under this scenario, BIA has identified this structure as its preferred option. According to the illustration, this approach best approximates uniform per-unit fixed cost recovery across consumers, while fully protecting the utility's revenue requirement.

e. BIA submitted that Demand Charges are intended to compensate the Distribution Licensee for keeping capacity available and not to transfer business risk from utility to consumers. BIA has contended that excessive reliance on Demand Charges renders utility revenues becomes insensitive to consumption efficiency, loss reduction, and demand-side management, thereby weakening incentive-compatible regulation under the Multi-Year Tariff (MYT) framework.

f. Moreover, BIA pointed out that EHT and HT consumers are typically supplied through dedicated high-voltage infrastructure with significantly lower distribution costs and losses as compared to LT consumers, who require extensive low-voltage networks, distribution transformers, and service infrastructure.

g. Furthermore, BIA has submitted an illustrative example for distribution infrastructure cost per MW for EHT and LT consumers, which demonstrates

that LT distribution infrastructure costs are substantially higher than those for EHT supply. BIA has submitted that levy of uniform Demand Charges in such circumstances results in systematic over-recovery from EHT consumers and under-recovery from LT consumers, leading to implicit cross-subsidisation, contrary to the statutory objective of progressive reduction of cross-subsidies.

- h. BIA has submitted that EHT/HT consumers typically operate at higher and more stable load factors and impose lower loss and infrastructure burdens on the distribution system, and that uniform Demand Charges fail to recognise these system benefits.
- i. In this regard, BIA has sought a balanced approach to fixed cost recovery, wherein Demand Charges and Energy Charges are structured in a manner that reflects both capacity reservation and actual energy drawal, accounts for consumer diversity, and aligns with the principles of cost causation, tariff equity, and economic efficiency. BIA has further submitted that Demand Charges should be differentiated by voltage level to reflect underlying system costs, loss characteristics, and infrastructure usage.
- j. BIA has further submitted that excessive reliance on Demand Charges insulates the utility's revenue even during periods of declining consumption, thereby weakening incentives for efficiency improvement and loss reduction, which is contrary to the objectives of the MYT Regulations. It was contended that where a substantial portion of revenue is recovered through Demand Charges, efficiency gains, including reduction in AT&C losses, result in limited incremental revenue, thereby diluting the effectiveness of MYT efficiency incentives. Accordingly, the respondent submitted that a balanced approach to recovery of fixed costs through Demand Charges should be adopted.

4.2.3. M/s Pioneer Carbide Pvt. Ltd. (PCPL) submission:

- a. M/s Pioneer Carbide Pvt. Ltd. (PCPL) submitted that recovery of fixed costs through fixed charges is a primary focus of utility tariff rationalisation and that, in order to achieve uniform per-unit fixed cost recovery across consumer categories, fixed charges should reflect the actual fixed cost of supply, including demand-related costs, operation and maintenance expenses, and capital costs, rather than being fully volumetric.
- b. PCPL contended that there is no universal percentage, regulatory trends move towards higher, cost reflective fixed charges to ensure equity, often aiming to cover a significant portion of network fixed costs depending on the customer class. India's recent electricity tariff reforms under the Draft Electricity (Amendment) Bill, 2025 mark a shift towards cost-reflective

pricing, reducing industrial cross-subsidies, and safeguarding subsidised power for agriculture and low-income households.

- c. PCPL has submitted references to approaches adopted by other State Electricity Regulatory Commissions, including Karnataka and Maharashtra, where fixed charge recovery is being progressively increased over multiple tariff periods to cover a larger share of network fixed costs.
- d. PCPL has submitted that, in the context of Meghalaya, substantial investments in distribution infrastructure are being undertaken through Government-funded schemes and international funding/ grant support, and that, accordingly, there may be limited justification for any abnormal or sudden increase in fixed cost requirements.
- e. In this regard, M/s Pioneer Carbide Pvt. Ltd. has proposed a phased roadmap for fixed cost recovery applicable across consumer categories. The roadmap will ensure that MePDCL goes from under-recovery to a sustainable model where they can fully cover operating and maintenance costs, interest on loans, and return on equity etc. The proposed roadmap is detailed as follows:
 1. Gradually increase fixed/demand charges for Low Tension (LT) consumers (domestic and small commercial) to align with actual infrastructure costs, moving away from recovering these costs through energy charges.
 2. Reduce variable (per-unit) energy charges to keep total bills balanced, particularly for consumers who maintain high contracted demand.
 3. Simplify the tariff structure and remove hidden subsidies.
 4. Implementation Draft National Electricity Policy 2026, which calls for full recovery of fixed costs through demand charges to ensure the financial viability of distribution companies (DISCOMs).
 5. Elimination of Regulatory Assets, moving away from cross-subsidization by ensuring direct benefit transfers (DBT) for subsidies to vulnerable consumer segments, remove cross-subsidy surcharges for Industrial/ Ferro-Alloy /Manufacturing units to enhance Industrial Growth and overall improvement of financial stability of MePDCL, and implementing the increase in fixed charges over 3-5 years to allow consumers to adjust to the new structure.
- f. PCPL submitted that industrial consumers are being billed Demand Charges at 100% of the connected load for the entire billing month, which, on a pro-rata basis for 31 days, is not in accordance with the Meghalaya Electricity Supply Code, 2018, which provides for levy of Demand Charges based on the maximum recorded demand or a minimum of 75% of the

Contract Demand. Moreover, a balanced approach should be adopted with respect to Demand Charges and contended that the increase in Demand Charges for Industrial EHT and Ferro Alloy consumers from ₹250/kVA to ₹500/kVA in the Tariff Order for FY 2025-26, amounting to a 200% increase, is excessive and unsustainable. It was further submitted that such sharp increase, coupled with overall tariff hike, has adversely impacted the financial viability of ferro alloy units in the State, leading to closure of certain units and posing a risk to continued operations, employment generation, and revenue to the State and the Distribution Licensee.

Commission's Analysis

- 4.2.4. The Commission acknowledges the submission of the Stakeholders and after due consideration and taking cognizance of all comments, the Commission allows the category wise tariff in the subsequent sections of this Order.
- 4.2.5. Further, the Commission notes the recommendations of the 'Forum of Regulators' as contained in its report titled "*Report of the Forum of Regulators on Analysis of Factors affecting Viability of DISCOMs and Recommendations for its Improvement*". The relevant extract of the report is reproduced below:

"7.2.3 Recovery through Fixed Charges:

It has been observed that, fixed cost component constitutes more than 50% of the total Aggregate Revenue Requirement (ARR) for most distribution utilities. The recovery through the fixed charge component of the retail tariff is typically limited to around 15-20%. This arrangement introduces element of uncertainty in revenue recovery, when actual sales fall short of the projections made by the State Electricity Regulatory Commissions (SERCs) during determination of ARR (Aggregate Revenue Requirement). In such cases, the utility experiences reduced revenue recoveries impacting its cash flows and affecting its ability to meet financial obligations towards power purchase, infrastructure maintenance, and debt servicing.

To address this issue, it is imperative to gradually increase the proportion of revenue recovered through the fixed charge component of the retail tariff. By progressively increasing the recovery of up to 30-50% fixed costs with fixed charges, the financial viability of the utility can be strengthened, ensuring more predictable and stable revenue streams."

<Emphasis Added>

However, this Commission has carefully examined the above recommendation in the context of the prevailing conditions in the State. The Commission observes that there exists a significant variation in the actual load factor across different consumer categories, as well as within the same category. Moreover,

the overall actual load factor of consumers in this state remains comparatively low, due to which the actual effective realization of Per-Unit Demand Charges becomes high.

In view of the above considerations, the Commission is of the view that a higher recovery of fixed costs through demand/connection charges may not be appropriate at this stage. Accordingly, the Commission has decided to maintain a relatively lower level of fixed cost recovery through demand/connection charges, while approving differentiated connection charges across various consumer categories, taking into account their consumption patterns and load characteristics.

4.2.6. Regulation 101 of MSERC Regulations 2014 specifies that -

“For the tariff year, the difference between the net Annual Revenue Requirement and the expected Revenue at the prevailing tariff shall be the ‘Revenue Gap’.

The revenue gap shall be bridged by measures such as improvements in internal efficiency, utilization of reserves, tariff changes etc. as may be approved by the Commission.”

4.2.7. Further, National Tariff Policy mandates that tariff should be within $\pm 20\%$ of the Average Cost of Supply for the Tariff year.

4.3. Determination of Retail Supply Tariff for FY 2026-27

4.3.1. The Petitioner, in the instant Petition, has indicated a revenue gap and has accordingly proposed a revision in tariffs across various consumer categories, keeping in view the level of cross-subsidization within $\pm 20\%$ of the Average Cost of Supply (ACoS) in accordance with the provisions of the National Tariff Policy 2016.

4.3.2. The Commission is of the view to rationalize the tariff structure in order to reduce the level of cross-subsidization, particularly for HT and EHT categories, in line with the Tariff Policy, 2016.

4.3.3. Regulation 61 (d) of Electricity Act 2003 reads:

“safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner”

61 (g) reads “that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies in the manner specified by the Appropriate Commission.”

8.3 (2) of National Tariff policy reads

“For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a

roadmap such that tariffs are brought within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in Cross Subsidy”

- 4.3.4. The total ARR as approved by the Commission for FY 2026-27 is Rs. 1383.44 Crore after taking into consideration all the adjustments of prior period true up gap/surplus.
- 4.3.5. The Commission considers it is desirable to neutralize the Cross Subsidy levels to some extent between the consumer categories in terms of section 62 (3) of Electricity Act 2003 read with Regulation 103 of MSERC (Multi Year Tariff) Regulations 2014.
- 4.3.6. The Commission accordingly considers and determines the tariff for FY 2026-27 as per the schedule of Tariff below.

Table 46: Approved Category wise Tariffs for FY 2026-27

Sl. No	Category	Existing Tariff for (FY 2025-26)			Approved Tariffs for (FY 2026-27)		
		Fixed Charges Rs. /kVA/Month	Energy Charges Rs. /kWh	Total Avg Tariff Rs. / kWh	Fixed Charges Rs. /kVA/Month	Energy Charges Rs. /kWh	Total Avg Tariff Rs. / kWh
	Low Tension						
1	BPL (Kutir Jyoti)						
	Unmetered (Per Connection)	210/conn/month			210/conn/month		
	Metered up to 30 units /month		4.57			4.57	
2	Domestic			6.95			6.63
	First 100 Units	90	5.00		90	5.00	
	100- 200 Units	90	5.04		90	5.04	
	Above 200 Units	90	5.10		90	5.10	
3	Commercial	170	7.50	9.98	170	7.45	9.32
		Rs. /kVA/month	Rs. /kVAh		Rs. /kVA/month	Rs. /kVAh	
4	LT Industrial	170	6.80	10.13	170	6.60	9.39
		Rs. /kVA/Month	Rs. /kWh		Rs. /kVA/Month	Rs. /kWh	
5	Public Lighting (Metered)	180	6.35	9.74	180	7.00	7.67
6	Public Water Supply	180	7.80	9.54	180	7.00	9.61
7	General Purpose	180	7.41	10.14	180	7.35	9.49
8	Agriculture/Irrigation	130	3.18	4.68	130	3.15	4.67
9	Crematorium	7510/conn/month	5.12	5.59	55/kVA/month	4.57	5.13
	High Tension	Rs. /kVA/month	Rs. /kVAh		Rs. /kVA/month	Rs. /kVAh	
10	Domestic	350	5.87	9.99	350	5.85	9.71
11	General Purpose/Bulk Supply	420	6.55	10.14	420	6.10	9.71
12	Commercial	390	6.17	10.17	390	6.00	9.78
13	Industrial HT	340	5.57	10.17	340	5.55	9.25
14	Ferro Alloys HT	500	5.92	7.06	500	5.55	6.89
15	Public Water Supply HT	410	7.91	9.84	410	6.60	9.79
	Extra High Tension	Rs. /kVA/month	Rs. /kVAh		Rs. /kVA/month	Rs. /kVAh	

Sl. No	Category	Existing Tariff for (FY 2025-26)			Approved Tariffs for (FY 2026-27)		
		Fixed Charges	Energy Charges	Total Avg Tariff	Fixed Charges	Energy Charges	Total Avg Tariff
		Rs. /kVA/Month	Rs. /kWh	Rs. / kWh	Rs. /kVA/Month	Rs. /kWh	Rs. / kWh
16	Industries EHT	500	8.87	10.15	500	6.60	9.66
17	Ferro Alloys EHT	500	5.83	6.95	500	5.60	6.70
18	Electric Vehicle	-	7.50	7.50		6.00	6.00

4.3.7. Accordingly, the Commission has worked out per unit Average Realization in the table below for FY 2026-27.

Table 47: Revenue from Revised Tariff for FY 2026-27

Sl. No	Category	No. of Consumers	Connected Load	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs. /Unit)
A)	LT Category					
1	Domestic (DLT)	415557	731841.38	494.52	327.75	6.63
2	Commercial (CLT)	45800	140879.96	153.75	143.28	9.32
3	Industrial LT (ILT)	883	11167.87	8.16	7.66	9.39
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5	Public Lighting (PL)	95	480.37	1.54	1.18	7.67
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B)	HT Category					
1	Domestic (HT)	165	24999.71	27.22	26.42	9.71
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3	Bulk Supply	261	59280.24	82.78	80.38	9.71
4	Commercial (HT)	230	44507.62	55.15	53.92	9.78
5	Industrial (HT)	303	130821.75	144.36	133.49	9.25
6	Ferro Alloys	3	17019.00	76.28	52.55	6.89
C)	EHT Category					
1	Industrial	14	106776.00	209.50	202.33	9.66
2	Ferro Alloys	4	36810.00	200.71	134.49	6.70
3	Electric Vehicle	43	2064.00	8.92	5.35	6.00
	Grand Total	751974	1571223.580	1694.20	1,383.44	8.17

Table 48: Computation of Cross Subsidy at Revised Tariff for FY 2026-27

Sl. No	Consumer category	Revised Tariff Payable	Level of Cross Subsidy (%)
A	HT CATEGORY		
1	Domestic (HT)	9.71	19%
2	Water Supply (WSHT)	9.79	20%
3	Bulk Supply (BS)	9.71	19%
4	Commercial (CHT)	9.78	20%
5	Industrial (IHT)	9.25	13%
6	Ferro Alloys	6.89	-16%
B	EHT CATEGORY		
1	Industrial	9.66	18%
2	Ferro Alloys	6.70	-18%
	Average Cost of Supply	8.17	

4.4. Revenue Gap/(surplus) after Revision of Tariff rates for FY 2026-27

- 4.4.1. The Commission has assessed Revenue at Revised Tariffs at Rs. 1,383.44 Crore for FY 2026-27 and arrived at Net Revenue Gap/(Surplus) including True up Gap/Surplus of the previous years as detailed below.

Table 49: Approved Revenue Gap/Surplus at Revised Tariffs for FY 2026-27 (Rs. Lakhs)

Sl. No	Particulars	Amount
1	Revised ARR approved for FY 2026-27	138343.59
2	Revenue at Existing Tariff as approved in ARR for 2026-27	145172.40
3	Revenue at Revised Tariff as proposed in ARR for 2026-27	138343.84
4	Gap/ (Surplus) (w.r.t. revenue at existing tariff)	6828.81
5	Gap / (Surplus) (w.r.t. revenue at Revised tariff)	(0.25)

- 4.4.2. The Commission considers a Revenue surplus of Rs. 0.25 Lakh with the Revised tariffs taking into account the Gap/(Surplus) of previous years for FY 2026-27.

5. In Principle Approvals

- 5.1.1. 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.

5.2. Impact of Pay Revision

Petitioner's Submission

- 5.2.1. 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.
- 5.2.2. 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.
- 5.2.3. 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

- 5.2.4. 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.

5.3. Judgement of Hon'ble APTEL in Appeal No. 361 of 2017

Petitioner's Submission

- 5.3.1. 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.

- 5.3.2. 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"

- 5.3.3. 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

- 5.3.4. The Commission has taken note of the submissions made by the Petitioner and the directions of the Hon'ble APTEL in the aforesaid matter. The Commission observes that the issue pertains to earlier years and involves detailed examination of equity additions pursuant to the transfer scheme.
- 5.3.5. Accordingly, the Commission directs the Petitioner to file a separate Petition for consideration of the impact of the Hon'ble APTEL's judgement, along with detailed computations, background of the case, reconciliation of equity base, and all relevant supporting documents, including Auditor's Certificate.
- 5.3.6. The Commission shall examine the same in detail and take an appropriate view in accordance with applicable regulations and subject to prudence check. Any financial impact, as may be admitted, shall be considered at the appropriate stage, including during truing-up, based on actuals.

5.4. Recovery of the Cost Pertaining to Smart Meters

Petitioner's Submission

- 5.4.1. The Petitioner submitted that the Central Electricity Authority (CEA), in its 2024 Guidelines on Benchmarking of O&M Expenses for Distribution Utilities, has highlighted the need for adequate allocation towards Repair & Maintenance

(R&M) and the limitations of existing normative approaches, particularly in addressing evolving cost structures such as TOTEX-based investments.

- 5.4.2. In this context, the Petitioner submitted that under the Revamped Distribution Sector Scheme (RDSS) of the Ministry of Power, it will undertake installation of 100% smart prepaid meters across the State in TOTEX mode. While a subsidy of 22.5% (limited to Rs. 1,350 per meter) is available for special category states, the balance cost is to be paid in 93 monthly instalments without any further funding support.
- 5.4.3. Accordingly, considering the CEA's recommendations and the nature of TOTEX expenditure, the Petitioner has sought in-principle approval of the Commission to recover the balance cost of smart meter installation under R&M expenses, to the extent of meters actually installed, with a commitment to submit periodic progress reports.

Commission's Analysis

- 5.4.4. The Commission notes that the present regulatory framework, including the guidelines issued by the Central Electricity Authority, does not explicitly prescribe the treatment of costs arising out of smart metering implemented under CAPEX/OPEX/TOTEX models. In view of the same, the Commission is of the opinion that a definitive view on the admissibility and classification of such expenditure cannot be taken at this stage.
- 5.4.5. Accordingly, the Commission directs the Petitioner to submit a detailed proposal at the appropriate stage, clearly specifying the implementation model (CAPEX/OPEX/TOTEX), along with a comprehensive cost-benefit analysis, financing structure, and clear bifurcation of cost components (capital and operational in nature).
- 5.4.6. The Commission shall examine the proposal in detail, undertake due diligence, and decide on the admissibility, classification, and recovery mechanism of such costs in accordance with applicable State/Central guidelines, regulations and prudence check.

6. Open Access Charges

6.1. Wheeling Charges

Petitioner's Submission

- 6.1.1. The Petitioner has not projected computation of Wheeling Charges and Cross Subsidy surcharges payable for the open access consumers in their petition.

Commission's Analysis:

- 6.1.2. The Commission has determined the ARR of MePDCL for FY 2026-27 as per the Regulations and taken it as the basis for determining the wheeling charges and

cross subsidy surcharges in accordance with MSERC (Terms and conditions of open Access) Regulations, 2012.

- 6.1.3. The Commission has computed the wheeling charges based on the approved sales of 1,694.20 MU and the calculation is depicted in the table below:

Table 50: Approved Wheeling charges for FY 2026-27 (Rs. Cr.)

Sl. No.	Particulars	Amount
	Distribution Network Cost	
1	Employee Expenses	234.55
2	Repair & Maintenance Expenses	
3	Administration & General Expenses	
4	Depreciation	17.66
5	Return on Equity	29.37
6	Interest and Finance charges	25.75
7	Interest on working capital	32.69
8	Comprehensive Income/ Expenses (Pension)	113.18
9	Comprehensive Income/ Expenses (1/3 MeECL) (Pension)	0.63
10	Total Distribution network cost	453.83
11	Energy Sales (MU)	1694.20
12	Wheeling Charges (Rs/KWh) (Sl. no 10/ Sl no. 11)	2.68

- 6.1.4. **The Approved Wheeling charges per unit works out to Rs. 2.68 /kWh.**
- 6.1.5. With reference to the Order dated 09.02.2026 issued by the Commission in the matter of determination of Additional Surcharge, Cross Subsidy Surcharge, and CTU Charges for FY 2025-26, the Commission states that the Additional Surcharge already includes stranded costs on account of CTU, STU, distribution network, and power procurement obligations arising from existing PPAs.
- 6.1.6. Accordingly, with a view to reduce the burden on Open Access consumers who have contract demand with MePDCL, there shall be no separate transmission charges (STU charge) and wheeling charges payable by such embedded EHT/HT consumers for the quantum of energy actually drawn through Open Access using the existing Intra State Transmission and Distribution network, except any other charges as may be applicable in accordance with the relevant provisions of the CERC Regulations.

6.2. Cross-Subsidy Surcharge

Stakeholders' submission in this regard

6.2.1. MePDCL's Submission:

- a. MePDCL has submitted that Section 42(2) of the Electricity Act, 2003 specifies the framework for introduction of open access and provides as follows:

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

Provided that such open access shall be allowed on payment of a surcharge in addition to the charges for wheeling as may be determined by the State Commission”

- b. In this regard, MePDCL has submitted that distribution utilities traditionally recover a portion of the cost of supply through higher tariffs from industrial and commercial consumers, which helps subsidize tariffs for certain other consumer categories such as domestic and agricultural consumers. Accordingly, when such high-paying consumers migrate to open access, the distribution licensee experiences erosion of cross-subsidy revenue. Therefore, CSS serves as a compensatory mechanism intended to maintain financial neutrality for the distribution licensee by mitigating the revenue loss arising from migration of such consumers to open access. MePDCL has also submitted that the Commission has been determining CSS in accordance with the methodology prescribed under the National Tariff Policy 2016.
- c. Furthermore, MePDCL has submitted that the formula prescribed under the National Tariff Policy, 2016 primarily considers components such as the power purchase cost (appropriately grossed up for applicable losses), transmission and distribution wheeling charges, and regulatory assets, which together broadly represent the cost of supply.
- d. MePDCL has submitted that, in terms of Section 42(2) of the Electricity Act, the charges applicable to open access consumers broadly comprise wheeling charges for use of the distribution system, cross-subsidy surcharge and additional surcharge. However, MePDCL has contended that consumers connected at the 132 kV level do not utilize the distribution network and therefore do not pay distribution wheeling charges.

Accordingly, MePDCL has submitted that in the case of Meghalaya, where open access consumers are connected at the 132 kV level, exclusion of distribution wheeling charges from the CSS computation would not result in any double recovery and therefore such charges ought not to be included while computing CSS for consumers at the 132 kV level.

- e. MePDCL has, however, submitted that if the Commission considers recovery of distribution-related fixed costs through the Additional Surcharge mechanism, the distribution wheeling charges may correspondingly be considered in the computation of CSS.

6.2.2. **Byrnihat Industries Association (BIA)'s Submission:**

- a. BIA has submitted that the Cross Subsidy Surcharge (CSS) is neither an independent nor a discretionary levy. According to BIA, CSS is a residual outcome derived from the tariff formulation prescribed under the applicable tariff policy framework. In this regard, BIA has contended that the determination of CSS depends upon the following factors:
 - i. the cost of supply;
 - ii. the category-wise tariff; and
 - iii. the extent of cross-subsidy embedded in the tariffs.
- b. BIA has further submitted that, in view of the above, CSS cannot be determined arbitrarily or employed as a mechanism for revenue protection. Instead, it must necessarily flow from the approved tariff design and the determination of cost of supply, in accordance with the principles set out in the Electricity Act, 2003, the National Tariff Policy, and the Electricity (Amendment) Bill, 2025.

6.2.3. **Pioneer Carbide Private Limited (PCPL)'s submission:**

- a. PCPL has submitted that the statutory framework governing the electricity sector envisages a gradual reduction in Cross Subsidy Surcharge (CSS) and other charges applicable to open access consumers. In this regard, PCPL has relied upon the provisions of the Electricity Act, 2003, particularly the third proviso to Section 42(2), which provides that surcharge and cross-subsidies shall be progressively reduced in the manner specified by the Commission. PCPL has relied on the Sections 61(g) and 62(3) of the Act which require tariff determination to progressively reflect the cost of supply and reduce cross-subsidies without showing undue preference to any consumer category, except for differentiation based on objective parameters such as load factor, voltage, consumption pattern, and nature of supply.
- b. Moreover, PCPL has further submitted that recent policy and legislative developments also reflect a continued commitment towards rationalization and gradual reduction of CSS. In this regard, PCPL has referred to the

Electricity (Amendment) Bill, 2025 and related legislative discussions, which indicate a policy direction towards progressively reducing CSS to enhance industrial competitiveness, with certain proposals suggesting its elimination for specific sectors such as manufacturing and railways within a defined timeframe. PCPL has also referred to the Green Energy Open Access Rules, 2022 and the National Tariff Policy to submit that CSS is restricted or waived in certain cases involving procurement of green energy and that, under the prevailing policy framework, CSS is generally capped at a maximum of 20% of the applicable tariff of the consumer category.

- c. PCPL has further submitted that CSS has been levied on industrial open access consumers in Meghalaya for more than a decade and that such consumers are not subsidized categorically. According to PCPL, continued imposition of CSS increases the effective tariff burden on industrial consumers, which may incentivize more consumers to shift towards open access, thereby potentially aggravating the revenue gap of the distribution licensee. PCPL has therefore submitted that rational allocation of fixed costs across consumer categories and gradual removal of CSS would help address the revenue gap of the distribution utility while also promoting open access and encouraging procurement of cleaner sources of energy.

Commission's Analysis

- 6.2.4. The Commission acknowledges the concerns raised by various stakeholders regarding the determination of Cross Subsidy Surcharge (CSS).
- 6.2.5. In regards to this the Commission observes that the level of cross-subsidy for HT and EHT consumer categories has gradually reduced over the years, indicating a progressive movement towards tariff rationalisation in line with regulatory principles.
- 6.2.6. Further, the Commission observes that the Ferro Alloy category of consumers has been consistently cross-subsidised by other consumer categories for more than five years, and accordingly, this category has been treated as a Special Category. The level of cross-subsidy for the Ferro Alloy category over the years is as follows:

Sl. No.	Year	Level of Cross Subsidy (%) for Ferro Alloy HT	Level of Cross Subsidy (%) for Ferro Alloy EHT
1	FY 2022-23	-16.59%	-23.35%
2	FY 2023-24	-23.65%	-28.38%
3	FY 2024-25	-18.35%	-19.48%
4	FY 2025-26	-16.72%	-18.09%
5	FY 2026-27	-15.64%	-17.94%

- 6.2.7. The Commission has gradually rationalised the Average Tariff across consumer categories, resulting in a reduction in the extent of cross-subsidy over the years, while maintaining the range within $\pm 20\%$ of the Average Cost of Supply (ACoS).

The Commission is of the view that as the overall ACoS reduces over time, the level of cross-subsidy will correspondingly reduce in a phased manner.

- 6.2.8. Further, the principle of cross-subsidy is intended to ensure equitable tariff structures without unduly disadvantaging any consumer category. The Commission reiterates that any reduction in Cross Subsidy Surcharge (CSS) must be undertaken in a phased manner so as to avoid revenue shocks to the distribution licensee. Accordingly, a gradual transition towards tariff rationalization, as envisaged under the National Tariff Policy, has been considered in the present tariff determination.
- 6.2.9. The Commission is committed to ensuring a fair, transparent, and balanced approach in tariff determination. The Commission hereby states that the Cross-Subsidy has been determined in line with National Tariff Policy 2016, keeping the surcharge within a range of $\pm 20\%$ of the tariff applicable to the category of the consumers seeking open access, i.e. Industrial (HT/EHT) and Ferro Alloys (HT/EHT).
- 6.2.10. While addressing the concerns raised by industries and the petitioner, the Commission is of the view that, to reduce the Cross-Subsidy, it is imperative to improve the financial viability of the distribution licensee to sustain reliable electricity supply and in this context the Commission directs the Petitioner to appraise suitable technical and commercial strategical action plan prior to next petition filing.
- 6.2.11. The Commission notes the Regulation 24 of MSERC (Terms and Conditions of Open Access) Regulations, 2012, as stated below:

“24. Cross subsidy surcharge

(1) Cross-Subsidy Surcharge

In addition to transmission charges and wheeling charges, a consumer availing open access to the transmission system/distribution system shall pay a Cross-Subsidy Surcharge on per unit basis for actual energy drawn through open access.

The Open access users, except those availing open access facility to transfer power from their captive generating plants to the destination of their own use, shall pay the (cross subsidy) surcharge to the distribution licensee of their area, as determined by the Commission from time to time. The amount of surcharge shall be so calculated as to meet the current level of cross subsidy from that category of consumers and shall be paid to the distribution licensee of area of supply where the consumer is located.”

- 6.2.12. The Commission states that the above regulatory provision allows to apply the Cross-Subsidy surcharge to the consumer categories willing to avail Open Access.

- 6.2.13. The Cross-subsidy surcharge is further computed as per clause 8.5 of National Tariff policy notified by Ministry of Power Resolution dated 28th January 2016 as produced below.

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

....

Surcharge Formula:

$$S = T - [C / (1 - L/100) + D + R]$$

Where,

S is the surcharge

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

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

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

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

R is the per unit cost of carrying Regulatory assets if any.

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

- 6.2.14. Above formula may not work for all distribution licensees, particularly for those having power deficit, the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee, provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

Table 51: Approved Weighted Average Power Purchase Cost for FY 2026-27

Sl. No	Particulars	Value
1	Power Purchase Cost (excl. Tx charges)	1082.90
2	Power Purchase (MU) (total availability of units at Discom periphery)	2707.25
3	Weighted Avg. Power Purchase cost (2/1) (Rs/kWh)	4.00

Formula:

$$S = T - \left[\frac{C}{\left(1 - \frac{L}{100}\right)} + D + R \right]$$

- 6.2.15. For the purpose of computation of CSS, as per the formula, D needs to be computed, where D is the aggregate of transmission, distribution and Wheeling charges applicable to the relevant voltage level. The Commission has considered Wheeling Charges (WC) (as approved in the earlier section of this Order), Transmission Charges – Intra State Charges (TC) & Inter-State Charges (PC).

Table 52: Computation of Intra-State Transmission Charges (TC) & Inter-State Charges (PC) for FY 2026-27

Computation of Intra-State Transmission Charges (TC) component	Amount
MePTCL ARR (A) (Rs Cr)	110.06
Energy sales (B) (MUs)	1694.20
Average Intra-State Transmission Charge (TC) ((A/B) * 10) (Rs/kWh)	0.65
Computation of Inter-State Transmission Charge (PC) component	Amount
PGCIL Cost (Rs Cr)	119.94
Energy sales (MUs)	1694.20
Average Inter-State Transmission Charge (TC) ((A/B) * 10) (Rs/kWh)	0.71
Total transmission Charge (Rs/kWh) (TC + PC)	1.36

- 6.2.16. For intra-state open access consumers, the Commission considers the Transmission Tariff (STU charges) for intra-state open access transaction at Rs. 12286.14/MW/per day and fraction thereof for FY 2026-27, as approved in MSERC Revised ARR Order of MePTCL 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.
- 6.2.17. The Commission is of the view that since Additional Surcharge includes the Stranded cost on account of CTU, STU, Distribution Network and Power procurement cost arising from existing PPAs; in order to reduce the burden on the Open Access consumers who have contract demand with MePDCL, **there shall be no separate transmission charges (STU charge) and wheeling charges payable by such embedded EHT/HT consumers for the quantum of energy actually drawn through Open Access using the existing Intra State Transmission and Distribution network, except any other charges as may be applicable in accordance with the relevant provisions of the CERC Regulations..**

6.2.18. Accordingly, Commission considers the aggregate of transmission, distribution and wheeling charge as follows,

Table 53: Computation of Aggregate of transmission, distribution, and Wheeling Charges for FY 2026-27 (Rs/kWh)

Particular	Amount
Wheeling Charges (Rs/KWh) (refer section 5.1.3 above)	2.68
Total transmission Charge (Rs/kWh) (TC + PC)	1.36
Aggregate of transmission, distribution, and Wheeling Charges (Rs/kWh)	4.04

Table 54: Computation of Cross Subsidy Surcharge for FY 2026-27

Voltage Level	T = Tariff (Rs. /kVAh)	C = Average Cost of Power Incl. PGCIL Cost (Rs. /kWh)	L = Losses (%)	D = Aggregate of transmission, distribution, and Wheeling Charges (Rs. /kWh)	R = Regulatory Assets (Rs. /kWh)	S = Surcharge (Rs/kWh)	Limited to 20% of Tariff (Rs. /kWh)
	1	2	3	4	5	6	7
HT Level	9.25	4.00	6.18%	4.04	0	0.95	0.95
EHT Level	9.66	4.00	3.66%	4.04	0	1.47	1.47

6.2.19. **The Commission considers Cross subsidy surcharge for HT consumers at Rs. 0.95/kWh and EHT consumers at Rs. 1.47 /kWh for FY 2026-27.**

Separate CSS for Ferro Alloys Industries for FY 2026-27:

6.2.20. Licensee has not projected any Cross Subsidy Surcharge for Ferro Alloys industries for FY 2025-26.

$$S = T - \left[\frac{C}{\left(1 - \frac{L}{100}\right)} + D + R \right]$$

Table 55: Computation of Cross Subsidy Surcharge for Ferro Alloy Industries for FY 2026-27

Voltage Level	T = Tariff (Rs. /kVAh)	C = Average Cost of Power Incl. PGCIL Cost	L = Losses (%)	D = Aggregate of transmission, distribution, and Wheeling Charges (Rs. /kWh)	R = Regulatory Assets	S = Surcharge (Rs/kWh)	Limited to 20% of Tariff (Rs/kWh)
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	1	2	3	4	5	6	7
HT Level	6.89	4.00	6.18%	4.04	0	-1.41	0.00
EHT Level	6.70	4.00	3.66%	4.04	0	-1.49	0.00

- 6.2.21. **Commission considers Cross subsidy surcharge for Ferro Alloy Industries HT and EHT consumers at NIL for FY 2026-27.**

6.3. Additional Surcharge

Petitioner's Submission:

- 6.3.1. The Petitioner has no submission in this regard.

Respondents' submission in this regard

- 6.3.2. M/s Pioneer Carbide Pvt. Ltd. has submitted that MePDCL has adopted an inconsistent approach for paying the refunds and further asking to pay the dues in respect of Open Access charges specifically STU Charges, which is violation of the Commission's Order dated 09.02.2026. The PCPL further objected that, as per the said Order, Ferro Alloy EHT Open Access consumers are liable to be billed the Additional Surcharge at Rs. 2.27/kWh with revised STU charges at NIL; however, while MePDCL has billed the consumers the Additional Surcharge at Rs. 2.27/kWh, but it has not adjusted or refunded the STU charges of Rs. 0.76/kWh, despite the same being expressly revised to zero in the said Order. It was also submitted that MePDCL has continued to recover such charges notwithstanding repeated representations, which is contrary to the directions issued by this Commission.

Commission's Analysis:

- 6.3.3. The Commission acknowledges the Objector's submission and states that this issue is not a part of this Tariff Proceedings, rather it should be settled between MePDCL and Pioneer Carbide Pvt. Ltd. separately.
- 6.3.4. The Commission is of the view that Open Access Consumers procure power from the market when prices are lower but rely on the Petitioner's network during peak hours when market rates are higher. Since they do not contribute to the fixed cost embedded in the energy charge, the financial burden shifts to non-open access consumers, causing an increase in tariffs. This results in an unfair cost burden on consumers who are not availing open access.
- 6.3.5. The Commission acknowledges the fact that the recovery of fixed costs is primarily managed through demand charges, with the remaining portion embedded in energy charges, however, if the Petitioner were to recover the

entire fixed cost solely through demand charges, it would result in excessively high demand charges for consumers, making electricity unaffordable for many.

- 6.3.6. The Commission observes that certain category of the consumers are allowed Open Access by MSERC in line with the provisions of Electricity Act 2003 and MSERC Open Access Regulation 2012, however, in the past the Commission has not determined Additional Surcharge as per provisions of Section 25 (1) of Electricity Act 2003.
- 6.3.7. The Commission refers the principle and clarification set out in the **Order on Suo Moto Proceedings in compliance with the Judgement dated 31st October 2025 of the Hon'ble Appellate Tribunal for Electricity passed in Appeal No. 218 of 2025, titled as 'Byrnihat Industries Association & Ors vs Meghalaya State Electricity Regulatory Commission & Anr.'**, dated 09.02.2026 in Case no. 5 of 2025. Accordingly, the Commission, based on the last available actual data for the period 2025-26 upto September 2025, and Approved Power purchase cost & quantum of FY 2026-27 as approved in this Tariff Order, has determined the additional surcharge for the period of April 2026 to September 2026 of FY 2026-27 and is depicted in following subsections. The Additional Surcharge is determined on provisional basis and will be revised based on actual stranded capacity for the period April 2026 to September 2026. MePDCL shall file separate petition in the month of October 2026 for revision of this Additional Surcharge.

Methodology for Determination of Additional Surcharge adopted by the Commission.

- 6.3.8. The 'month-wise quantum scheduled by SLDC from Thermal power generating station for MePDCL', (406250.78 MWh or 92.50 MW) has been compared against the "Available Capacity or Declared Capacity" of the thermal power plants in the corresponding months (679925.53 MWh or 154.81 MW); and it resulted into "Unscheduled quantum" under each month, which is considered as "Capacity not availed" in the respective month. The Commission considers the above figures as per Actual Data approved by the Commission in the said Order on Suo Moto proceedings.
- 6.3.9. Considering the actual data of FY 2025-26, the Commission allows the total capacity not availed from the conventional plants for the period from April 2026 to September 2026 is 273674.75 MWh i.e. 62.31 MW.
- 6.3.10. The Commission, in line with the said Suo-motu Order, has considered OA Energy Scheduled for OA Consumers (D) = 39312.97 MWh i.e. 8.95 MW. Hence, Capacity stranded due to OA Consumers (E) = Minimum of (C,D) i.e. Minimum of (Capacity not availed and OA Energy scheduled for OA Consumers) = Minimum of (273674.75 and 39312.97 MWh) = 39312.97 MWh i.e. 8.95 MW.
- 6.3.11. In addition to the above, Total Fixed Capacity Charge obligation for MePDCL from Thermal Power Plants for the 6 months period (H) has been considered as Rs.

109.81 Cr, based on the Power Procurement projected for MePDCL for FY 2026-27.

6.3.12. Accordingly, the Fixed charge per MW during Open Access Period (I) = $H / A = 0.71$ Rs Cr/ MW; and Fixed charges due to stranded capacity (J) = Rs 6.35 Cr

6.3.13. Thereafter, The Commission determined the other fixed cost liability due to Transmission charges (incl. CTU, STU and SLDC charges) payable by MePDCL during power procurement is Rs 228.22 Cr and its own distribution network cost incurred is Rs 453.83 Cr, as approved by the Commission in this Tariff Order for FY 2026-27 and the above mentioned amounts have been further divided by 2 for the determination of the corresponding cost for 6 months tenure while determining the corresponding stranded Transmission and Wheeling charges (i.e. Stranded T&D cost).

Calculation:

1. Stranded CTU Charge:

- a) Total Inter-state Transmission (CTU) Charge payable by MePDCL during FY 2026-27 = Rs 119.94 Cr (approved in this Tariff Order FY 2026-27)
- b) Total Inter-state Transmission (CTU) Charge payable by MePDCL for 6 months period (K) = $Rs\ 119.94 / 2\ Cr = Rs\ 59.97\ Cr$
- c) Total Inter-state capacity of MePDCL (considering Ex-Bus contracted capacity of all types of ISGS generators) (L) = $(56.93 + 180.28 + 80.96 + 76.23)\ MW = 394.40\ MW$
- d) Proportionate ISTS (CTU) Charge Stranded for 6 months period (M) = $\{Rs\ 59.97\ Cr * (8.95\ MW / 394.40\ MW)\} = Rs\ 1.36\ Cr$

2. Stranded STU Charge including SLDC charge:

- a) Total Intra-state Transmission (STU) Charge incl. SLDC Charges payable by MePDCL during FY 2026-27 = Rs 110.06 Cr (approved in this Tariff Order FY 2026-27)
- b) Total Intra-state Transmission (STU) Charge incl. SLDC Charges payable by MePDCL for 6 months period (N) = $Rs\ 110.06 / 2\ Cr = Rs\ 55.03\ Cr$
- c) Total Intra-state capacity of MePDCL (considering contracted capacity of all types of ISGS and SGS generators at CTU-STU periphery) (O) = $\{394.40 * (1 - 3.66\%) + 362.34\}\ MW = 742.30\ MW$

- d) Proportionate InSTS (STU) Charge (incl. SLDC Charges) Stranded for 6 months period (P) = {Rs 55.03 Cr * (8.62 MW/ 742.30 MW)} = Rs 0.64 Cr

*[Capacity stranded due to OA Consumers at CTU periphery = 8.95 MW. Hence, Capacity stranded due to OA Consumers adjusted for Inter-State Transmission Losses (CTU) % at CTU-STU periphery = 8.95 * (1-3.66%) = 8.62 MW]*

3. Stranded Wheeling Charge:

- a) Distribution Network charge incurred by MePDCL during FY 2026-27= Rs 453.83 Cr (approved in this Tariff Order FY 2026-27)
- b) Distribution Network charge incurred by MePDCL for 6 months period (Q) = Rs 453.83/2 Cr = Rs 226.92 Cr
- c) Total Power capacity of Distribution network (considering contracted capacity of all types of ISGS and SGS generators) (R) = 723.60 MW
- d) Proportionate Wheeling Charge Stranded for 6 months period (S)= {Rs 226.92 Cr * (8.41 MW/ 723.60 MW)} = Rs 2.64 Cr

*[Capacity stranded due to OA Consumers adjusted for Intra-state transmission Losses (STU) % at STU-DISCOM periphery = 8.62 * (1-2.52%) = 8.41 MW]*

Hence, total Stranded Transmission and Wheeling component (T&D component) recoverable for stranded capacity = Rs 4.64 Cr

Therefore, Total Stranded cost (T) =Rs 10.99 Cr

- 6.3.14. Further, the Demand charge recovered from the Open Access consumers against the OA scheduled quantum has been deducted from the Total Stranded cost for the correct adjustment and to arrive at the Net Stranded Cost due to Open Access, which further has been divided by the Scheduled drawl of Open Access energy to determine the rate of Additional surcharge to be recovered from the OA consumers of April 2026 to September 2026. Demand charges collected during this period corresponding to stranded capacity of 8.95 MW is Rs 2.69 Cr., resulting into Net Stranded Cost of Rs 8.30 Cr.
- 6.3.15. According to the above considerations, this Commission has determined the Additional Surcharge as follows:

Table 56: Approved Additional Surcharge for April 2026 to September 2026 (Rs. / kWh)

Particulars	Derivation	Unit	Value
Availability i.e. Declared Capacity of different Thermal power station	A	MWh	679925.53
Scheduled from different Thermal power station by MePDCL	B	MWh	406250.78
Capacity not availed i.e., month-wise average unscheduled capacity	$C=A-B$	MWh	273674.75
Open Access (OA) Energy scheduled by OA Consumers	D	MWh	39312.97
Capacity stranded due to OA Consumers at CTU periphery	$E = \text{Min} (C, D)$	MWh	39312.97
Capacity stranded due to OA Consumers adjusted for Inter-State Transmission Losses (CTU) % at CTU-STU periphery	$F = E * (1-3.66\%)$	MW	8.62
Capacity stranded due to OA Consumers adjusted for Intra-state transmission Losses (STU) % at STU-DISCOM periphery	$G = F * (1-2.52\%)$	MW	8.41
Total Actual Fixed Capacity Charge payable by MePDCL for the Thermal Power Generators for 6 months period	H	Rs Cr	109.81
Fixed capacity charge per MW during OA Period	$I = F / A$	Rs Cr/ MW	0.71
Fixed capacity charges on account of Generation Component in tariff due to stranded capacity	$J= E * I$	Rs Cr	6.35
Total Inter-state Transmission (CTU) Charge payable by MePDCL during 2026-27	K'	Rs Cr	119.94
Total Inter-state Transmission (CTU) Charge payable by MePDCL for 6 months period	K	Rs Cr	59.97
Total Inter-state capacity of MePDCL (considering contracted capacity of all types of ISGS generators)	L	MW	394.40
Proportionate ISTS (CTU) Component in tariff Stranded for 6 months period	$M = (K) * (E/ L)$	Rs Cr	1.36
Total Intra-state Transmission (STU) Charge incl. SLDC Charges payable by MePDCL during 2026-27	N'	Rs Cr	110.06
Total Intra-state Transmission (STU) Charge incl. SLDC Charges payable by MePDCL for 6 months period	N	Rs Cr	55.03
Total Intra-state capacity of MePDCL (considering contracted capacity of all types of ISGS and SGS generators)	O	MW	742.30
Proportionate InSTS (STU) Component (incl. SLDC Charges) Stranded for 6 months period	$P = (N) * (F/O)$	Rs Cr	0.64

Particulars	Derivation	Unit	Value
Distribution Network charge incurred by MePDCL during 2026-27	Q'	Rs Cr	453.83
Distribution Network charge incurred by MePDCL for 6 months period	Q	Rs Cr	226.92
Total Power capacity of Distribution network (considering contracted capacity of all types of ISGS and SGS generators)	$R = 0 * (1 - 2.52\%)$	MW	723.60
Proportionate Wheeling Component in tariff Stranded for 6 months period	$S = (Q) * (G/R)$	Rs Cr	2.64
Total Stranded Cost due to Open Access	T	Rs Cr	10.99
Demand charge recovered from Open Access Consumers (@ Rs 500/kVA/Month)	U	Rs Cr	2.69
Net Stranded Cost due to Open Access	$V = T - U$	Rs Cr	8.30
Open Access Scheduled drawl	W	MWh	39312.97
Additional Surcharge due to stranded cost	$X = V / W * 10^4$	Rs./ kWh	2.11

- 6.3.16. Thus, the Commission approves provisionally the Additional Surcharge recoverable from the Open Access consumers for the period from April 2026 to September 2026 is **Rs 2.11/Unit**, subject to True-Up adjustment based on actual data submitted by MePDCL and certified by SLDC at the end of the six-month block. Thereafter, the Additional Surcharge shall be determined for every six (6) months starting April to September & then again from October to March and similarly reconciled after the completion of every block of six (6) months.
- 6.3.17. The Commission states that since Additional Surcharge includes the Stranded cost on account of CTU, STU, Distribution Network and Power procurement cost arising from existing PPAs; in order to reduce the burden on the Open Access consumers who have contract demand with MePDCL, **there shall be no separate transmission charges (STU charge) and wheeling charges payable by such embedded EHT/HT consumers for the quantum of energy actually drawn through Open Access only using the existing Transmission and Distribution network, except any other charges as may be applicable in accordance with the relevant provisions of the CERC Regulations.**
- 6.3.18. Further, the Commission states that the income from Additional Surcharge is treated as Other Income / Non-Tariff income of the Distribution licensee, which is further subtracted from the Total ARR Requirement of Distribution Licensee and provides a benefit to the end consumers in the overall tariff reduction. This phenomenon aligns with Regulation 77 of Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014, as depicted below:

“77 Aggregate revenue requirement for each financial year of the control period

....

77.2 The retail supply tariff of a distribution licensee for each financial year of the control period shall provide a recover ARR of a distribution licensee of the control period **as reduced by the amount of non-tariff income**, income from wheeling in respect of open access customers, **income from other business** and receive on account of cross subsidy surcharge and **additional surcharge for the relevant financial year as approved by the Commission...**

.....

77.3 Net revenue requirement from sale of electricity shall be aggregate revenue requirement as above minus:

- Non-tariff income
- Income from wheeling charges
- Income from open access customers
- Income from other business
- Income from cross subsidy surcharge from open access customers
- **Income from additional surcharge on charges of wheeling from open access customer**
- Any other revenue or subsidy or grant from the State Government other than subsidy under section 65 of the Act.

[Emphasis Supplied]

- 6.3.19. The Commission further directs the Petitioner to explore strategic measures, such as improving operational efficiencies, optimizing power procurement, and introducing innovative tariff structures to minimize revenue shortfalls and enhance financial sustainability.
- 6.3.20. The Commission also directs that in the event of lack of supply/ load shedding, Force Majeure or any other reasons whatsoever, due to which the Petitioner fails to supply electricity to meet the demand of the Open Access consumers, Additional Surcharge shall not be applicable for such period.
- 6.3.21. This methodology ensures an equitable allocation of fixed costs to Open Access consumers while aligning with Regulatory principles. The approach accounts for surplus power sale dynamics, ensuring revenue neutrality for the DISCOM while maintaining affordability for eligible consumers.

7. Other Tariff Proposals

7.1. Tariff for Electric Vehicle Charging Stations

Petitioner's Submission

- 7.1.1. The Petitioner submitted that the Commission in the Tariff Order for FY 2024-25 and FY 2025-26 has decided a tariff of Rs. 7.5/ kWh for EV Charging Stations. However, the tariff has not been able to attract investors, as the tariff according to the investors is unviable as there is no margin left for them while charging to consumers.
- 7.1.2. Accordingly, the Petitioner requested the Commission to rationalize the tariff for EV charging stations in the range of Rs.5.00 to Rs. 5.50/ kWh.
- 7.1.3. Further, the Petitioner stated that the Ministry of Power as per the Guidelines issued with regards to the EV Charging Stations has recognized EV charging as a service rather than resale of electricity.
- 7.1.4. In light of the above, the Petitioner also requested the Commission to fix the service margin that the EV charging station can recovery from the consumer.

Commission's Analysis

- 7.1.5. The Government of Meghalaya has introduced the Policy for Electric Vehicle 2021, wherein the targets for the penetration of Electric Vehicles in the total vehicles in Meghalaya has been set as 15% by 2025. In view of the same it is expected that the number of Electric Vehicles and charging stations are expected to increase in near future.
- 7.1.6. The Commission observed that as per Tariff Order for FY 2025-26 dated 24.03.2025, the Petitioner submitted the following:

“The Petitioner submitted that Government of India has proposed 43 EV charging sub-stations under the revenue sharing scheme in the state of Meghalaya. Further, the Petitioner mentioned that it has already got one proposal from EESL for construction of 25 Nos. of EV Charging stations at various locations in the state. The proposed capacity of each station is 48 kW. Accordingly, considering a load factor of 50%, an additional energy consumption of 8.92 MU has been estimated by the Petitioner for FY 2025-26.”
- 7.1.7. Hence, to promote the EV charging stations in the state of Meghalaya for the purpose of e-mobility, the Commission takes a considerate view to set a reduced fixed tariff for EV charging station at Rs 6.00/kWh for FY 2026-27.
- 7.1.8. The Commission notes that the Petitioner is yet to submit the Copy of MoU of the concerned agency willing to setup the EV Charging station in Meghalaya and the status report with regard to the registered consumers with connected load seeking electric supply for vehicle charging stations with the Discom, for

the purpose of substantiating the authenticity of its claim. Hence, the Commission directs the Petitioner to submit the aforementioned status report along with the Proposal letter of EESL accepted by the Petitioner for installing the EV charging station within 15 days of publishing this Tariff Order without any fail. Further, the Commission directs the Petitioner to provide the Land Identification Report and Action plan considered for developing the EV charging station on the land from time to time.

- 7.1.9. Till such time detail report on EV is submitted, ***the Commission allows Rs 6.00/kWh tariff for Electric Vehicle Charging stations in Meghalaya.***

7.2. Time of the day Tariff

Commission's Analysis

- 7.2.1. The Petitioner, vide First Additional Information requirement dated 13.01.2026 sought by the Commission, was directed to submit ToD pattern wise sale for last 5 years for all the relevant categories. However, the Petitioner has failed to respond this query. Due to lack of data, the Commission couldn't analysis the accurate ToD sales and its timely consumption pattern.
- 7.2.2. Accordingly, the Commission considers Time of the day tariffs shall be applicable for FY 2026-27 as depicted in the table below:

Table 57: Approved Time of Day Tariff for FY 2026-27 (Rs. /kVah)

Time Slot	Existing Energy Charges		Approved Revised Energy Charges	
	HT Industrial	EHT Industrial	HT Industrial	EHT Industrial
06:00 hrs. to 17:00 hrs. (normal)	5.57	8.87	5.55	6.60
17:00-23:00hrs (peak)	+20% of Normal	+20% of Normal	+20% of Normal	+20% of Normal
23:00-06:00hrs (night off-peak)	-15% of Normal	-15% of Normal	-15% of Normal	-15% of Normal

7.3. Load Factor

Stakeholders' submission in this regard

- 7.3.1. **MePDCL's submission**
- a. MePDCL has stated that load factor not only impacts the financial viability of the DISCOM but also has an impact on per unit cost of electricity consumed by the consumers. A high load factor indicates that consumers are utilizing their contracted capacity efficiently, which in turn reflects optimal use of the DISCOM's assets. Conversely, a low load factor signifies underutilization of capacity and inefficient use of the DISCOM's assets. Furthermore, From Meghalaya's perspective, consumers have historically maintained a low load factor. The load factor for HT and EHT consumers in

FY 2024–25 is presented below; notably, these categories account for 24% of the state’s total connected load.

Voltage Level	Consumer Category	Connected Load (MW)	Consumption (MU)	Load Factor
HT	Commercial	38.06	41.61	12%
HT	Ferro Alloys	17.02	77.04	52%
HT	Industrial	122.58	121.30	11%
EHT	Ferro Alloys	58.86	175.79	34%
EHT	Industrial	93.34	47.53	6%

- b. MePDCL further submitted that the ARR approved by the Commission is recovered from consumers through demand and energy charges. However, most DISCOM costs are fixed in nature, such as payments to generators, transmission charges, and internal fixed costs while only 30–35% of these fixed costs are recovered through demand charges and the remaining ~70% through energy charges. Consequently, low consumer load factors hinder full recovery of fixed costs, leading to a true-up gap that is ultimately passed on to all consumers through higher tariffs. This also increases the per-unit cost of electricity, as demand charges are spread over lower energy consumption.
- c. MePDCL also submitted details on the threshold limits for penalties and incentives across select states, as highlighted below:

State	Incentive LF	Penalty LF	Applicability
Maharashtra	>75%	<20%	HT Industrial and Commercial consumers
Gujarat	>75%	<20%	HT Consumers
Tamil Nadu	>75%	<20%	HT Consumers
Rajasthan	>75%	<20%	HT Consumers
Delhi	>70%	<20%	Large Industrial/Commercial
Karnataka	>75%	<20%	HT Consumers

In this regard, MePDCL submitted that the state utility has a significantly lower load factor (41% in FY 2024–25) compared to these states, making their bands unsuitable; accordingly, MePDCL proposes a penalty threshold of 50% and an incentive threshold of 75%.

- d. Moreover, MePDCL has proposed the following formula for computing Load Factor, consistent with earlier Commission orders:

$$\text{Load Factor} = \text{Energy Consumption} / [\text{Contract Load} \times (\text{Days} \times 24 - \text{Outage Hours from MePDCL})]$$

i. Computation of Penalty:

Penalty for low load factor should be linked to demand charges, as low LF indicates capacity is blocked without adequate use, and demand charges reflect fixed infrastructure costs, enabling recovery of stranded capacity.

$$\text{Penalty} = \text{Demand Charges} \times (50\% - \text{LF}) / 50$$

where LF is the actual load factor and demand charges are the approved demand charges (₹/kVA/month) multiplied by the contract demand.

ii. Computation of Incentive:

$$\text{Incentive} = \text{Energy Charges} \times (\text{LF} - 75\%) \times \text{Multiplication Factor}$$

Whereas, the multiplication factor shall be telescopic:

$$75\% < \text{LF} \leq 80\%: 0.5$$

$$80\% < \text{LF} \leq 85\%: 0.75$$

$$\text{LF} > 85\%: 1$$

The LF band of 50%–75% shall be a no-penalty, no-incentive zone.

7.3.2. BIA submission

- a. BIA submitted that it supports a positive, incentive-based load factor framework and opposes the reintroduction of load factor-linked penalties as being inconsistent with the Commission's prudence findings and settled tariff principles, while emphasizing that LF incentives are an important tool for boosting industrial power consumption.
- b. Furthermore, BIA stated that under Section 62 of the Electricity Act, 2003, the Commission may differentiate tariffs based on load factor, although load factor itself is not a controllable variable for industrial and commercial consumers as it is driven by external and operational factors such as market demand, production cycles, raw material availability, logistics constraints, and macroeconomic conditions, and since higher load factor consumers improve utilisation of contracted capacity, reduce per-unit fixed costs, smooth the load curve, enhance demand predictability and scheduling efficiency, and contribute to grid stability, incentivising such consumers is economically and regulatorily justified. Thus, load factor maintained by consumers contribute to grid stability and hence for the contribution towards maintaining the grid stability, incentives must be given to the respective consumers.
- c. BIA submitted that any load factor incentive mechanism should be applicable only to Industrial and Commercial consumers with Contract Demand above a minimum threshold to avoid administrative complexity

and revenue volatility; it is also pertinent that while load factor incentives are being reduced or nullified, contract demand charges have increased, placing consumers in a precarious position where they pay higher charges but are not able to claim incentives for supporting the grid, and therefore the Commission may consider an incentive-only framework and refrain from reintroducing load factor penalties.

- d. BIA suggested that threshold load factor should be realistic and achievable, recommending 60% for EHT/HT Industrial and Ferro Alloys consumers and 55% for EHT/HT Commercial consumers, with rebates of 2% (60–65%), 4% (65–75%), and 6% (above 75%) on energy charges. Moreover, it is suggested that load factor should be computed monthly as $\text{Energy Consumed (kWh)} / (\text{Contract Demand} \times \text{Hours in Billing Month})$, excluding planned/unplanned outages, force majeure events, grid or transmission constraints, regulatory curtailment, and approved maintenance shutdowns.
- e. BIA also submitted that lower load factor does not impose any incremental cost on the distribution licensee when peak demand remains unchanged, network augmentation is not required, and fixed costs are already recovered through demand charges and other tariff elements; therefore, imposing load factor penalty violates the cost-causation principle and leads to stacking of fixed cost recovery mechanisms alongside demand charges, minimum billing, and contract demand penalties resulting in double recovery and distorted tariff signals
- f. It is further submitted that load factor penalty is neither fair nor prudent given existing recovery mechanisms, and non-supply of electricity, including planned shutdowns and interruptions (recorded in meters), should be excluded from load factor computation; noting that states like West Bengal, Jharkhand, and Odisha have introduced graded load factor rebates to reduce T&D losses and improve system load factor.

7.3.3. Pioneer Carbide Private Limited (PCPL)

- a. PCPL submitted that load factor is essential in multi-year tariff regulation due to its impact on cost efficiency, grid stability, and efficient utilisation of infrastructure, as a high load factor reflects consistent energy use, reduces peak demand and associated charges, lowers operational costs, and supports accurate revenue forecasting and investment planning; it is defined under the MSERC (Electricity Supply Code) Regulations, 2018 as the ratio of total units consumed to the total units that could have been consumed at contracted demand, subject to availability of supply.

- b. It is further submitted that incentive and penalty mechanisms for load factor are widely used by utilities, particularly for HT/EHT Industrial and Commercial consumers, to encourage efficient energy usage through graded, voltage-wise rebates, wherein consumers maintaining high and consistent load factor are rewarded; however, the Commission currently has no regulation providing for load factor penalty or rebate, and while earlier orders (FY 2022–23 to FY 2024–25) introduced penalties and rebates (including for ferro-alloy consumers), these were discontinued vide order dated 24.03.2025 based on MePDCL's submission that no consumer achieved the prescribed 78% load factor.
- c. PCPL further submitted that the absence of any provision for maintaining load factor and providing incentive/penalty is distinct from the practice followed by other State Commissions, where states like West Bengal, Jharkhand and Odisha provide voltage-wise graded load factor rebate to industrial consumers to reduce T&D losses and flatten the load curve. Accordingly, PCPL has proposed the reintroduction of load factor incentives, especially for ferro alloy consumers, through tariff orders.
- d. Moreover, PCPL has stated that load factor incentive would benefit the distribution licensee by ensuring consistent consumption, improving utilisation of contracted capacity, reducing per-unit fixed cost, smoothing load curve, enhancing demand predictability and scheduling efficiency, and contributing to grid stability, while also making the licensee more competitive vis-à-vis open access. Therefore, such incentive/penalty framework shall be made available to HT/EHT Industrial, Ferro-Alloy and Commercial consumers with suggested thresholds (60% for Industrial/Ferro-Alloy, 55% for Commercial) and graded rebates (2%, 4%, 6%).
- e. In view of the above, PCPL proposed that load factor should be computed monthly based on total energy consumption and maximum demand, excluding non-supply hours (planned/unplanned outages recorded in meters), with incentives applicable to HT /EHT Industrial/Ferro-Alloy and Commercial consumers (≥ 1.5 MVA) and additional rebates for increased consumption (e.g., 35% over base) to remain eligible for additional rebates of 0.25% over and above of Load Factor Incentive for 33kV and above consumers.
- f. Furthermore, PCPL has suggested a penalty/surcharge mechanism for load factor below 30%, with defined penalty rates as follows:
 - i. Below 30% but greater than or equal to 25%: 0.50% on the energy shortfall corresponding to 30% LF.

- ii. Below 25%: 0.75% on the energy shortfall corresponding to 25% LF.

7.3.4. **Pawan Castings (Meghalaya) Pvt Ltd and Meghalaya Cast & Alloys Pvt. Ltd.**

- a. M/s Pawan Castings (Meghalaya) Pvt Ltd and M/s Meghalaya Cast & Alloys Pvt. Ltd. has submitted that their mill operates intermittently based on demand fluctuations, resulting in periods of non-operation and making it difficult to maintain a consistent load factor. Furthermore, it is stated that due to pollution-related restrictions in Byrnihat, they are presently operating only 10–12 hours (evening/night shift), which makes it impractical for them to meet the prescribed load factor during normal hours.
- b. However, they have further stated that, despite these constraints, they are paying 100% demand charges against their connected load. In this regard, they have requested the Commission to reconsider the imposition of penalties, as these do not reflect the operational realities of a rolling mill and furnace with cyclical production patterns.

Commission's Analysis

- 7.3.5. The Petitioner, vide First Additional Information requirement dated 13.01.2026, was directed to submit its actual consumer category wise power factor and load factor and details of rebate provided (if any) for FY 2024-25 along with supporting documents.

In response, the Petitioner submitted their additional submission and stated in the perspective of Meghalaya, the load factor maintained by the consumers has been historically low. In FY 2024-25 the comparison of the load factor for HT and EHT category of consumers is tabulated below:

Voltage Level	Consumer Category	Connected Load (MW)	Consumption (MU)	Load Factor
HT	Commercial	38.06	41.61	12%
HT	Ferro Alloys	17.02	77.04	52%
HT	Industrial	122.58	121.30	11%
EHT	Ferro Alloys	58.86	175.79	34%
EHT	Industrial	93.34	47.53	6%

The Petitioner further highlighted that the above categories contribute to 24% of the total connected load of the state. The ARR decided by the Commission in the tariff order is billed to the consumers through demand charges and energy charges. The Petitioner also mentioned that the components of the ARR of the DISCOM constitutes of costs which is majorly fixed in nature such as fixed charges payable to the power producers, charges payable to transmission service provider and own fixed cost of DISCOM. However, the tariff structure enables the DISCOM to recover only 35-37% of

the total fixed charge liabilities through demand charges while 65-70% of the fixed charge liability is recovered through energy charges. Thus, in case there is a low load factor maintained by the consumer the DISCOM is not able to recover the fixed charges which results in true up gap which is to be borne by all the consumers through tariff hike.

It not only impacts the DISCOM but also the consumers as they pay a higher per unit cost of electricity as the demand charges are spread over a lower units of electricity

- 7.3.6. The Commission has taken cognizance of the submissions made by all the key stakeholders. The Commission has observed that the actual load factor in the state of Meghalaya varies widely among the different consumer categories and among different consumers within a same category as well. However, the Commission further notes that an implicit incentive for higher load factor is already embedded in the tariff structure for HT and EHT categories.

In view of the above, and after due deliberation, the Commission has decided to examine this issue in detail at the time of framing the subsequent Multi Year Tariff (MYT) Regulations, following comprehensive stakeholder consultation and due diligence.

7.4. New Consumer Category

Petitioner's Submission

- 7.4.1. The Petitioner submitted that a new Assembly building and the IT park are expected to be completed by March 2026 which will increase the load by 7 MVA. Accordingly, the Petitioner proposed a new category of consumers named "New Shillong". The corresponding energy to same has been included in the projected sales for FY 2026-27. The projected tariff for the category has been considered as a weighted average of bulk supply and industrial EHT tariff in the Ratio 10%:90% respectively.

Respondents' submission in this regard

- 7.4.2. Respondent has not raised any objection in this regard.
- 7.4.3. However, BIA has submitted that Medical Oxygen is a critical healthcare commodity, and several State Commissions have recognised its essential nature in tariff determination. In particular, the Assam Electricity Regulatory Commission (AERC) has extended a 20% concession in energy charges to oxygen manufacturing units, acknowledging their vital role in public health. Under AERC's approved structure, such units billed under HT-II Industrial Category face fixed charges of Rs. 210/kVA/month and an effective energy charge of Rs. 7.20/kWh after concession.

- 7.4.4. Further, BIA citing Section 62(3) and Section 61 of Electricity Act, 2003 requested the Commission to create differentiated tariff category for “HT – Medical Oxygen & Medical Gas Manufacturing”. Alternatively, BIA proposed to consider extending a defined rebate/concessional tariff mechanism within the existing HT Industrial category, specifically limited to electricity consumption for Medical Oxygen supplied to hospitals and healthcare institutions.

MePDCL’s Response to Respondent’s submissions

- 7.4.5. At the time of Public Hearing on 10.03.2026, the legal counsel of MePDCL addressed that the AERC allowed a one-time concession only for the time of COVID situation for the interest of consumers, which have been subsequently already withdrawn post COVID.

Commission’s Analysis

- 7.4.6. The Commission has examined the submission of the Petitioner regarding the proposal for creation of a new consumer category. Upon review, the Commission is of the view that the establishment of a separate consumer category has no merit. The Commission notes that, as per the Petitioner’s own submission, it is evident that the proposed consumers are mainly in the nature of Industrial HT consumers, with the remaining falling under the Bulk Supply category.
- 7.4.7. The Commission further observes that the existing approved consumer categories already adequately cover such said type of consumers, and the tariffs for these categories have been duly determined and rationalised in accordance with the approved Annual Revenue Requirement (ARR).
- 7.4.8. In view of the above, the Commission does not approve the introduction of a new consumer category, named ‘New Shillong’. Instead, the Commission directs that the proposed consumers under the said project shall be appropriately classified under the existing categories of Bulk Supply and Industrial HT, as applicable.
- 7.4.9. Further, the Commission acknowledges the submission of BIA and noticed that it had not submitted any detailed data to substantiate its claim for a new category of “Medical Oxygen & Medical Gas Manufacturing”. Also, the Commission notes the Section 62(3) of Electricity Act, 2003:

“Section 62. (Determination of tariff):

.....

(3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer’s load factor, power factor, voltage, total consumption of electricity during any specified period or the time at

which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.”

The claim of BIA to create a sub-group within the HT category and subsidising within the same group requires response from MePDCL as well as other HT industries. In absence of detail analysis and response from other industries as well as MePDCL, the Commission is unable to consider the request of BIA at this time.

8. Commission's Review of Directives

8.1. General Review of Directives

- 8.1.1. The Commission has reviewed the directives issued in previous Tariff Orders up to FY 2025-26 and observes that while some directives have been complied with, several remain partially complied or pending. The Commission further notes that certain directives issued in earlier Orders have lost relevance in the present regulatory context.
- 8.1.2. Accordingly, the Commission hereby issues revised and consolidated directives, as detailed below, which shall be complied with by the Petitioner in a time-bound manner. The Petitioner is further directed to submit a consolidated compliance report along with the next True-up and ARR Petition.

8.2. Directives

8.2.1. **Energy Audit and Accounting**

The Petitioner shall continue to undertake quarterly Energy Accounting and Energy Audit and submit the progress reports to the Commission on a quarterly basis. The reports shall also be made available in the public domain.

Further, the Petitioner shall furnish detailed Energy Accounting of bilateral transactions, including UI/DSM and swapping arrangements, duly substantiated with data from SLDC/Transmission Utility, along with the True-up Petition for subsequent years. The same shall also be reflected in the audited accounts.

8.2.2. **Reduction of AT&C Losses and RDSS Implementation**

The Petitioner shall expedite the implementation of RDSS and other loss reduction schemes and ensure completion as per timelines stipulated by the Ministry of Power. Progress reports indicating physical and financial achievements shall be submitted periodically to the Hon'ble Commission.

8.2.3. **Power Purchase Planning and Compliance**

The directives related to power procurement, energy balance, and surplus power estimation have been addressed in the relevant sections of this Order. The Petitioner is directed to strictly adhere to such directives and maintain proper records of demand projections, surplus assessment, and procurement planning. Compliance status shall be submitted every year along with the True-up and ARR Petition.

8.2.4. **Metering, Billing and Collection Efficiency**

The Petitioner shall submit periodic reports on consumer complaints, including details of grievances received, action taken, and resolution timelines. The Petitioner shall also ensure improvement in billing efficiency and

consumer service standards. Compliance status shall be submitted every year along with the True-up and ARR Petition.

8.2.5. **Metering of Consumers and Unbilled Connections**

The Petitioner shall ensure 100% metering and billing of all consumers and expedite the elimination of unmetered connections. The Petitioner shall also ensure completion of replacement of unmetered public lighting connections within FY 2026-27. Compliance status shall be submitted every year along with the True-up and ARR Petition.

8.2.6. **Regulatory Formats**

The Petitioner is directed to submit data pertaining to true-up and ARR submissions in the prescribed format in accordance with MYT regulations along with each True-up/ARR Petition without fail.

8.2.7. **Smart Metering / ABT Metering**

The Petitioner shall submit periodic updates on installation of smart meters and ABT meters, particularly for HT/EHT and ferro alloy consumers, along with progress under RDSS/ADB schemes. Compliance status shall be submitted every year along with the True-up and ARR Petition.

8.2.8. **Detection and Prevention of Theft**

The Petitioner shall continue to strengthen its vigilance mechanism for detection and prevention of theft. Periodic reports indicating inspections carried out, cases detected, and recovery effected shall be submitted to the Commission. Compliance status shall be submitted every year along with the True-up and ARR Petition.

8.2.9. **Adverse Observations in Audited Accounts**

The Commission observes that there are several adverse remarks/qualifications in the audited financial statements of the Petitioner which require detailed examination.

Accordingly, the Commission directs the Petitioner to submit a comprehensive report addressing all such adverse observations, including:

- nature and implications of each observation,
- corrective/remedial actions taken or proposed,
- current status of compliance, and
- timelines for resolution.

The report shall be submitted within a stipulated timeframe and shall be duly supported by documentary evidence. The Commission shall examine the same and take an appropriate view in accordance with prudence check.

8.2.10. 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 58: Commission's Directive

Sl. No.	Particulars	Timeline																							
1.	<p>Petitioner to submit Additional Capitalization funding structure for the respective year.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Total Additional Capitalization (In Rs. Cr.)</th> <th style="text-align: center;">Funded through Grant (In Rs. Cr.)</th> <th style="text-align: center;">Funded through Equity. (In Rs. Cr.)</th> <th style="text-align: center;">Funded through Debt (In Rs. Cr.)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Particulars	Total Additional Capitalization (In Rs. Cr.)	Funded through Grant (In Rs. Cr.)	Funded through Equity. (In Rs. Cr.)	Funded through Debt (In Rs. Cr.)											To be provided during the Next ARR petition for FY 2027-28								
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2.	<p>Petitioner to provide annual Grant data capturing the following details:</p> <p>a. Scheme wise grant allocation details</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sl. No.</th> <th style="text-align: center;">Scheme of Grant</th> <th style="text-align: center;">Total Grant received</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Scheme-1</td> <td> </td> </tr> <tr> <td style="text-align: center;">2</td> <td>Scheme-2</td> <td> </td> </tr> <tr> <td style="text-align: center;">3</td> <td>Scheme-M</td> <td> </td> </tr> </tbody> </table> <p>b. Grant Capitalization details</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Opening Balance (As on 1st April)</th> <th style="text-align: center;">Closing Balance (As on 31st March)</th> </tr> </thead> <tbody> <tr> <td>Grant Allocated</td> <td> </td> <td> </td> </tr> <tr> <td>Grant Capitalized</td> <td> </td> <td> </td> </tr> <tr> <td>Grant Amortized during the year</td> <td> </td> <td> </td> </tr> </tbody> </table>	Sl. No.	Scheme of Grant	Total Grant received	1	Scheme-1		2	Scheme-2		3	Scheme-M		Particulars	Opening Balance (As on 1 st April)	Closing Balance (As on 31 st March)	Grant Allocated			Grant Capitalized			Grant Amortized during the year		
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4.	<p>The Petitioner (MePDCL) to provide (in excel and PDF file) LT/HT/EHT Category (including the details of Kutir Jyoti and Special Tariff Category) wise, Metered/Unmetered sub-category wise and Slab wise Billing Determinants (No. of connections, Connected Load, Energy Sale) along with the Revenue earned from those consumer categories for the True-Up and Projected ARR years.</p>																																																																	
5.	<p>The Petitioner (MePDCL) is directed to submit the RPO compliance during the year, certified by SLDC, along with proper documentation including the details of availability of Power from Renewable generators as per PPA signed as well as its own renewable generation vis-à-vis Renewable Power procured with respect to the RPO percentage (%) mentioned in the MSERC RPO regulation, 3rd Amendment, 2018.</p>																																																																	

Sl. No.	Particulars	Timeline
6.	The Commission hereby directs the Petitioner to furnish actual power purchase cost from each generating source in details including Fixed cost (per unit and Rs Cr), Variable cost(per unit and Rs Cr), Rebate received, Late payment surcharge, Credit notes, and any Other charges with remarks and proper justification up to October of the year for which the Petitioner filling the ARR/MYT petition for assessing of Energy availability for ARR/MYT Order.	To be provided during the Next ARR petition for FY 2027-28
7.	The Commission directs the Petitioner to submit the status report of EV charging stations.	
8.	MePDCL is directed to submit the monthly progress report of Energy Audit for True-Up and ongoing financial year as well as the Current status of RDSS scheme which was directed by the Commission to be completed within 18 as per the Tariff Order dated 11.04.2023.	
9.	MePDCL is directed to submit the Total Number of employees for past 3 years (needs to be bifurcated in existing and retired during the financial years) and the projection of Employees for ensuing financial year for its distribution business.	
10.	MePDCL is directed to submit the Load Factor analysis report at different consumer category level mentioned on Contracted Agreement which should be in line with Supply Code regulation vis-à-vis Actual Load factor at the consumer end.	
11.	MePDCL is asked to submit a comprehensive report on Voltage wise Loss Accounting at various consumer category level.	

The Commission further directs the Petitioner to take cognizance of the directives issued in the respective sections of this ARR Order and ensure strict and timely compliance.

The Commission observes that the Petitioner has been inconsistent in submitting compliance reports for various directives. The Petitioner is hereby directed to maintain proper records of compliance and submit a consolidated status report covering all directives issued in this Order at the time of filing the next True-up and ARR Petition. Non-compliance shall be viewed seriously.

9. Schedule of Approved Tariffs for FY 2026-27

9.1. Low Tension Tariff

9.1.1. Domestic (Low Tension)

This tariff shall be applicable for domestic consumption, which includes consumption.

- a. In a private dwelling house for lighting, heating, cooling, fans, and other household appliances.
- b. In temples, churches, mosques, gurudwaras and other places of religious worship:
- c. In hospitals, dispensaries, health centres, including those run by Central Government or by charitable, religious, or social organizations on a no-profit or non-commercial basis.
- d. In schools, colleges, hostels boarding houses for students run by Government or by charitable, religious, or social organizations on a no-profit or non-commercial basis: and
- e. In ashrams, dharamshalas, community halls and institutions run by recognized welfare organizations.
- f. MeECL offices and its employee's residences.

i) Kutir Jyoti/ BPL

Kutir Jyoti connections have been covered under Domestic category with metered and unmetered subcategories.

Metered and Unmetered Kutir Jyoti

The Petitioner has not proposed any tariff of Kutir Jyoti consumers. The Commission has allowed Rs. 4.57 per unit for BPL metered category up to consumption of 30 units. In case, they consume more than 30 Units then the billing of excess units shall be done on the Tariff prescribed for normal domestic consumers at appropriate slab rates.

Tariff for Kutir Jyoti/BPL (Metered) for FY 2026-27

Category	Existing Tariff	Proposed Tariff	Approved Tariff
Kutir Jyoti (Unmetered) (Rs. /Conn/month)	210.00	-	210.00
Kutir Jyoti (up to 30 units / month) Metered	4.57	-	4.57

ii) Domestic Consumers

The existing tariff is two-part Tariff. The fixed charge is levied based on kVA load per month and energy charges are applicable in 3 slabs with different rates for each slab. The Commission has not made any changes in the structure and approves the same. The revised rates for each slab and the fixed charges per KVA are given below in the Tariff.

Fixed Charges

Fixed charges for Domestic Consumers for FY 2026-27

Category	Existing Tariff (Rs. /kVA/month)	Proposed Tariff (Rs. /kVA/month)	Approved Tariff (Rs. /kVA/month)
Domestic (DLT)	90.00	-	90.00

Energy Charges

Energy charges for Domestic Consumers for FY 2026-27

Category	Slabs	Existing Tariff (Rs. /kWh)	Proposed Tariff (Rs. /kWh)	Approved Tariff (Rs. /kWh)
Domestic (DLT)	First 100 units	5.00	-	5.00
	Next 100 units	5.04	-	5.04
	Above 200 units	5.10	-	5.10

9.1.2. Non-Domestic Consumers / Commercial Consumers (Low Tension)

The existing Tariff has a structure of 2-part Tariff. The fixed charges are levied based on kVA load per month and energy charges at Rs/kWh basis. The Commission has not made any changes in the structure and approved the same. The approved rate for each slab and the fixed charges per KVA/month are given below in the Tariff.

Fixed Charges

Fixed charges for non-Domestic consumers for FY 2026-27

Category	Existing Tariff (Rs. /kVA/month)	Proposed Tariff (Rs. /kVA/month)	Approved Tariff (Rs. /kVA/month)
Non- Domestic (CLT)	170.00	-	170.00

Energy Charges

Energy charges for non-Domestic consumers for FY 2026-27

Category	Existing Tariff (Rs. /kWh)	Proposed Tariff (Rs. /kWh)	Approved Tariff (Rs. /kWh)
Non-Domestic (CLT)	7.50	-	7.45

9.1.3. Low tension Industrial

This category is applicable for small and medium industrial consumers who is given supply on low tension wires. The Commission has approved the following two parts without changing the structure of the current tariff keeping in view the present cross subsidy adjustment.

Fixed Charges

Fixed charges for Industrial (LT) consumer for FY 2026-27

Category	Existing Tariff (Rs. /kVA/Month)	Proposed Tariff (Rs. /kVA/Month)	Approved Tariff (Rs. /kVA/Month)
Industrial (ILT)	170.00	-	170.00

Energy Charges

Energy charges for Industrial (LT) consumer for FY 2026-27

Category	Existing Tariff (Rs. /kWh)	Proposed Tariff (Rs. /kWh)	Approved Tariff (Rs. /kWh)
Industrial (ILT)	6.80	-	6.60

9.1.4. Public Lighting Low Tension

This category comes under Public Lighting Connection gives supply through LT lines. The public lamps are generally unmetered, and their Tariff is based on the fixed charges per kVA per month. However, since no connection under the Act can be given without meters, the Licensee is required to install meters on all new connections and shall also progressively place meters on the existing connections. The Commission approves Tariff for metered connections only for the FY 2026-27. All the existing streetlights fixtures shall be replaced immediately with LED fixtures and 100% fixtures shall be metered.

i) Public Lighting (Metered)

Fixed Charges

Fixed charges for Public Lighting (Metered) for FY 2026-27

Category	Existing Tariff (Rs. /kVA/Month)	Proposed Tariff (Rs. /kVA/Month)	Approved Tariff (Rs. /kVA/Month)
Public Lighting (Metered)	180.00	-	180.00

Energy Charges

Energy charges for Public Lighting (Metered) for FY 2026-27

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Lighting (Metered)	6.35	-	7.00

ii) Public Lighting (Unmetered)

All the public lighting fitting and fixtures should be invariably metered, and the existing fittings should be phased out immediately with metered LED fittings and fixtures.

9.1.5. **Public Water Supply/ Sewage Treatment Plants**

This category is related to Public Water Supply and Sewage Treatment plants and comes under public consumption. The following rates are approved for water supply and sewage treatment plants. These rates are decided keeping their nature of use and cross subsidy level.

Fixed Charges

Fixed charges for Public Water Supply for FY 2026-27

Category	Existing Tariff (Rs/kVA/ Month)	Proposed Tariff (Rs/kVA/ Month)	Approved Tariff (Rs/kVA/ Month)
Public Water Supply (WSLT)/ Sewage Treatment Plants	180.00	-	180.00

Energy Charges

Energy charges for Public Water Supply for FY 2025-26

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Water Supply (WSLT)/ Sewage Treatment Plants	7.80	-	7.00

9.1.6. **General Purpose**

This Tariff made for Government connections which are not covered under any other category of public connections. The approved Tariff for this category is as follows:

Fixed Charges

Fixed charges for General purpose for FY 2026-27

Category	Existing Tariff (Rs/kW/ Month)	Proposed Tariff (Rs/kW/ Month)	Approved Tariff (Rs/kW/ Month)
General purpose (GP)	180.00	-	180.00

Energy Charges

Energy charges for General purpose for FY 2026-27

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
General Purpose (GP)	7.41	-	7.35

9.1.7. **Agriculture**

This category is meant for agriculture where there are only few consumers in the State.

Fixed Charges

Fixed charges for Agriculture for FY 2025-26

Category	Existing Tariff (Rs/kW/HP/ Month)	Proposed Tariff (Rs/kW/HP/ Month)	Approved Tariff (Rs/kW/HP/Month)
Agriculture (AP)	130.00	-	130.00

Energy Charges

Energy charges for Agriculture for FY 2026-27

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Agriculture (AP)	3.18	-	3.15

9.1.8. Crematorium

This category is meant for crematorium using electricity for their day-to-day operation. As per the proposal there is only one consumer in this category. In the last Tariff Order the Commission has considered the nature and purpose of this crematorium which is meant for service to the society and operating on no profit no loss basis. The commission has held that on the basis of their nature of job their rates are considered equivalent to domestic consumers. The similar treatment has been given this year to this category with fixed charges on per connection basis and energy charges on metered consumption. The Commission has changed the unit of the Fixed charge from Rs/Connection/Month to Rs/kVA/Month.

Fixed Charges

Fixed charges for Crematorium for FY 2026-27

Category	Existing Tariff (Rs/conn/Month)	Proposed Tariff (Rs/conn/Month)	Approved Tariff (Rs/kVA/Month)
Crematorium (CRM)	7510	-	55

Energy Charges

Energy charges for Crematorium for FY 2026-27

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Crematorium (CRM)	5.12	-	4.57

9.1.9. Electric Vehicle Charging Stations

The Commission allows Rs 6.00/kWh tariff for Electric Vehicle Charging stations in Meghalaya.

Energy charges for Electric Vehicle Charging Station for FY 2026-27

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Crematorium (CRM)	7.50	-	6.00

The Commission directs the Petitioner to submit the status report of EV charging stations.

9.2. High Tension Tariff

As per the supply code this category is meant for those consumers who get supply from HT wires. The billing of this type of consumers is being done on the basis of provision of supply code.

9.2.1. Domestic High Tension

This tariff is applicable to domestic consumer having supply from HT system of the licensee. Their tariff is approved as follows.

Fixed Charges

Fixed charges for Domestic (HT) for FY 2026-27

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Domestic HT (DHT)	350.00	-	350.00

Energy Charges

Energy charges for Domestic (HT) for FY 2026-27

Category	Existing Tariff (Rs/ kVAh)	Proposed Tariff (Rs/ kVAh)	Approved Tariff (Rs/ kVAh)
Domestic HT (DHT)	5.87	-	5.85

9.2.2. General Purpose Bulk Supply

Fixed Charges

Fixed charges for General Purpose Bulk (HT) for FY 2026-27

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
General Purpose Bulk Supply (BS)	420.00	-	420.00

Energy Charges

Energy charges for General Purpose Bulk (HT) for FY 2026-27

Category	Existing Tariff (Rs/ KVAh)	Proposed Tariff (Rs/KVAh)	Approved Tariff (Rs/ KVAh)
General Purpose/ Bulk Supply	6.55	-	6.10

9.2.3. Commercial High Tension

This tariff is applicable to Commercial consumer having supply from HT system of the licensee. Their tariff is revised keeping in view of their present level of cross subsidy and its suitable correction. The Commission has approved their tariff as follows: -

Fixed Charges

Fixed charges for Non-Domestic (HT) FY 2026-27

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Non-Domestic HT (CHT)	390.00	-	390.00

Energy Charges

Energy charges for Non-Domestic (HT) for FY 2024-25

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Non-Domestic HT (CHT)	6.17	-	6.00

9.2.4. High Tension Industrial

These are industrial consumers taking supply on HT. These consumers are charged on kVAh basis. The tariff was introduced so as to improve the power factor in the system. This Tariff cares for the power factor of the industries and reward those performs efficiently. However, in case of leading power factor suitable correction should be made. The Tariff is fixed as follows.

Fixed Charges

Fixed charges for Industrial (HT) for FY 2026-27

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial High Tension	340.00	-	340.00

Energy Charges

Energy charges for Industrial (HT) for FY 2026-27

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial High Tension	5.57	-	5.55

Energy Charges for Time-of-Day Tariff (ToD) for Industrial (HT)

Time of Day	Peak/off-peak	Energy Charges (Rs./kVAh)
0600-1700 hrs.	Normal	As Approved
1700-2300 hrs.	Peak	+20% of Normal
2300-0600 hrs.	Off-Peak	- 15% of Normal

9.2.5. **Ferro Alloy (HT)**

Fixed Charges

Fixed charges for Ferro Alloys (HT) for FY 2026-27

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Ferro Alloys (HT)	500.00	-	500.00

Energy Charges

Energy charges for Ferro Alloys (HT) for FY 2026-27

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Ferro Alloys (HT)	5.92	-	5.55

9.2.6. **Public Water supply/ Sewage Treatment Plant**

Fixed Charges

Fixed charges for Public Water Supply (HT) for FY 2026-27

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Public Water supply	410.00	-	410.00

Energy Charges

Energy charges for Public Water Supply (HT) for FY 2026-27

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Public Water Supply	7.91	-	6.60

9.2.7. Electric Vehicle Charging Stations (HT)

Commission allows Rs 6.00/kWh tariff for Electric Vehicle Charging stations in Meghalaya.

Commission directs the Petitioner to submit the status report of EV charging stations.

9.3. Extra High Tension

9.3.1. Extra High Tension (Industrial)

Fixed Charges

Fixed charges for Industrial (EHT) for FY 2026-27

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	500.00	-	500.00

Energy Charges

Energy charges for Industrial (EHT) for FY 2026-27

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	8.87	-	6.60

9.3.2. Extra High Tension Ferro Alloys Industries

Fixed Charges

Fixed charges for Ferro Alloys (EHT) for FY 2026-27

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	500.00	-	500.00

Energy Charges

Energy charges for Ferro Alloys (EHT) for FY 2026-27

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	5.83	-	5.60

9.3.3. Time of Day Tariff

Energy Charges for Time-of-Day Tariff (ToD) for Industrial (HT/EHT)

Time of Day	Peak/off-peak	Energy Charges (Rs./kVAh)
0600-1700 hrs.	Normal	As Approved
1700-2300 hrs.	Peak	+20% of Normal
2300-0600 hrs.	Off-Peak	- 15% of Normal

9.4. Others

9.4.1. Temporary Supply

The Commission considers Tariff for Temporary connections to be billed at the double the normal rates for all categories of Temporary connections for the FY 2026-27

9.4.2. Commission directs MePDCL to release temporary connections only through pre-paid metering limiting to maximum of 3 (three) months period as per existing terms and conditions of the tariffs.

9.5. Green tariff

Petitioner's Submission

- 9.5.1. The Petitioner has not submitted any response in its Petition.

Respondents' submission in this regard

- 9.5.2. No respondent has submitted any opinion.

Commission's Analysis:

- 9.5.3. The Commission, in its Tariff Order dated 24.03.2025, had introduced a Green Energy Tariff framework in line with the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 issued by the Ministry of Power, Government of India.
- 9.5.4. The aforesaid framework was introduced with the objective of enabling supply of exclusive green power to willing consumers, subject to payment of a Green Energy charge determined as the differential between the prevailing market clearing prices of conventional power and green power.
- 9.5.5. The Commission notes that the said mechanism is appropriate and continues to be relevant for promotion of renewable energy and meeting consumer demand for green power.
- 9.5.6. The Commission notes that the said mechanism is appropriate and continues to be relevant for promotion of renewable energy and meeting consumer demand for green power.
- 9.5.7. Accordingly, the Commission hereby continues the Green Energy Tariff framework as approved in the previous Tariff Order.
- 9.5.8. The Commission after detailed analysis notes that the differential between GDAM and DAM prices has exhibited variability over time due to evolving market dynamics and increasing penetration of renewable energy. However, considering the overall market trends, policy objectives, and the need to promote green energy adoption, the Commission finds it appropriate to continue with a Green Energy premium.
- 9.5.9. Accordingly, the Commission considers it appropriate to retain the Green Energy charge at Rs. 0.30/kWh, subject to annual review based on market conditions and actual offtake.
- 9.5.10. For parties willing to avail exclusive green power, they shall be required to pay an additional charge i.e. **Green Energy charge of Rs. 0.30/ kWh over and above the normal tariff** applicable to the concerned consumer and the same shall be put to immediate effect from the date of implementation of this ARR Order.

- 9.5.11. Additionally, the MePDCL is directed to issue necessary Green Certification against actual green power procurement and do proper accounting of energy sales under exclusive Green Power supply for submission to Commission at the time of tariff filing.

10. *Applicability of the Order*

- 10.1.1. This Order shall come into effect from 1st April 2026.
- 10.1.2. The Petition of Meghalaya State Power Distribution Corporation Limited (MePDCL) in Case No. 11 of 2025 stands disposed of accordingly.

Sd/-

**Chandan Kumar Mondol,
Chairman**

11. Annexure-I

RECORD NOTES OF THE TWENTY-EIGHTH (28) MEETING OF THE STATE ADVISORY COMMITTEE, HELD ON 13th 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 28th 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.