MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION SHILLONG

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

Order on Case No. 06 of 2024

Petition for approval of True Up of Distribution Business of Meghalaya Power Distribution Corporation Ltd (MePDCL) for FY 2023-24

Coram

Shri. Chandan Kumar Mondol, Chairman

Shri. Ramesh Kumar Soni, Member (Law)

Petitioner:

Meghalaya Power Distribution Corporation Ltd. (MePDCL)
Lum Jingshai, Short Round Road,
Shillong – 793 001

Order
(Dated: 24.03.2025)

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 the true-up of Distribution Business for FY 2022-23 dated 18.10.2024.

The Commission in exercise of functions vested vide Regulation 17 of MSERC Multi Year Tariff Regulations 2014 being read along with its subsequent amendments had approved Aggregate Revenue Requirement (ARR) for FY 2023-24 in its Order dated 11.04.2023.

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 2023-24 & Revised Aggregate Revenue Requirement for FY 2025-26 and Determination of Distribution Tariff for FY 2025-26 along with audited statement of accounts on 29.11.2024.

This Commission had admitted the Petition provisionally on 04.12.2024, with a direction to MePDCL (the Petitioner) 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. 06 of 2024: Truing up of Distribution Business for the FY 2023-24.

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

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 true up Orders for FY 2023-24 and the detailed analysis is presented subsequently in this Order.

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

Sd/-	Sd/-
Ramesh Kumar Soni, **Member (Law)**	**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.

1.1.5. In exercise of the powers vested vide Regulation 16 of the MSERC Multi Year Tariff Regulations, 2014, the Commission had approved Multi Year Aggregate Revenue Requirement (ARR) & Distribution Tariff for MePDCL vide Tariff Order dated 25.03.2021. The Aggregate Revenue Requirement and Distribution Tariff for the year FY 2023-24 was further revised vide Order dated 11.04.2023 in Case No. 25 of 2022.

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 Truing Up of Distribution Business for FY 2023-24 dated 29.11.2024.

1.2.2. This Commission dated 04.12.2024 had admitted the Petition provisionally directing the Petitioner to publish abstract of the Petition in two consecutive issues in local dailies in Khasi, Jaintia, Garo and English.

1.2.3. Subsequently on 09.12.2024 and 10.12.2024 abstract of the Petition were published in The Shillong Times- Shillong Edition, U Nongsain Hima and Salantini Janera, inviting objections/suggestions from stakeholders within 30 (thirty) days from the date of publication.

1.2.4. This Commission, during the process of evaluating the submitted application for Truing Up of Distribution Business for FY 2023-24, had received objections/suggestions, from Byrnihat Industries Association (BIA) vide letter dated 23.01.2025 on True-Up and Revised ARR petition. The Petitioner has accordingly submitted its replies/ responses to the issues raised by the stakeholders during the process which has been noted by this Commission.

1.2.5. This Commission on 07.02.2025 and 10.02.2025 published notices for Public Hearing in the daily locals viz Shillong Times, Shillong & Tura Edition, Nongsain Hima and Salantini Janera.

1.2.6. On 05.03.2025, due consultative process was followed through public hearing of the submitted application for Truing Up of Distribution Business for FY 2023-24 were concluded and the Petitioner and the stakeholders were directed for submission of the objections / suggestions.

1.2.7. On 13.03.2025, the Commission received additional objections/suggestions from Byrnihat Industries Association (BIA).

1.2.8. 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.

1.2.9. Further, Regulation 11.5 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 stipulates the following:

> *"11.5 The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:*
>
> *a) a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check including pass-through of impact of uncontrollable factors;*
>
> *b) Review of compliance with directives issued by the Commission from time to time;*
>
> *c) Other relevant details, if any."*

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

2. True Up of Distribution Business for FY 2023-24 for MePDCL

2.1. Introduction

2.1.1. The Petitioner has stated that it has filled the true up Petition for FY 2023-24 as per Regulation 11 of the MSERC (Multi Year Tariff) Regulations, 2014 (herein referred as 2014 Tariff Regulations). The relevant extract of the Regulation 11.5 of 2014 Tariff Regulations is as follows,

> *"The Scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of the Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of:*
>
> *a) **A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such financial year, subject to the prudence check including pass-through of impact of uncontrollable factors**.*
>
> *b) Review of the compliance with the directives issued by the Commission from time to time:*
>
> *c)Other relevant details."*
>
> ***<Emphasis added>***

2.1.2. The Commission notes that the Petitioner has relied on the audited accounts of FY 2023-24 for claiming the components of Aggregate Revenue Requirement for the year. The detailed assumptions and methodology adopted by Petitioner and analysis of the Commission for various components of ARR has been discussed in detail in the subsequent sections of its petition.

2.1.3. Further, the Petitioner has mentioned that the Commission vide Order dated 25.03.2021 in Case No. 04 of 2021 has allowed the Multi Year ARR for MePDCL, including the ARR of FY 2023-24. The ARR for the year was further revised vide Order dated 11.04.2023 in Case No. 25 of 2022 i.e., *Aggregate Revenue Requirement and Distribution Tariff for FY 2023-24*. Since, the Annual Statement of Accounts for FY 2023-24 have been audited and hence in terms of the provisions of Regulation 11 of the MSERC (Multi Year Tariff) Regulations, 2014, the Petitioner has filed the true up Petition for FY 2023-24.

2.2. Category Wise No. of Consumers and Energy sales for FY 2023-24

2.2.1. The Commission notes that Regulation 12 of the MSERC (Multi Year Tariff) Regulation, 2014 states the following,

> *"12 Controllable and uncontrollable factors*

12.1 For the purpose of these Regulations, the term "uncontrollable factors" shall comprise of the following factors, which were beyond the control of the applicant, and could not be mitigated by the applicant:

a) Force Majeure events;

b) Change in law, judicial pronouncements and Orders of the Central Government, State Government or Commission;

c) Variation in the price of fuel and/ or price of power purchase according to the FPPPA formula approved by the Commission from time to time;

d) Variation in the number or mix of consumers or quantities of electricity supplied to consumers.

…."

<Emphasis added>

2.2.2. In line with the aforementioned regulatory provisions, the Category wise number of consumers, and Energy sales approved by the Commission for True up of FY 2023-24 are as shown below:

Table 1: Approved No. of Consumers and Energy Sales for FY 2023-24

Sl. No	Category	No. of Consumers approved for FY 2023-24	Energy Sales approved for FY 2023-24 (MU)
	LT Category	**6,89,712**	**718.35**
1	Domestic	3,98,627	437.66
2	Commercial	37,083	104.34
3	Industrial	732	7.02
4	Agriculture	23	0.20
5	Public Lighting	71	1.27
6	Water Supply	505	8.81
7	General purpose	2,499	17.72
8	Kutir Jyoti	2,50,171	141.14
9	Crematorium	1	0.19
	HT Category	**871**	**420.66**
1	Domestic	130	21.91
2	Water Supply	88	39.41
3	Bulk Supply	228	81.19
4	Commercial	228	35.00
5	Industrial	193	114.55
6	Ferro Alloys	4	128.60
	EHT Category	**13**	**294.97**
1	Industrial	10	96.16
2	Ferro Alloys	3	198.81
	Total	**6,90,596**	**1,433.99**

2.3. Energy Availability

Petitioner's Submission

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

3.1.2. The comparative statement of the energy availability from various sources as approved by the Commission in the Tariff Order and actual availability from these sources is tabulated below:

Table 2: Energy Availability from various sources (Claimed) in FY 2023-24

	Long Term Sources		
Sl. No	**Source**	**Energy Approved in Tariff Order (MU)**	**Actual Energy Availability (MU)**
1	**MePGCL**	**1156.16**	**890.38**
a)	Umiam Stage-I HEP	114.61	84.48
b)	Umiam Stage-II HEP	45.45	43.06
c)	Umiam Stage-III HEP	0.00	108.91
d)	Umiam Stage- IVHEP	203.90	143.27
e)	Sonapani	4.94	5.50
f)	Umtru HEP	0.00	0.00
g)	Myntdu- Leshka HEP	478.71	301.08
h)	New Umtru HEP	231.48	162.91
i)	Lakroh HEP	10.87	4.00
j)	Ganol HEP	66.20	37.17
m)	Auxiliary Consumption		
2	**NTPC**	**589.50**	**318.45**
a)	Farakka	0.00	0.00
b)	Kahalgaon I	0.00	0.00
c)	Kahalgaon II	0.00	0.00
d)	Talcher	0.00	0.00
e)	Bongaigaon	589.50	318.45
3	**NHPC**	**40.28**	**35.97**
a)	Loktak HEP	40.28	35.97
4	**NEEPCO**	**723.70**	**646.33**
a)	Kopili Stage-I	82.23	32.48
b)	Kopili Stage-II	8.48	11.35
c)	Khandong HEP	17.53	0.00
d)	Ranganadi HEP	131.25	134.50

	Long Term Sources		
Sl. No	**Source**	**Energy Approved in Tariff Order (MU)**	**Actual Energy Availability (MU)**
e)	Doyang HEP	23.65	18.23
f)	AGBPP	187.65	213.13
g)	AGTPPC-Cycle	119.00	86.91
h)	Pare	42.92	58.88
i)	Kameng	45.99	65.16
j)	Free Power	65.00	25.68
5	**OTPC**	**436.79**	**475.37**
a)	Pallatana	436.79	475.37
6	**Solar Sources**	**39.42**	**0.00**
	Sub Total (A)	**2985.85**	**2366.50**

3.1.3. The Petitioner has also submitted that the actual availability from the long-term sources had been 2366.50 MU against 2985.85 MU as approved by the Commission resulting in a gap of 619.35 MU and accordingly, to cover this gap the Petitioner has resorted to short-term sources and has procured 194.24 MU of power from short-term sources, as shown below:

Table 3: Claimed Procurement from Short Term Sources in FY 2023-24

Short Term Sources		
Source	**Energy Approved (MU)**	**Actual Energy Availability (MU)**
Kreate Energy (Swapping)	0.00	0.00
Kreate Energy (IEX)	0.00	55.18
APPCL (Swapping)	0.00	0.00
APPCL (Bilateral Purchase)	0.00	0.00
APPCL (IEX)	0.00	31.74
GMRTEL (Swapping)	0.00	0.00
Manikaran (Swapping)	0.00	0.00
Subheksha (Swapping)	0.00	0.00
NVVN IEX	0.00	71.37
APPCL PXIL	0.00	0.80
DSM Intra-State	0.00	3.74
DSM Inter-State	0.00	31.41
Total	**0.00**	**194.24**

3.1.4. Accordingly, the Petitioner requested the Commission to approve the total availability as shown in the table above.

Respondents' submission in this regard

3.1.5. BIA has submitted that no clarity has been provided for the shortfall (of 619.36 MUs including all sources except OTPC) in actual energy available, whether there has been shortfall in declared availability from various generating stations or whether there was less scheduling from the generating stations. BIA has further raised objections questioning short-term market purchases.

3.1.6. BIA has argued on the difference between the power generated by MePGCL (853.21 MUs) claimed in the Generation petition and the power procured by the Petitioner from MePGCL power plants, as claimed in the Distribution True-Up petition (890.38 MUs).

MePDCL's Response to Respondent's submissions

3.1.7. The Petitioner has claimed that the assumption based on approved Energy in Tariff Order and Actual energy available from generator cannot be compared. The Petitioner has denied the objection of procuring less power because of the backing down, as 74% of procured power is from Hydro Generating Stations (Must-run units) and the Petitioner has complied with the Ministry of Power Circular of 2019 for power procurement.

3.1.8. The Petitioner has justified its efficacy of power procurement from open market by mentioning the rate of long terms sources being Rs. 4.90/kWh (excluding transmission charges) vis-à-vis open market rate being Rs.3.49/ kWh only.

3.1.9. The Petitioner has also explained the power sale in Open Market during Surplus scenarios in monsoon season and the necessity of power purchase from the open market during deficit scenarios in lean season, i.e. winter, to make sufficient electricity available for the consumers.

3.1.10. The Petitioner has clarified the competitive rate of short-term market and rectified the misconception of selling unscheduled power in market, as no utility is either in surplus or deficit across the year.

3.1.11. Further the Petitioner has also clarified the power procurement from MePGCL by declaring the units drawn from Ganol. The Petitioner, in addition to the above, has also claimed power procurement from Ganol project around 37 MU. However, no cost has been included in the Petition against this power as the tariff was determined for the said project after FY 2023-24.

Commission's Analysis

3.1.12. The Commission has noted that the energy approved in Tariff Order dated 11.04.2023 vis-à-vis Actual supply has a shortfall of 265.78 MU from State owned generating stations, 77.37 MU from NEEPCO power plants and 271.05 MU from NTPC Bongaigaon.

3.1.13. The Commission further observes that the Petitioner has not procured energy from Solar sources, as approved at 39.42 MU in the Tariff Order dated 11.04.2023. Similar type of shortfall in energy availability has been noticed for other sources as well, i.e., OTPC, NHPC and NEEPCO. The Commission considers that the actual generation availability from different generating station depends on the various factors like actual fuel availability of Thermal generating station, water availability of Hydro generating stations, climatic conditions, etc.

3.1.14. Summing up the above shortfall, the Petitioner has claimed that it had resorted to procure 194.24 MU IEX, DSM Interstate and Intrastate. However, the Commission has noticed that the Petitioner had not considered 71.80 MU procurement from Swapping arrangement, which has been claimed vide Table 10 of the instant petition as reflected in Note 26.5 of Audited Statement of Accounts.

3.1.15. The Commission accordingly has rectified the availability of power for FY 2023-24, as depicted below:

Table 4: Approved Power Procurement in FY 2023-24

Source	Quantum Approved (MU)	Actual Availability (MU)
MePGCL	1,156.16	890.38
NHPC	40.28	35.97
NEEPCO	723.70	646.32
OTPC	436.79	475.37
NTPC	589.50	318.45
Solar Sources	39.42	-
Total Approved Sources	**2,985.85**	**2,366.49**
Short Term	-	266.05*
Total Energy Available	**2,985.85**	**2,632.54**

**Considering the details of energy procurement through swapping of 71.81 MU (as per Note 26.5 of Audited Statement of Accounts)*

3.1.16. The Commission further acknowledges the objection of BIA related to difference in Power Generation by MePGCL and power procured by the Petitioner. In response to First Additional Information sought by the Commission dated 02.01.2025, MePGCL had submitted station-wise actual generation data, duly certified by SLDC. The Commission accordingly has considered the total power procurement of the Petitioner from MePGCL generation plants as 890.38 MUs.

3.1.17. **The Commission approves availability of power of 2,632.54 MUs for True up of FY 2023-24.**

3.1.18. The Commission further directs the Petitioner to submit the following details duly certified by SLDC (as applicable) during the submission of future petition:

i. Monthly energy consumption by different categories of consumers
ii. Month-wise power availability vis-à-vis Surplus/Deficit scenario based on energy demand of different category of consumers.
iii. Month wise Power sale to consumers Vs Load shedding data and Energy Sale under Open Access

3.2. Energy Sales

Petitioner's Submission

3.2.1. The Petitioner has submitted that the actual sales during the FY 2023-24 has been 1433.99 MU which is in line with the sales reported in Note 24.1 of the Audited Statement of Accounts. The approved sales as per Tariff Order for FY 2023-24 was 1491 MU and thus there is a shortfall of around 4% in the sales in totality. The category wise actual sales for FY 2023-24 as shared by the Petitioner are tabulated below:

Table 5 : Energy Sales to consumers (Claimed) for FY 2023-24

Sl. No.	Category	Energy Sales approved in Tariff Order for FY 2023-24 (MU)	Actual Sales in FY 2023-24 (MU)	% Variation
	LT Category	**614.56**	**718.36**	**17%**
1	Domestic	408.82	437.66	7%
2	Commercial	79.21	104.34	32%
3	Industrial	6.34	7.02	11%
4	Agriculture	1.07	0.20	-81%
5	Public Lighting	0.12	1.27	960%
6	Water Supply	13.83	8.81	-36%
7	General purpose	17.52	17.72	1%
8	Kutir Jyoti	87.42	141.14	61%
9	Crematorium	0.23	0.19	-19%
	HT Category	**416.66**	**420.66**	**1%**
1	Domestic	25.5	21.91	-14%
2	Water Supply	33.87	39.41	16%
3	Bulk Supply	110.78	81.19	-27%
4	Commercial	28.02	35.00	25%
5	Industrial	180.91	114.55	-37%
6	Ferro Alloys	37.58	128.60	242%
	EHT Category	**460.75**	**294.97**	**-36%**
1	Industrial	116.34	96.16	-17%
2	Ferro Alloys	344.41	198.81	-42%
	Total	**1491.97**	**1433.99**	**-4%**

3.2.2. The Petitioner has further added that the revenue from sale of power is also accounted in the statement of accounts in a similar manner. The revenue from the consumers is accounted separately and revenue from distribution franchisee is accounted separately. The Petitioner has clarified that this method has been adopted for arriving at the sale to consumers such that there is parity between the audited accounts and the true up petition.

3.2.3. The Petitioner has requested the Commission to approve the sales of FY 2023-24 as 1433.99 MU for the purpose of truing up and calculation of T&D losses and AT&C losses.

Respondents' submission in this regard

3.2.4. BIA in its submission has highlighted a significant 20% overall reduction in energy sales in FY 2023-24 in comparison to the previous FY 2022-23.

3.2.5. Further, BIA has also objected that the category-wise sales figures as per Note 24.1 of the Audited Annual Accounts for FY 2023-24 does not align with the category-wise energy sales as submitted in Table-I of the Petition and this misalignment was mostly due to the allocation of bulk power sales to other consumer categories.

3.2.6. Also, BIA has stated that notable sharp decline in HT and EHT sales have been observed, which is a consequence of unscheduled load shedding on daily basis applied to the industrial consumers. Further, BIA has highlighted that this power has subsequently been sold by the Petitioner on exchange to earn undue profit.

3.2.7. Further, BIA has represented that 'Ferro alloys EHT' Sales has gone down by 42%, whereas Ferro alloys HT category has increased by 242%.

MePDCL's response to Respondent's submissions

3.2.8. The Petitioner has rejected the objections pertaining to the industrial consumers load shedding and has ensured the transparency of power supply to the industries, substantiated by month-wise previous year data of Actual Power drawn by the industries.

3.2.9. Further citing Regulation 12.1.d of the MSERC (MYT Regulation) 2014, the Petitioner mentioned that sales and number of consumers are uncontrollable factors, and beyond the control of the Petitioner and has substantiated the same by CEA verified Previous years Energy Demand, which shows sharp decline in the sales after every few years.

3.2.10. With respect to abrupt changes in Ferro alloys sale, the Petitioner defined the situation citing that one of the Ferro Alloy Consumers, M/S Pioneer Carbide, due to some technical factors was drawing the power at 33 KV level instead of 132 KV level. Thus, considering the Ferro Alloy consumption in totality it can be seen that against approved sales of 381.99 MU the actual sales has been 327.41 MU and as such there is a short fall of 13% only against what was projected by BIA as 42%.

3.2.11. The Petitioner has submitted that it has analysed and drawn inference that the load restriction was not fully exercised by the Petitioner as the actual hours for which BIA has drawn the power are much more than number of hours the Petitioner is accused to have sold outside.

3.2.12. Further, the Petitioner citing Regulation 36 of the MSERC (Open Access) Regulations, 2012, has suggested BIA to approach SLDC for any grievance pertaining to Open Access. In light of the above clarifications, the Petitioner asserted that the objection regarding the decline in sales due to load restrictions on industries is entirely baseless.

Commission's Analysis

3.2.13. The Commission has observed that the total energy sale of FY 2023-24 (1433.99 MUs) has significantly decreased compared to previous years. This figure is somewhat similar to the sales during the Covid-19 period in FY 2020-21 (1326.45 MUs). In response to the First Additional Information requirement dated 02.01.2025, the Petitioner submitted that, according to Regulation 12(d) of the MSERC (MYT Regulation), 2014, sales and consumer mix are uncontrollable factors wherein DISCOM has no control and hence no justification required.

3.2.14. Further the Commission vide First Additional Information requirement dated 02.01.2025, sought the Month-wise, Category-wise and Slab-wise Billing Determinants details including Revenue earned for past 5 years on actual basis. In response the Petitioner along with the data also submitted that the revenue figures will not match with the auditor's report because, while accounting the revenue several adjustments are undertaken. Further, the Petitioner added that since the truing up exercise have already been completed till FY 2022-23 the information on revenue part of the data will not have any impact.

3.2.15. The Petitioner, vide First Additional Information requirement dated 02.01.2025, had been directed to submit the following for past 5 years on actual basis duly certified by auditor and SLDC,

i. Month wise Total power drawn through Open Access (OA) (in MW) by the OA consumers
ii. Month wise Total No. of Hours of drawl in OA (in Nos.) by OA consumers
iii. Category wise Number of OA consumers
iv. Month wise Average Load of DISCOM (in MW)
v. Month wise Contracted Capacity DISCOM (in MW)
vi. Month wise Peak Load of OA consumers (in MW)
vii. Month wise Off-Peak Load of OA Consumers (in MW)

In response, the Petitioner has submitted the requisite details.

3.2.16. The Commission in line with preceding True-Up Order considers that the Petitioner is operating four of its sub-divisions through distribution franchisee. The distribution franchisee is Input Based Distribution Franchisee in nature wherein the input energy is being provided to the franchisee at the injection points of the four sub-divisions. The distribution franchisees are billed at the input energy provided to them at the injection point. Thus, the

Commission considers that, technically there is no distribution loss on the energy provided to the franchisee.

3.2.17. Accordingly, the Commission has applied due prudence check to arrive at the category wise sales for FY 2023-24 in line with the Audited Statement of Accounts vide note no. 24.1 and accordingly the energy sales have been approved as 1433.99 MU.

3.2.18. The Commission further directs the Petitioner to submit a detailed Action Plan to retain its consumers for drawing power directly from the Petitioner to meet the total energy requirement.

3.3. Sale of Surplus Power

Petitioner's Submission

3.3.1. The Petitioner has submitted that the Petitioner is mostly dependent on the hydro power projects for the power procurement. While in the monsoon season there is surplus power available with the Petitioner, which is sold in short-term markets such as IEX/ Bilateral Sales and swapping arrangements, there is a shortfall in the winter season i.e. during the lean flow period. The details of the surplus short-term power sold by the Petitioner in FY 2023-24, as shared is tabulated below:

Table 6: Surplus Energy Sales in MUs (Claimed) for FY 2023-24

Sl. No.	Particular	FY 2023-24
a. Sales on IEX and Bilateral		
1	Sale of Power on IEX	131.81
2	Inter-State DSM	77.85
	Sub-Total Sales	**209.66**
b. Details of Swapping		
1	Kreate Energy (Swapping)	263.46
2	APPCL (Swapping)	82.85
3	GMR Energy (Swapping)	81.65
4	Manikaran (Swapping)	68.88
5	SAPL (Swapping)	54.70
	Sub-Total Swapping	551.54
	Grand Total	**761.20**

Respondents' submission in this regard

3.3.2. BIA has contended that no details of any swapping/banking agreements have been submitted by the Petitioner despite directions from the Commission in Tariff Order.

3.3.3. BIA has further objected that the non-settlement of swapped-in power (71.80 MUs) and swapped-out power (551.54 MUs) during FY 2023-24, has resulted in an excess of Net swapped-out power of 553.43 MUs, for which no details have been provided by the Petitioner.

MePDCL's response to Respondent's submissions

3.3.4. Petitioner claimed has that the Banking agreements have been submitted to the Commission under the compliance to the directives.

Commission's Analysis

3.3.5. The Commission takes a note of the fact that the Petitioner has failed to submit the Banking agreements for FY 2023-24 despite multiple reminders through Additional Information requirement and Public Hearing deliberations.

3.3.6. The Commission has taken the Source wise sale of surplus power reported vide note no. 24.3 of Audited accounts of 761.20 MU into consideration for necessary calculations.

3.3.7. **The Commission approves the Sale of Surplus power as claimed in the petition of 761.20 MU for True up period of FY 2023-24**.

3.3.1. The Commission observed that the Petitioner did not submit Banking/Swapping agreements for FY 2023-24 despite multiple reminders.

3.3.2. The Commission notes that Regulation 81 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

> *"81 Estimation of Sales*
>
> *....*
>
> *81.7 Sale of electricity, if any, to electricity traders or other licensees or persons shall be separately indicated. Sale of electricity, if any, outside the licensees area shall be indicated separately in accordance with an agreement executed for this purpose.* ***Full details of swapping/banking of power, if any, shall be submitted with the copies of their agreements to the Commission****.*
>
> *...."*
>
> <***Emphasis added***>

In line with the regulatory provision mentioned above, the Commission directs the Petitioner to submit Banking/Swapping agreements along with the next True-Up/ARR petition.

3.3.3. The Commission notes that the Petitioner is engaged into Swapping/Banking of power with a provision of settlement of Banked power between separate financial year and not within a same financial year. Moreover, during FY 2023-

24, the Petitioner has swapped out 551.54 MUs through traders, while in return the Petitioner swapped in only 71.80 MUs through NVVN. In spite of this situation, there is no penalty amount booked on the Utilities from whom the Petitioner could not receive the required energy during the deficit season.

In this context, the Commission directs the Petitioner to identify suitable utility(ies) for Banking/Swapping of power to get a cost-effective benefit in Power Purchase with a provision of Annual Settlement of Banking. Further, the Petitioner may consider incorporating valid Compensation clause in terms of penalty in the agreement. Otherwise, the Petitioner may consider suspension of the provision of Banking with other utilities directly or through traders.

3.3.4. The Commission further directs the Petitioner to provide the detailed Sale of Surplus energy bifurcated as Sale at North-Eastern Regional periphery/ North-Eastern Regional to East Regional periphery and Sale at State periphery with the corresponding expense both in Rs. Cr and Rs/Unit.

3.3.5. Further, the Commission directs the Petitioner to opt for advanced power trading & optimization solutions to extract the maximum benefit for the state through sell of Surplus Power to get the maximum rate in the overall short-term market (Power exchange/ Short term Bilateral) with a vision of reducing the unnecessary tariff burden on the consumers.

3.4. Distribution Loss (%)

Petitioner's Submission

3.4.1. The Petitioner has computed the distribution losses in the energy balance table for FY 2023-24 as provided below:

Table 7: Computation of Distribution Losses (Claimed) for FY 2023-24

Sl. No.	Particulars	Calculation	True-Up for FY 2023-24 (Claimed)
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	C=A(1-B%)	0
4	Power purchase from CGS including Pallatana Northeastern Region (NER)	D	1476.12
5	Total Power at NER	E=C+D	1476.12
6	Inter-State Transmission Loss in NER	F	3.54%
7	Net Power available at state bus from external sources on long term	G=E*(1-F%)	1423.89
8	Power purchase from MePGCL	H	890.38
9	Power purchase from other sources (both from outside & within the State) (Inc. Swap/UI/bilateral)	I	266.03
10	Power sold to others (both outside & inside the State) (Inc. Swap/UI/bilateral)	J	761.20

Sl. No.	Particulars	Calculation	True-Up for FY 2023-24 (Claimed)
11	Net power available at State Bus for sale of power within the state	K=G+H+I-J	1819.10
12	State Transmission Loss %	L	2.82%
13	State Transmission Loss MU	M=K*L	51.3
14	Net power available of Discom for sale of power within the state	N=K-M	1767.80
15	Power sold to consumers within the state	O	1433.99
16	Distribution Losses	P=N-O	333.81
17	**Distribution Losses (%)**	Q=P/N	**18.88%**

3.4.2. The Petitioner has requested the Commission to approve the distribution losses of 18.88% for the FY 2023-24. Further, Petitioner has submitted that there has been marginal increase in T&D losses as compared to the losses reported in FY 2022-23 owing to the reason that there has been a substantial decrease in sales specially at HT and EHT level in FY 2023-24.

Respondents' submission in this regard

3.4.3. BIA has objected to allow 18.88% of loss, as the Petitioner has failed to provide any justification for the increase in T&D losses and achieve the targeted reduction in T&D losses as per UDAY Scheme.

3.4.4. BIA has also submitted that the directions issued by the Commission such as voltage-wise network cost segregation and energy audits up to the 11 kV level, have not been complied with by the Petitioner;

3.4.5. Further, BIA has objected that the Petitioner has provided no status on the activities, or the measures envisaged under the UDAY Scheme.

3.4.6. BIA has also pointed out that the increase in T&D losses is due to deliberate unscheduled load shedding on daily basis (from August-December 2023) applied to the industrial consumers. BIA further objected that this power has been sold by the Petitioner on the IEX to earn undue profit, and accordingly it resulted in losses to industries. Due to this scenario, the consumer tariff has ultimately been increased in the previous Tariff Order. BIA has further categorically mentioned that the Written Submission to the Commission against this unscheduled load shedding was later withdrawn by them.

3.4.7. Accordingly, BIA has requested to allow 12% loss as approved in Tariff Order (dated 11.04.2023) based on the Petitioner's own projection in the Business Plan.

MePDCL's response to Respondent's submissions

3.4.8. The Petitioner has submitted that due to non-achievement of the AT&C loss trajectory, the Petitioner has been penalized in the previous True-Up year and requested to allow the actual T&D losses as Petitioner cannot be penalized on two inter-related parameters. Petitioner has further pointed out that the downward variation of HT/EHT sales does not comprise of only Open Access Consumers.

3.4.9. The Petitioner has also rejected the objection related to unscheduled load shedding and claimed that the rate of selling Surplus power into the power market is well above the Average Billing Rate for FY 2023-24, which actually in favour of consumers to reduce the Tariff. The Petitioner has further suggested the industries to approach the SLDC with their grievance if any related to Open Access.

Commission's Analysis

3.4.10. The Commission acknowledges the submission of BIA related to Unscheduled Load Shedding. However, the Commission considers that the issue related to Unscheduled Load Shedding has been resolved between the Petitioner and BIA industry based on the submission of BIA as given below:

> *"The details of power cuts imposed by the Petitioner from August-December 2023, copies of WhatsApp messages regarding load shedding sent by the State Load Despatch Center and Table containing all such directions and observations by this Hon'ble Commission, have been submitted to this Hon'ble Commission vide Written Submissions dated 20.3.2024.* ***The said Written Submission was later withdrawn on the note that the petitioner would resolve the said issue and cease load shedding.****"*

<***Emphasis Added***>

However, the Commission, also, takes note of the Petitioner's assertion that no load shedding has occurred since 2023. Accordingly, the Commission directs the Petitioner to provide documentary evidence or system reports to substantiate the claim & ensure transparency.

3.4.11. The Commission has observed that the Petitioner has computed the Energy Balance while claiming 18.88% overall T&D losses for FY 2023-24.

3.4.12. The Commission has also observed that the Distribution Loss had been approved as 16.93% during the True-Up of FY 2022-23, whereas the Petitioner claimed 18.88% Distribution loss in the True-Up petition for FY 2023-24. In this regard, the Commission vide Second Additional Information dated 18.02.2025, directed the Petitioner to submit the proper justification for this increase in Distribution Loss %.

In response to query, the Petitioner has stated that the T&D losses have marginally increased because of the decrease in the sales specifically at HT and EHT level. Further, the Petitioner mentioned that it plans to complete the RDSS loss reduction schemes and installation of smart meters by March 2026 which will further lead to reduction in the T&D losses.

In this regard, the Commission directs the Petitioner to submit the scheme wise comprehensive details of the Smart Meter project, Acceptance of Proposal letter of the vendor, Signed copy of MoU, and actual realization on quarterly basis.

3.4.13. Further, the Petitioner has submitted that it has considered an intra-state transmission loss of 2.82% in line with actual loss claimed by MePTCL in the True-Up petition. The actual average inter-state transmission losses for FY 2023-24 have been considered as 3.54% (as per POSOCO). The details of the week wise ISTS losses as reported by POSOCO and consequential impact on computation of T&D losses and energy balance had been shared by the Petitioner.

3.4.14. The Commission notes that Regulation 12 of the MSERC (Multi Year Tariff) Regulation, 2014 states the following,

"12 Controllable and uncontrollable factors

12.1 For the purpose of these Regulations, the term "uncontrollable factors" shall comprise of the following factors, which were beyond the control of the applicant, and could not be mitigated by the applicant:

a) Force Majeure events;

b) Change in law, judicial pronouncements and Orders of the Central Government, State Government or Commission;

c) Variation in the price of fuel and/ or price of power purchase according to the FPPPA formula approved by the Commission from time to time;

d) Variation in the number or mix of consumers or quantities of electricity supplied to consumers.

e) Provided that where there is more than one Distribution Licensee within the area of supply of the applicant, any variation in the number or mix of consumers or in the quantities of electricity supplied to consumers within the area served by two or more such Distribution Licensees, on account of migration from one Distribution Licensee to another, shall be attributable to controllable factors: Provided further that if any consumer or category of consumers within the area of supply of the applicant is eligible for open access under sub-section (3) of Section 42 of the Act, then any variation in the number or mix of such consumers or quantities of electricity supplied to such eligible consumers shall be attributable to controllable factors;

f) Transmission loss

g) Variation in market interest rates;

h) Taxes and Statutory levies;

i) Taxes on Income

Provided that where the applicant or any interested or affected party believes, for any variable not specified above, that there is a material variation or expected variation in performance for any financial year on account of uncontrollable factors, such applicant or interested or affected party may apply to the Commission for inclusion of such variable at the Commissions discretion, under this Regulation for such financial year."

3.4.15. In line with the aforementioned regulatory provision, the Commission directs that the Petitioner to adopt all measures to reduce the Distribution loss.

3.4.16. The Commission has considered the Intra-state Transmission losses for the Transmission network under MePTCL as 2.82% same as claimed by MePTCL in its True-up petition for FY 2023-24 and Power Purchase as well as Energy sales approved by Commission under the concerned segment. Accordingly, the Commission has computed the Distribution Losses for FY 2023-24 as follows,

Table 8: Approved Computation of Distribution Losses for FY 2023-24

Sl. No.	Particulars	Calculation	FY 2023-24 (Approved)
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	C=A(1-B%)	0
4	Power purchase from CGS including Pallatana Northeastern Region (NER)	D	1476.12
5	Total Power at NER	E=C+D	1476.12
6	Inter-State Transmission Loss in NER	F	3.54%
7	Net Power available at state bus from external sources on long term	G=E*(1-F%)	1423.89
8	Power purchase from MePGCL	H	890.38
9	Power purchase from other sources (both from outside & within the State) (incl. swap/UI/bilateral)	I	266.03
10	Power sold to others (both outside & inside the State) (incl. swap/UI/bilateral)	J	761.20
11	Net power available at State Bus for sale of power within the state	K=G+H+I-J	**1819.10**
12	State Transmission Loss %	L	2.82%
13	State Transmission Loss MU	M=K*L	51.3
14	Net power available of Discom for sale of power within the state	N=K-M	1767.80
15	Power sold to consumers within the state	O	1433.99
16	Distribution Losses (in MU)	P=N-O	333.81
17	**Distribution Losses (%)**	Q=P/N	**18.88%**

3.4.17. **The Commission approves the Distribution Loss (%) for FY 2023-24 as 18.88%.**

3.4.18. The Commission directs the Petitioner to submit comprehensive Loss Reduction Programme / Strategies for restricting Distribution Loss % , as the same is a mandatory performance parameter to be achieved under the UDAY scheme.

3.5. Energy Balance

Petitioner's Submission

3.5.1. The Petitioner has requested the Commission to allow the distribution losses of 18.88% for the FY 2023-24. Accordingly, the Energy Balance has been computed by the Petitioner for FY 2023-24 and the same is represented in the table below:

Table 9: Computation of Energy Balance (Claimed) for FY 2023-24

Sl. No.	Particulars	Calculation	Quantity
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	C=A(1-B%)	0
4	Power purchase from CGS including Pallatana Northeastern Region (NER)	D	1476.12
5	Total Power at NER	E=C+D	1476.12
6	Inter-State Transmission Loss in NER	F	3.54%
7	Net Power available at state bus from external sources on long term	G=E*(1-F%)	1423.89
8	Power purchase from State generating stations within the state	H	890.38
9	Power purchase from other sources (both from outside & within the State)	I	266.03
10	Net power available at state bus for sale of power within the state	J=G+H+I	2580.30
11	Total power sold	K	1433.99
12	**Distribution Losses (%)**	L	18.88%
13	T&D Losses in terms of MU	M = N - K	333.81
14	**Energy Requirement for sale by Discom within state**	N = K/(1-L)	1767.80
15	**Energy Requirement for sale within state at state bus**	O = N/(1-4%)	1819.10
16	Surplus Energy at state bus	P = J-O	761.20
17	Power sold to others at state bus (both outside & inside the State) (Inc. Swap/UI/bilateral)	Q	761.20
18	**Unaccounted Energy**	**R = P - Q**	**0.00**

Respondents' submission in this regard

3.5.2. BIA based on the proposal of allowing 12% Distribution loss, has recomputed the Energy Balance table and has shown an unaccounted energy of 142.27 MU and has requested to adjust the cost of this energy to reduce the ARR.

MePDCL's response to Respondent's submissions

3.5.3. The Petitioner has submitted that BIA's contention in this regard is unjustified and there is no unaccounted energy for FY 2023-24, based on the actual Distribution Loss of 18.88%.

Commission's Analysis

3.5.4. The Commission observes that the Petitioner has submitted the energy balance based on the actual average inter-state transmission losses as the

POSOCO for FY 2023-24 which comes out to be 3.54%, whereas the Intra-State transmission losses have been claimed as approved by the Commission in True-Up Order for MePTCL for FY 2023-24.

3.5.5. Based on the approved Intra-state Transmission loss as 2.82% and considering the Inter-state Transmission loss equal to 52 weeks of average actual losses of FY 2023-24 i.e. 3.54% , the Commission approves the energy balance for FY 2023-24 as shown in the below table:

Table 10: Computation of Energy Balance (Approved) for FY 2023-24

Sl. No.	Particulars	Calculation	Unit	Value
1	Power purchased from the Eastern Region (ER)	A	MU	0
2	Inter-state transmission loss % for ER	B	%	1.80%
3	Net power purchased from the ER	C=A*(1-B)	MU	0
4	Power purchased from the North -Eastern Region (NER)	D	MU	1476.12
5	Inter-state transmission loss % for NER	E	%	3.54%
6	Net power available at state bus from external sources on long term	F=C+[D*(1-E)]	MU	1423.89
7	Power purchased from generating stations within the state	G	MU	890.38
8	Power purchased from other sources	H	MU	266.04
10	**Total Availability at State Periphery**	**I=F+G+H**	MU	2580.30
9	Intra-State Transmission Losses %	J	%	2.82%
11	Intra state transmission loss MU	K=I*J	MU	72.76
12	**Total availability at MePDCL periphery**	**L=I-K**	MU	2507.54
13	**Power to be sold to consumers within the state**	**M**	MU	1433.99
14	Distribution Losses (%)	N	%	18.88%
15	Energy Requirement for sale by Discom within state at DISCOM periphery	O=M/(1-N)	MU	1767.80
16	Net power requirement at State Bus for sale of power within the state	P=O/(1-J)	MU	1819.10
17	Surplus Power (for sale outside state) at State Bus	Q = I- P	MU	761.20
18	Power sold to others at state bus (both outside & inside the State) (incl. swap/UI/bilateral)	R	MU	761.20
19	Uncounted Energy	S=Q-R	MU	0.00

3.6. Power Purchase Cost

Petitioner's Submission

3.6.1. The Petitioner has requested for considering the Power Purchase Cost as per the audited statement of accounts. Further, the Petitioner has confirmed that they have not considered the delayed payment surcharge on the power procurement bills in the power purchase. Further, in the Statement of Accounts a provision of Rs. -37.13 Crore has been made for the banking transactions undertaken by the utility. Since, these are provisions only hence have not been considered for tariff. The detailed statement of power purchase as submitted by the Petitioner is tabulated below:

Table 11: Power Purchase Expenses (Claimed) for FY 2023-24

S No	Source	Quantum Approved in TO for FY 2023-24	Quantum Procured	Amount (Rs. Cr)	Per Unit Cost
A	**Long Term Sources**				
1	MePGCL	1156.16	890.38	459.18	5.16
2	NHPC	40.28	35.97	16.91	4.70
3	NEEPCO	723.70	646.33	333.26	5.16
4	OTPC	436.79	475.37	158.33	3.33
5	NTPC	589.50	318.45	193.00	6.06
6	Solar Sources	39.42			
	Total Long Terms	**2985.85**	**2366.50**	**1160.68**	**4.90**
B1	**Short Term Purchase**				
1	Kreate Energy (IEX)	0.00	55.18	18.23	3.30
2	APPCL (IEX)	0.00	31.74	12.09	3.72
3	APPCL (PXIL)	0.00	0.80		
	NVVN (IEX)		71.37	25.24	3.54
4	DSM Intra-State	0.00	3.74	0.14	0.37
5	DSM Inter-State	0.00	31.41	6.79	2.16
	Sub-Total Purchase from Short Term Sources		**194.24**	**62.49**	**3.22**
B2	**Power Swapped In**				
1	Kreate Energy (Swapping)	0.00	0.00	0.00	0
2	APPCL (Swapping)	0.00	0.00	0.00	0.00
3	GMRTEL (Swapping)	0.00	0.00	0.00	0.00
4	Manikaran (Swapping)	0.00	0.00	0.00	0.00
	NVVN (Swapping)		71.80	0.12	0.02
5	Subheksha (Swapping)	0.00	0.00	0.00	0.00
	Sub-Total Energy Swapped In		**71.80**	**0.12**	**0.02**
	Total Short Term	**0.00**	**266.03**	**62.61**	**2.35**
	Grand Total	**2985.85**	**2632.53**	**1223.29**	**4.65**
	Transmission and Other Charges				
1	Transmission Charges MePTCL			110.99	
2	Transmission Charges PGCIL			98.62	
3	POSOCO Charges			2.05	
4	VAR Charges			0.01	
	Total Power Purchase Cost			**1434.97**	
5	Less RRAS Settlement			-1.49	
	Net Power Purchase Cost	**2200.70**	**2632.53**	**1433.48**	**5.45**

3.6.2. The Petitioner has requested the Commission to allow the Power Purchase expenses of Rs. 1433.48 Cr. for FY 2023-24 and has submitted the reconciliation as follows:

Table 12: Proposed Reconciliation of Power Purchase Expenses for FY 2023-24

Particular	Amount (Rs. Cr.)
Power Purchase as Per Accounts Without Surcharge	1225.35
Wheeling Charges O/s State	99.26
Wheeling Charges Within the State	110.99
Provision for Banking	-37.13

Surcharges	0.07
Net Power Purchase Cost	1398.55
Power Purchase in Accounts Excluding Provisions	1435.68
Considered	1434.97
Difference	0.71
Reconciliation of Difference	
Surcharge on Wheeling Outside the State Excluded	0.64
Surcharges on Power Purchase	0.07
	0.71

Respondents' submission this regard

3.6.3. Considering the T&D Loss of 12%, BIA has computed that there is a surplus of 142.27 MU in the Energy Balance and thus have requested the Commission to adjust the cost of Rs.66.15 Cr. (142.27 MU x Rs.4.65/kWh/10) from the ARR.

3.6.4. BIA has further submitted that while the approved Weighted Average Power Purchase Cost of Rs. 3.53/ kWh approved by the Commission in the True-Up of the FY 2022-23, but the weighted average power purchase cost of FY 2023-24 as claimed by the Petitioner was Rs. 5.45/kWh, i.e. a 54% on YoY basis.

3.6.5. BIA has further argued that prudence check has to be done in allowing the power purchase cost from NTPC and that the fixed cost liability of the NTPC projects which have completed 25 years should not be allowed.

3.6.6. BIA has proposed that the associated costs of Net Swapping power (= Swapped out power of 551.54 MUs – Swapped in Power of 71.80 MUs) forming part of the power purchase cost for FY 2023-24 and accordingly, requested to adjust the revenue of Rs 261.45 Crore (calculated as 479.74 MUs x Rs 5.45/kWh) from the net swapping of power for FY 2023-24.

3.6.7. BIA has also requested to the Commission to impose penalty on the Petitioner for non-compliance of RPO regulations.

Petitioner's Response to Respondent

3.6.8. The Petitioner has requested the Commission to reject the hypothetical computation related to Rs 66.15 Cr made by the Respondent.

3.6.9. The Petitioner has submitted that as per Regulation 12.1C of MSERC (MYT Regulation) 2014, "Variation in the price of fuel and/ or price of power purchase according to the FPPPA formula approved by the Commission from time to time;", the Petitioner has no control on the power purchase cost of the Central Generating Stations and Transmission, as the tariff for these utilities are decided by Hon'ble CERC. Further, the Petitioner has clarified that a mere comparison of the power purchase expenses claimed in FY 2022-23 and the power purchase expenses claimed in FY 2023-24 will reveal the justification of the increase in power purchase cost. In FY 2022-23 the Petitioner has swapped in an energy of 576.34 MU which carried a nominal cost wherein in FY 2023-24, the Petitioner has swapped only 71.8 MU of power.

3.6.10. The Petitioner has claimed that Objector has failed to understand that the Hydro Power Projects ideally carry no energy charges, and the entire cost is fixed cost only and hence, the contention of the Objector is totally wrong. Further, with regards to continuation of the power procurement from the sources listed by the Objector, it is pertinent to note that when any Utility gets into a Power purchase agreement with any power generator, then it is a fixed term PPA and become legally binding which cannot be withdrawn unlike the sourcing of power from market-based instruments. Hence, a regulated entity like the Petitioner cannot pick and choose to get into or withdraw from the PPA according to its benefit. In this context, to substantiate its claim, Petitioner has referred that Hon'ble Supreme Court in catena of judgments have settled this principle of non-termination of PPA prior to expiry of the tenure. Andhra Pradesh High Court has quashed such a move by Andhra Pradesh DISCOM.

3.6.11. With regards to fixed cost liability from the NTPC projects, Petitioner has emphasized that it is procuring power from only Bongaigaon TPS of NTPC which has not completed 25 years of operation. Further, the Petitioner has submitted invoice wise details of the power procured from the NTPC for prudence check.

3.6.12. In context to Rs. 261.45 Crore revenue realization from the net swapping power, Petitioner has responded that while swapping in the Petitioner has never claimed any cost towards such power purchase, because banking transactions are settled in terms of energy only and there is no monetary value involved.

3.6.13. Regarding late payment surcharge paid to generators, the Petitioner has pointed out that it has provided at Table No.11 of the Petition a detailed reconciliation of the power purchase expenses claimed with audited accounts and it has been clearly shown in the table that the surcharge has been excluded from the claim in the Petition and the same is further established through the Note 26 of the Audited Statement of Account which has clearly shown the Delayed Payment Surcharge separately.

3.6.14. With regard to RPO non-compliance, the Petitioner has replied that RPO compliance report has been submitted to the Commission from time to time as per the provisions of the MSERC (RPO) Regulations. Further, the Petitioner has already submitted the compliance of RPO for FY 2023-24 as an additional information before the Hon'ble Commission where in the actual achievement against target of 7.50% is 8.79% and hence there is no question of any penalty.

Commission's Analysis

3.6.15. The Commission vide First Additional Information requirement dated 02.01.2025, had directed the Petitioner to furnish the Source wise Power Purchase Agreements and details of invoices along with the summary in a prescribed tabular format in line with the True-Up petition, along with supporting documents. In response, the Petitioner submitted only the detailed excel sheet containing the details of billed amount.

3.6.16. The Commission has observed that the Petitioner's Actual Power procurement from the generating sources is less than that of approved by the Commission in Tariff Order for FY 2023-24 dated 11.04.2023. Hence, Commission vide First Additional Information requirement dated 02.01.2025 had sought the reason for this insufficiency of power from Long Term sources with proper documentation and detailed justification. The Petitioner was additionally asked to submit a summary table of the above explanation with PPA copies. In response the Petitioner has claimed that power has been procured as per the availability of the generating stations during the year. Further, the Merit order Despatch (MOD) principle has been followed only for the thermal generating stations. The Petitioner has submitted that the since the projected power procurement was on assumption basis so there is a difference in the power actually procured and the projected quantum.

3.6.17. The Commission note that the Petitioner has made its submissions to the First Additional Information requirement dated 02.01.2025, towards month-wise Power purchase details of past 5 years (excluding FY 2023-24) on actual basis in line with its Audited Annual Accounts.

3.6.18. The Commission has further directed the Petitioner to justify the difference in total Power purchase cost excluding Transmission Cost and RRAS adjustment as claimed vide Table No. 10 and Table No 24 (Rs 1223.29 Cr) of its True Up petition, and as mentioned in Note No. 26 of the Audited Annual Accounts of FY 2023-24 (i.e. Rs 1225.35 Cr). In reply, the Petitioner has categorically mentioned that the difference amount is due to Delayed Payment Surcharge which has not been considered for the purpose of tariff and the POSOCO charges of Rs. 2.05 Crore have been considered under Power Purchase Expenses in the audited SOA whereas Petitioner in its Petition has considered it separately under Transmission Charges.

3.6.19. The Commission has observed that Petitioner vide Table 7 & 10 of the True Up petition has submitted that it has purchased 266.03 MUs from Short term sources including Power Exchange and Swapping Methodology, to meet the power shortage, whereas, the Petitioner has also submitted vide table no. 20 and vide table no. 21 of the True Up petition, that it has sold 209.66 MUs through IEX/UI and 551.54 MUs through swapping as surplus power. The Commission vide First Additional Information requirement dated 02.01.2025 had sought the reason of this contradictory situation and asked Petitioner to explain its stand for optimal Power Purchase Planning .

In response of the above query, the Petitioner has mentioned that it is obvious that the DISCOM is neither in surplus situation nor in deficit situation round the year. During monsoon period when the hydro generation is at peak, there is surplus amount of energy which is sold in the open market or utilized to return the banked/ swapped in power, at the same time during the winters, when the hydro generation is lean, the DISCOM is bound to buy power from open market to meet the demand requirement.

The Petitioner has further submitted that it takes utmost care in the planning of power procurement so that there is minimum burden on the consumers when there is a deficit of power. The Petitioner has mentioned that above-stated scenario can be noticeable from the data provided by Petitioner in the Petition regarding the purchase and sale rates of power in the open market.

3.6.20. The Commission, vide First Additional Information requirement dated 02.01.2025, had sought a reason for the discrepancy in Revenue from Surplus Power of Rs.143.81 Cr as mentioned vide Para 4.10 of True Up petition and Rs 143.84 Cr. as mentioned in Table No 24 of True Up petition. In reply to the Petitioner has rectified the inadvertent typographical error and requested to consider Rs. 143.84 Crore only.

3.6.21. The Petitioner, vide First Additional Information requirement dated 02.01.2025 was asked by the Commission to provide the valid reason for booking a cost of Rs 0.12 Cr for Swapping through NVVN vide Table No.10 of the True-up petition, as Banking transaction doesn't have any monetary transaction. The Commission has further asked the Petitioner to submit the details of monthly transactions of Banking with forward and reverse Banking along with the approval of the Commission.

The Petitioner, in reply has clarified that the amount of Rs. 0.12 Crore shown in the Petition pertains to the transmission charges only. Further, the Petitioner has provided the month-wise forward and reverse banking data.

3.6.22. The Commission vide First Additional Information requirement dated 02.01.2025 had sought the clarity on "Outside Party Purchases" of Rs 766.25 Cr. In response, the Petitioner has provided the details of the power procurement from outside sources as well as state generating sources, as shown below;

Table 13: Reconciliation of Outside Party Purchase for FY 2023-24

Party	Long/ Short Term	Amount in Rs. Cr.
NHPC	Long Term	16.91
NEEPCO	Long Term	333.26

Party	Long/ Short Term	Amount in Rs. Cr.
NTPC	Long Term	193.00
OTPC	Long Term	158.33
Kreate Energy IEX	Short Term	18.23
APPCL IEX/PXIL	Short Term	12.09
NVVN IEX	Short Term	25.24
DSM Intra-State	Short- Term	0.14
DSM Inter-State	Short-Term	6.79
Swapping	Short-Term	0.12
POSOCO	Transmission	2.05
VAR Charges	Transmission	0.01
Delayed Payment Surcharge		0.07
Total		766.25

3.6.23. The Commission, vide First Additional Information requirement dated 02.01.2025, had further sought clarity on "Outside Party Charges" of Rs 99.26 Cr under Note 26 vis-à-vis Rs 98.62 Cr claimed as "Transmission Charges PGCIL" vide table no. 10 of the True-Up petition Vs Rs 110.99 Cr claimed as Transmission Charges (PGCIL) in Table No. 24 of the True-Up Petition. In response, the Petitioner has provided a Reconciliation of Outside Party Charges as shown below:

Table 14: Reconciliation of Outside Party Charges for FY 2023-24

Party	Amount in Rs. Cr.
PGCIL	4.23
CTUIL	94.39
Delayed Payment Surcharge	0.64
Total	99.26

The Petitioner has further submitted that due inadvertent typographical error under the Aggregate Revenue Requirement table the figures against Transmission Charges payable to MePTCL and PGCIL got interchanged.

3.6.24. The Petitioner, vide First Additional Information requirement dated 02.01.2025, was asked to clarify the discrepancy (with proper explanation and Auditor's certificate) in "RRAS Settlement Cost" amounting to Rs 0.27 Cr as claimed vide Table 10 of the petition, whereas the Audited Annual Accounts reflected an entry of Rs 1.49 Cr under the same Head. In response, Petitioner has rectified the inadvertent typographical error and claimed that (-) Rs. 1.49 Crore in line with Note 24 of the Audited Statement of Accounts.

3.6.25. The Commission vide First Additional Information requirement dated 02.01.2025, had directed the Petitioner to submit the followings for past 5 years on actual basis duly certified by Auditor and SLDC,

i. Month wise Total power purchased Through Open Access (OA) (in MW)
ii. Month wise Total No. of Hours of purchased in OA (in Nos.)
iii. Month wise and Annual available generation data for DISCOM (in MW)

iv. Month wise and Annual Scheduled energy data for DISCOM (in MW)
v. OA scheduled energy (STU Periphery) on Month wise and Yearly (in MUs)
vi. OA scheduled energy (DISCOM Periphery) on Month wise and Yearly (in MUs)

In response Petitioner has submitted the requisite data in a prescribed excel format.

3.6.26. The Commission has observed that 'Source wise power purchase cost' does not align with 'Power Purchase Table for Petition' (i.e. Summary of Power Purchase cost) in the True Up excel model. In this regard, the Petitioner, vide Second Additional Information requirement dated 18.02.2025, was directed to provide a valid justification for this discrepancy with appropriate reasoning and supporting documentation. In reply, the Petitioner has submitted that the "Power Purchase Table for Petition" table in the excel model is linked with the Audited Accounts and accordingly requested the Commission to consider the figures as the final claim of the Petitioner.

3.6.27. The Commission has also observed that the Power Procurement through 'NVVN (Swapping)' mode vide Table 10 of the petition is not shown in the detailed 'Source-wise Power Purchase' sheet of True-Up Excel Model. Hence, the Petitioner, vide Second Additional Information requirement dated 18.02.2025, was directed by the Commission to provide the detailed write up of this Power Procurement including Swapping Agreement, Vouchers and any other necessary documents to substantiate the figures reported in the Summary Table. In reply to the query, the Petitioner has referred the same response as mentioned in para 3.6.28 of this Order. However, the Commission notes that even after multiple directions from the Commission Order in line with Regulation 81.7 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014, the Petitioner has failed to submit the Swapping agreements and Vouchers despite.

3.6.28. The Commission has further noticed that while the Petitioner has reported the Quantum of Power purchased from Indian Energy Exchange as 159.09 MU vide note 26.5 of SOA for FY 2023-24, but in Table no. 10 of the True-Up petition the total power procurement is represented as 158.29 MU from IEX and 0.80 MU from PXIL. In this regard, the Commission vide Second Additional Information requirement dated 18.02.2025, had directed the Petitioner to resubmit the quantum of power purchase in reconciliation with the Petition duly certified by Auditor and also submit a clarification validating its claim.

In reply to the query, the Petitioner has mentioned that in Table 10 of the True Up petition the bifurcation has been given for clarification, whereas in the Statement of Account both procurement from IEX and PXIL has been merged together. The Petitioner has further clarified that the final quantum procured from IEX was 158.29 MU and from PXIL was 0.80 MU.

3.6.29. The Commission identified that the quantum of power purchased from long-term sources, specifically NTPC and OTPC, is reported inconsistently across different documents;

i) As per Note 26.5 of the Statement of Accounts (SOA) for FY 2023-24, the power purchase from NTPC is recorded as 475.37 MUs, while from OTPC, it is 318.45 MUs.

ii) However, in the True-Up petition vide Table no 10, the Petitioner has claimed the Quantum of power purchased from NTPC as 318.45 MUs and OTPC as 475.37 MUs. This inconsistency is also reflected in the Summary sheet of Power purchase of True-Up model.

In this regard, the Petitioner, vide Second Additional Information requirement dated 18.02.2025, was asked by the Commission to resubmit its claim duly certified by Auditor and clarify this inconsistency along with proper requisite documentation like PPA, Invoices etc.

In response to the above query, the Petitioner has submitted that while preparing the audited accounts, the figures have been wrongly entered. The Petitioner has further mentioned that the correct quantum of power procured from NTPC was 318.45 MU and from OTPC was 475.37 MU.

3.6.30. The Petitioner vide Second Additional Information requirement dated 18.02.2025 was directed by the Commission to provide month-wise Power purchase details of FY 2023-24 and FY 2024-25 (till January 2025) on an actual basis in a prescribed format in line with Audited Annual Accounts for FY 2023-24. In response, the Petitioner has submitted the requisite information.

3.6.31. The Commission had asked the Petitioner vide Second Additional Information requirement dated 18.02.2025, to justify whether the 'Source-Wise Actual Availability of Power' vide Table 2 and 'Scheduled Power' vide Table 10 of the True-Up petition are same or not. Additionally, the Petitioner was directed to submit the past 5 years details of Source wise, and Month wise data for the following parameters,

i. Monthly Actual availability of Power,
ii. Scheduled Power according to the power purchase agreements or grid schedules on a monthly basis and,
iii. Monthly Actual Drawl from each source

The Petitioner was further requested to provide comprehensive explanations for any difference between the 'Monthly Actual availability of Power', 'Scheduled Power' and 'Monthly Actual Drawl'. Moreover, the Petitioner was asked to validate their clarification with SLDC certification and other necessary documents. The Petitioner, in reply of the above queries, has submitted the Regional Energy Accounts (REA) for the months.

3.6.32. The Commission vide Second Additional Information requirement dated 18.02.2025, had sought the details like transacted party, date, quantum, rate and Total amount (in Rs. Lakhs) of its Barter Transaction as mentioned under Note 26 of Audited Accounts for FY 2023-24. Additionally, the Petitioner was directed to submit a detailed clarification in terms of adjustment of such transaction in alignment with the Accounting Principles along with necessary supporting documents to validate its claim. In response, the Petitioner had not submitted the detailed clarification of the Barter Transaction, rather only has mentioned that the details of transacted parties etc., which was already provided in Table 10 of the True-Up Petition.

3.6.33. The Petitioner vide Second Additional Information requirement dated 18.02.2025, was directed by the Commission to submit the detailed breakup of POSOCO Charges of Rs 2.05 Cr and VAR Charges of Rs 0.01 Cr as claimed under Power Purchase vide table no 10 of the True-Up petition. The breakup of VAR charges should include a clear bifurcation of these charges into Payable and Receivable categories. Additionally, the Petitioner was asked to provide the clarification on these charges and substantiate the explanation with

i. Relevant contractual details,

ii. Corresponding invoices,

iii. Official communications from POSOCO for relevant charges

iv. Statement issued by SLDC for VAR charges

v. Any delayed payment surcharge related to POSOCO and VAR charges and any other documents, in this regard.

In response, the Petitioner has submitted the details of amount receivable from reactive pool account and amount payable to reactive pool account during FY 2023-24.

3.6.34. The Petitioner, vide Second Additional Information requirement dated 18.02.2025, was asked by the Commission to provide an explanation regarding any Prior Period Expenditures incurred and included under the Power Purchase Expenditure as claimed in the petition vide Table No 10 of the True-Up petition with a detailed summary of these expenditures, certified by the auditor in a prescribed format shared by the Commission. The Petitioner, in response of the query, has submitted that there are no prior period expenses included in the Power Purchase expenses for FY 2023-24.

3.6.35. The Commission has noticed that Note 26.1 of Financial Statement for FY 2023-24 reflects the below information,

Note 26.1(a)- The details of Supplementary Bills received during the Financial Year 2023-24, are as under: -

Name of Generating License	Debit Bills (in Rs)	Credit Bills (in Rs)	Net effect (in Rs)

NEEPCO	15,50,64,357	36,99,112	15,13,65,245
NHPC	8,91,814	-	8,91,814
Total	**15,59,56,171**	**36,99,112**	**15,22,57,059**

Name of Transmission License	Debit Bills (in Rs)	Credit Bills (in Rs)	Net effect (in Rs)
PGCIL	2,38,34,779	2,56,732	2,35,78,047
CTUIL	27,57,120	-	27,57,120
Total	**2,65,91,899**	**2,56,732**	**2,63,35,167**

In this regard, the Petitioner, vide Second Additional Information requirement dated 18.02.2025, was directed by the Commission to submit the adjustment of all supplementary bills under the Power Purchase expenses of Rs 1433.48 Cr as claimed in Table 10 of the True-Up petition, in alignment with the Audited Accounts for FY 2023-24. Accordingly, a thorough and accurate reconciliation of the Power Purchase expenditures duly certified by Auditor was also sought from the Petitioner.

In response to the above query, the Petitioner has submitted that since the above expenses form a part of the final power purchase expenses, the final value for power purchase expenses is arrived after incorporating the impact of the credit bills mentioned in Accounts Note 26.1(a).

3.6.36. The Commission has identified from the Trial Balance below transactions:

Particulars	Amount (in Rs Cr)
61.Incentives PXIL (Incentives From PXIL)	0.01
62.980 NTPC (Other Income on Liquidation of Power Purchase Liabilities: NTPC)	99.40

The Commission, vide Second Additional Information requirement dated 18.02.2025, had sought the clarification on the adjustment of these above-mentioned expenses under the total Power Purchase expenses of Rs 1433.48 Cr as claimed in Table 10 of the True-Up petition.

The Petitioner, in reply to the query asked by the Commission, clarified that the above-mentioned incentive from PXIL and NTPC (liquidation amount) has been considered under the rebate received from the generators under other income and has been claimed as a non-tariff income in the Petition.

3.6.37. The Commission observed that the Petitioner has purchased a significantly higher quantity of power (159.09 MUs) from the Power Exchange in the current year, compared to the previous fiscal year (i.e., 53.57 MUs in FY 2022-23), resulting in an increase in overall Power Purchase expenses.

Conversely, the Petitioner has procured a lower volume of power (71.80 MUs) through the Swapping Mode, compared to the previous year (576.34 MUs in FY 2022-23). Given that the Swapping Mode does not involve any monetary transaction, it has the potential to reduce the Cost of Power Purchase when utilized effectively with proper planning.

Hence, the Petitioner, vide Second Additional Information dated 18.02.2025, was directed by the Commission to provide a justification for this unplanned power procurement, along with valid reasons and supporting documentation.

The Petitioner, in reply has submitted that since banking transactions are somehow not settled in the same financial year, hence it creates confusion and also that the Petitioner has resorted to the power purchase from Open Market and also sale in the open market to counter the shortfall & excess of energy respectively. The Commission observes that with the sale rates being almost Rs. 9.5/kWh and purchase rate around Rs. 3.3/kWh, there is no adverse impact on the power purchase expenses due to the market operations.

3.6.38. The Commission also noticed that Power purchase volume has decreased in the current year (2,632.54 MUs in FY 2023-24) compared to previous Fiscal Year (2,905.00 MUs in FY 2022-23). However, despite the decrease in units, there has been significant increase in the total power purchase cost during FY 2023-24. In light of this, the Petitioner vide Second Additional Information requirement dated 18.02.2025 was directed to provide a detailed justification in this aspect along with necessary supporting documents to substantiate its claim.

In response, the Petitioner has submitted that the power purchase expenses have increased because of the only reason that the Petitioner has not resorted to banking in the FY 2023-24.

3.6.39. Petitioner, vide Second Additional Information requirement dated 18.02.2025, was directed by the Commission to furnish the Energy accounting report detailing bilateral arrangement, source wise transaction under UI and Swapping in line with the audited accounts for sale and purchase of power for True up of FY 2023-24, supported with certified data obtained from the SLDC / Transmission utility (as applicable).

In response, the Petitioner has submitted the details in a tabular format only, which is not certified data by the SLDC / Transmission utility (as applicable).

3.6.40. The Commission further identified that Petitioner had claimed an Electricity sale to different consumers as 1433.99 Mus, which indicates an Energy Requirement of 1767.73 MUs (Grossed Up with T&D loss). However, the petitioner had purchased 2507.54 MUs at DISCOM periphery by considering 2.82% Intrastate loss as per 'Energy Balance Table' of the True Up excel model. It is noticed that the Petitioner has been procuring high volume of power without corresponding increase in the level of energy sales.

As a result, a huge quantum of energy is being surrendered to UI/exchange, IEX which often at times does not even cover the cost price. This results in high cost of procurement and ultimately resulted in substantial increase in tariffs. The Petitioner was asked by the Commission to justify this improper estimation of the demand of the consumers in the licensed area.

In this regard, the Petitioner needs to invariably obtain prior approval from the Commission before procuring power from sources other than approved vendors through bilateral arrangements, as specified in Regulation No 85 of MYT regulation. The Commission, vide Second Additional Information requirement dated 18.02.2025, had directed the Petitioner to ensure optimum level of energy procurement in Order to reduce the costs & tariffs, since there is a surplus of about 761.20 MU available for FY 2023-24.

In response, the Petitioner has submitted that since most of the sources of power procurement in the portfolio of the Petitioner are hydro in nature which cannot be backed down and hence, the power is procured and sold to open market whenever there is surplus power available.

In this context, the Commission in line with Regulation 81 of the MSERC (Multi Year Tariff) Regulation 2014, directs the Petitioner to adopt realistic and accurate sales projection during the ARR/MYT year, so that over-estimation of sale can be restricted, and the Power purchase planning can also be in line with necessary electricity requirement to sale further to the consumers.

3.6.41. The Commission observed that the Petitioner, in response of Additional format sought dated 21.11.2024, submitted the RPO Compliance information as follows:

Sl. No.	Total Energy Consumption*	Particular	Total RE Procurement	RE Procurement (%)
1	1767.80	WPO	0	
		HPO	65.162	3.69%
		Other RPO	90.301	5.11%
		REC Purchased	0	
	Total		**155.463**	**8.79%**
2	RPO Target by the Commission			**7.50%**
3	Short Fall			0.00%

**Sales to consumer Grossed Up with T&D Loss*

MePDCL through revised submission has stated that total RE procurement is 1254.40 MU against requirement of 127.28 MU. MePDCL has complied RPO of 71% instead of 8.79%.

Accordingly, the Commission has considered that the Petitioner to be compliant with RPO Obligation during FY 2023-24.

3.6.42. The Commission has observed in Note 26.1 of Audited Accounts that the Auditor disclosed the following:

"The Company takes and return back power under the banking arrangement and accounts for the same as Power Purchase (Net) at average power purchase cost. The average Power purchase cost for the year ended 31.03.2024 is Rs 5.45 per unit. As at 31.03.2024 the Company has to receive 68.08 Million units of energy

under Banking arrangement which will be received during subsequent period. Therefore, Power Purchase cost during the year is reduced by Rs 371281360 to consider the effect of Units receivable in subsequent period."

3.6.43. The Commission therefore considers the Cost booked by Auditor for Barter Transaction at notional power purchase rate to adjust the overall Power purchase expense for FY 2023-24. Hereby, Commission directs the Petitioner to book cost/revenue to adjust in power purchase expense/Non-Tariff Income for Banking Power receivable/to be exported, respectively henceforth in the Audited Accounts.

3.6.44. The Commission has carefully analysed the Additional submissions of the Petitioner and has prudently checked the Audited Statement of Accounts as submitted by the Petitioner and verified the power purchase cost. Accordingly, the Commission has determined source wise approved power purchase cost in line with Audited Accounts as well as Trial Balance excluding Late Payment Surcharge as shown below:

Table 15: Approved Power Purchase for FY 2023-24

S No	Source	Quantum Procured (Approved) (MU)	Amount Rs. Cr (Approved by Commission)	Per Unit Cost (Approved by Commission)
A	**Long Term Sources**			
1	MePGCL	890.38	459.18	5.16
2	NHPC	35.97	16.91	4.70
3	NEEPCO	646.33	333.26	5.16
4	OTPC	475.37	158.33	3.33
5	NTPC	318.45	193.00	6.06
6	Solar Sources	0.00		
	Total Long Terms	**2366.50**	**1160.68**	**4.90**
B	**Short Term Purchase**			
B1	***Power Exchange and DSM***			
1	Kreate Energy (IEX)	55.18	18.23	3.30
2	**APPCL (Bilateral Purchase)**	0.00		
3	APPCL (IEX)	31.74	12.09	3.81
4	APPCL PXIL	0.80		
5	NVVN IEX	71.37	25.24	3.54
6	DSM Intra-State	3.74	0.14	0.37
7	DSM Inter-State	31.41	6.79	2.16
	Sub-Total B1 (Purchased from Exchange and DSM)	**194.24**	**62.49**	**3.22**
B2	**Power Swapped In**			
1	Kreate Energy (Swapping)	0.00	0.00	
2	APPCL (Swapping)	0.00	0.00	
3	GMRTEL (Swapping)	0.00	0.00	
4	Manikaran (Swapping)	0.00	0.00	
5	NVVN (Swapping)	71.80	0.12	
6	Subheksha (Swapping)	0.00	0.00	
	Sub-Total B2 (Energy Swapped In)	**71.80**	**0.12**	**0.02**

S No	Source	Quantum Procured (Approved) (MU)	Amount Rs. Cr (Approved by Commission)	Per Unit Cost (Approved by Commission)
	Total Power purchased from Short Term sources	**266.04**	**62.61**	**2.35**
	Grand Total	**2632.54**	**1223.29**	**4.65**
	Transmission and Other Charges			
1	Transmission Charges MePTCL		110.99	
2	Transmission Charges PGCIL		98.62	
3	POSOCO Charges		2.05	
4	VAR Charges		0.01	
	Total Power Purchase Cost		**1434.97**	
5	Less: RRAS Settlement		-1.49	
6	Less: Barter transaction		-37.13	
	Net Power Purchase Cost	**2632.54**	**1396.35**	**5.30**

3.6.45. **Accordingly, the Commission approves Rs 1396.35 Cr as Power purchase cost during FY 2023-24 for procuring total 2632.54 MUs power at Rs 5.30/unit.**

3.6.46. The Commission further directs the Petitioner to submit the RLDC/SLDC certified PLF % and actual energy availability of the Power Generating sources on which the Petitioner depends to procure power on monthly basis.

3.6.47. The Commission hereby directs the Petitioner, in the interest of the consumers, to identify and evaluate alternative, more cost-effective power procurement options available in the market and also the Petitioner shall enter into any future Long-Term Power Purchase Agreement (PPA) keeping in mind the objective of reducing the overall power procurement costs. Prior to the execution of the PPA, the Petitioner is required to submit a comprehensive cost-effectiveness analysis report to the Commission within 3 months for review. The Commission, after due consideration of the power procurement alternatives, shall provide its final approval for the proposed PPA.

3.7. Gross Fixed Assets (GFA)

Petitioner's Submission

3.7.1. The Petitioner has considered the opening GFA equal to the closing GFA for FY 2022-23 as considered by the Commission in the Order dated 18-10-2024 in Case No. 36 of 2023 for Truing Up of Expenses for FY 2022-23. The addition and deletion have been considered as per actuals based on the audited statement of accounts for FY 2023-24. The GFA as submitted by the Petitioner for FY 2023-24 is shown in the table below:

Table 16: Gross Fixed Asset (Claimed) for FY 2023-24

Particular	Amount (Rs Cr)
Opening GFA	1491.60
Addition During the Year	4.21
Deletion During the Year	0.00
Closing GFA	1495.81

Respondents' submission this regard

3.7.2. BIA has objected before the Commission to not consider and approve the Additional Capitalization during the year of Rs 4.21 Cr, as no details and substantiating documents had been submitted by petitioner for its claim.

3.7.3. BIA has further submitted that Petitioner has not been properly utilizing the Scheme wise funds i.e. most of the under implementation/ upcoming/ new schemes are inordinately delayed which is to ultimately result in time & cost over-run. In turn, the spillover cost will add additional burden to the Consumers in terms of tariff.

3.7.4. BIA has also proposed to consider the deletion of GFA amounting to Rs. 0.25 Lakhs as per Statement of Accounts.

3.7.5. BIA has proposed for consideration of the Closing GFA of Rs. 1,491.60 Cr. for further computations.

Petitioner's Response to Respondent

3.7.6. The Petitioner has submitted that the claimed GFA is as per the Statement of Accounts duly audited by the statutory auditor appointed by CAG, which is itself a documentary evidence. The Petitioner has also mentioned that details of such scheme wise capitalization, auditor's certificate towards funding pattern of the additional capitalization etc. have already been submitted before the Hon'ble Commission

3.7.7. The Petitioner has further claimed that projects are being completed in time and in case of any delay, there won't be any impact on the cost of the project since most of them are funded by grants, although Petitioner is trying to capitalize the maximum amount in FY 2024-25 (Q4).

3.7.8. The Petitioner has mentioned that as the decapitalization amount is Rs. 25,039.00, hence in terms of Rupees Crore the amount appears as zero because of the rounding off.

Commission's Analysis

3.7.9. The Commission vide First Additional Information dated 02.01.2025, has directed the Petitioner to furnish the details of scheme-wise and Asset wise "Funding of capex" (Equity, Grant, Consumer Contribution, Loan etc.) during

FY 2023-24, FY 2024-24 and FY 2025-26. In response, the Petitioner has submitted the funding pattern of the additional capitalization, duly certified by Auditor reflecting an Asset Addition of Rs 4.21 Cr during FY 2023-24. In this regard, the Commission has observed that the Petitioner has submitted the Movement of funds related to Capitalized Assets, however failed to submit the Funding pattern of CAPEX.

3.7.10. Further, the Commission has observed that Deduction / Adjustment of CWIP amounting of Rs 22.75 Cr have been booked in below mentioned schemes as per Note 3.2 of Financial Statements of FY 2023-24,

Table 17: Commission's observation on Adjustment of CWIP for FY 2023-24

CWIP	**Amount (in Rs)**
Restructured Accelerated Power Development and Reforms Program (RAPDRP)	7,83,40,182
IPDS (Integrated Power Development Scheme)	8,08,405
Asian Development Bank	14,45,33,457
Others (i.e. Ganol Small Hydro Project I & II Lines and Cables Network)	37,83,486
Total	**22,74,65,530**

In this regard, the Commission vide Second Additional Information, has directed the Petitioner to clarify the rationale for this accounting treatment, along with appropriate justification and an auditor's certificate. Additionally, the Petitioner was also directed to justify the reason of having an Amount of Rs 0.38 Cr (i.e. Rs 37,83,486) under CWIP for "Ganol Small Hydro Project I & II Lines and Cables Network" project, as this said project is concerned for MePGCL only.

In response, the Petitioner has submitted that all the queries sought by the Commission related to 'CWIP Treatment' and 'Capital Stock mismanagement' are still in the process of completing the relevant data. However, these do not have any direct impact on the tariff hence the Petitioner has requested the Commission to consider the same. The Petitioner, has additionally, proposed to submit all the relevant data to the Commission at a later stage.

The Commission directs the Petitioner to maintain all necessary data pertaining to CWIP Movement, Capital stock, Asset addition in accordance with proper Accounting Norms. It is relevant to note that failure by the Petitioner to submit the relevant data, as asked vide Second Additional Information requirement dated 18.02.2025, prior to submission of next petition, shall be deemed to be a violation of the Commission directives.

3.7.11. The Commission has noticed that Note 3 (CWIP) of the Financial Statement (FS) for FY 2023-24 indicates that Rs 190.04 Cr has been booked under 'Addition to CWIP', whereas Note 3.2 (Movement of CWIP) of Financial

Statement reflects an addition of Rs 188.66 Cr. Hence, there is a difference of Rs 1.38 Cr.

Similarly, the Commission has identified that while under 'Deductions/ Adjustments from CWIP' head of Note 3 the figure is Rs 24.13 Cr, whereas in Note 3.2 (Movement of CWIP) the deduction figure is Rs 22.75 Crore. Hence, there is a difference of Rs 1.38 Crore. In light of this, the Commission vide Second Additional Information dated 18.02.2025 had directed the Petitioner to justify this difference of Rs 1.38 Crore both in CWIP addition and adjustments with proper documentation.

The Commission notes that the Petitioner has failed to respond the query despite repeated reminders.

3.7.12. The Commission has observed in 'Capital work in progress (CWIP) Ageing Schedule' (Note 3.4) that Rs 589.17 Cr (excluding Ganol Small Hydro Project I & II Lines and Cables Network as it has been capitalized) has not been capitalized for more than 3 years and additional Rs. 84.09 Crore has been added in those in last 3 years. In this regard, the Petitioner vide Second Additional Information dated 18.02.2025, was directed by the Commission to submit the reasoning with detailed clarification for this amount under CWIP for a long period. However, the Petitioner has failed to submit the requisite information in compliance to the directive.

3.7.13. The Petitioner was further directed to submit project wise CWIP details along with project starting date. However, the Commission notes that the Petitioner has not addressed this query in its response.

3.7.14. The Commission has identified a difference in Capital Stock between Trial Balance (TB) and Financial Statement (FS), the details of which are given in the table below:

Table 18: Commission's observation on Differences in Capital Stock for FY 2023-24

Particulars	FY 2023-24	
	Debit (in Rs)	**Credit (in Rs)**
22.213 (Others Capital)	7,06,663	
22.304 (Metering Equipment Capital 304)	33,895	
22.504 (Metering Equipment-Materials Stock Adjustment Account (Capital))	16,55,155	
22.601 (Steel-Materials Stock Account (Capital))	8,898	-
22.602 (Cement-Materials Stock Account (Capital))	-	8,360
22.603 (Transformers-Materials Stock Account (Capital))	6,94,98,502	-
22.604 (Metering Equipment-Materials Stock Account (Capital))	5,06,05,917	-
22.605 (Cables & Conductors-Materials Stock Account (Capital))	4,79,30,108	-
22.606 (Poles-Materials Stock Account (Capital))	6,94,00,069	-
22.607 (Electric Light Fittings-Materials Stock Account (Capital))	11,06,230	-
22.608 (Spares-Materials Stock Account (Capital))	1,69,91,539	-
22.610 (Towers-Materials Stock Account (Capital))	81,816	-

Particulars	FY 2023-24	
	Debit (in Rs)	Credit (in Rs)
22.611 (GI Sheets-Materials Stock Account (Capital))	-	60,071
22.612 (GI Pipes-Materials Stock Account (Capital))	-	51,90,963
22.613 (Others-Materials Stock Account (Capital))	2,09,76,089	-
	27,89,94,882	**52,59,394**
As per Trial Balance	**27,37,35,487**	
As per Financial Statement	**27,38,02,137**	
	-66,650	

In this regard, the Petitioner vide Second Additional Information was directed to provide:

a. Reason of differences between Trial Balance and Financial Statement
b. Details of Capital Stock in CWIP and its movement
c. Reason and Details of credit balances as detailed out in the above table.

The Commission note that the Petitioner had not addressed the above queries in its responses.

3.7.15. Further, the Petitioner was directed vide Second Additional Information dated 18.02.2025, to provide Fixed Asset Register for FY 2023-24 as required under the Companies Act. In reply the Petitioner stated that the Petitioner is in the process of preparing the Fixed Asset Register as per the Ind As format however, at present the Petitioner is unable to submit the same as it might take some time to finalize.

3.7.16. The Commission vide Second Additional Information requirement dated 18.02.2025, has further sought a detailed breakup of asset-wise and line item-wise additions and deletions from the Gross Fixed Assets (GFA) for FY 2023-24 duly certified by Auditor for ensuring proper governance, transparency, and accurate reporting of financial and operational management of fixed assets. In response the Petitioner has submitted only the Asset class wise detailed breakup of the additional capitalization. The Commission has noted that the Petitioner has not submitted the itemized breakup of each Asset class in its submission.

3.7.17. The Commission has observed that the Petitioner in its annual accounts for FY 2023-24 has Asset Addition of Rs 4.21 Cr booked under PPE and the same is not passed through its CWIP Statement. Hereby, the Petitioner vide Second Additional Information requirement dated 18.02.2025 was directed to submit item-wise details of assets addition for FY 2023-24, duly certified by Auditor. In reply, the Petitioner has clarified that the capitalization during the year FY 2023-24 has been out of the consumer contribution and direct capitalization from the division, hence no necessary entry has been passed in CWIP as there is no capitalization out of the schemes under CWIP.

3.7.18. The Petitioner vide Second Additional Information requirement dated 18.10.2025 has further directed to submit the details of its capital expenditure wherein insurance has been claimed along with necessary supporting documents, duly certified by Auditor for FY 2023-24. In response the Petitioner has submitted that there are no insurance proceeds received during the year.

3.7.19. The Commission has observed that there is a difference of Rs 0.08 Crore in Asset Addition between PPE (as per Note 2) and Trial Balance as submitted by petitioner. Details are given below:

Table 19: Commission's observation on Differences in Asset Addition for FY 2023-24

(in Rs Crs.)

PPE	Trial Balance	Financial Statement	Diff
Land	0.06	0.11	-0.05
Office equipment	0.02	0.05	-0.03
Difference	**4.13**	**4.21**	**-0.08**

The Petitioner, in this regard, vide Second Additional Information requirement dated 18.02.2025, was directed by the Commissioner to submit an Auditor Certificate clarifying this discrepancy. The Commission notes that the Petitioner has failed to provide any response in spite of multiple reminders .

In reply, the Petitioner has submitted that the final accounts have been audited by the statutory auditor appointed by CAG and hence there is no possibility of mismatch between the Financial Statement (FS) and Trial Balance (TB). It seems that some of the line items of TB have been missed out during the reconciliation.

3.7.20. The Commission has noticed that there is a discrepancy of Rs. 4,95,000 (INR) (i.e., Rs. 0.05 Cr) between the Trial Balance and the Financial Statement for Land. In this regard, vide Second Additional Information dated 18.02.2025, Petitioner was directed to provide a detailed justification for the above-mentioned discrepancy, accompanied by valid documentation. The Petitioner has submitted that there is an addition under Code 10.142 against Land held under lease for an amount of Rs. 4,95,000/- which is also shown in the TB.

3.7.21. The Petitioner was further asked by the Commission to clarify the categorization of the land amounting to Rs. 2.14 Crore, specifically whether it pertains to Freehold Land or Leasehold Land or any other (if any), along with the necessary supporting documents, as the bifurcation is not provided in the Financial Statement. However, the Petitioner had not submitted any response to this query.

3.7.22. The Commission has identified that as per Note 2 of the Financial Statement of FY 2023-24, a Decapitalization of Rs 25,039 for Land has been recorded under PPE. However, the Trial Balance indicates Decapitalization of Rs 32,18,046. In this context, Petitioner vide Second Additional Information dated 18.02.2025, was directed to submit the clarification of this differences along with necessary documentation, duly certified by Auditor.

In response, the Petitioner has submitted that the amount mentioned in the query could not be traced in the Trial balance. Further, the Petitioner has mentioned that it would like to once again humbly submit that since the accounts have been audited by statutory auditor, so there is no possibility of such errors.

The Commission notes that the Petitioner has failed to maintain proper Accounting Principle in its Audited Statement of Accounts.

3.7.23. In line with the Commission's approach in previous true-up Orders, the closing Gross Fixed Assets (GFA) as approved in the preceding True-Up Order, amounting to Rs. 1,491.60 Crore for the FY 2022-23 has been considered as the opening balance for FY 2023-24. The Petitioner has reported addition of Rs. 4.21 Crore during the FY 2023-24. The Commission allows the opening GFA and considers the Disposals/ Deduction in line with Statement of Accounts for FY 2023-24. Accordingly, the Commission has computed the closing GFA for the year, consistent with the Statement of Accounts submitted by the petitioner. The asset wise breakup for True up Order of FY 2023-24 as considered by the Commission is given below.

Table 20: Approved Gross Fixed Asset for FY 2023-24

(Rs. Cr)

Sl. No.	Particulars	Value of Assets at the beginning of the year (01.04.2022)	Additions during the year	Disposals and/ or Deductions during the year	Asset Value at the end of the year (31.03.2023)
1	Land	2.03	0.11	0.003	2.14
2	Buildings	45.28	0.00	-	45.28
3	Plant and Equipment	224.52	0.00	-	224.52
4	Furniture and Fixtures	0.99	0.00	-	0.99
5	Vehicles	0.69	0.07	-	0.76
6	Office equipment	3.81	0.05	-	3.86
7	Others	0.00	0.00	-	0.00
8	Hydraulic Works	0.09	0.00	-	0.09
9	Other Civil Works	3.05	0.00	-	3.05
	Lines and Cable Network	1211.14	3.98	-	1215.12
10	**Total**	**1491.60**	**4.21**	**0.003**	**1495.81**

3.7.24. **The Commission approves Closing GFA of Rs. 1,495.81 Crore for True up of FY 2023-24 for MePDCL**.

3.7.25. The Commission directs that in the event of any excess claim with respect to Additional Capitalization during the True-Up (TU) for FY 2024-25 compared to the amounts approved in the Business Plan/Tariff Order for the control period, the Petitioner shall be required to submit the detailed Scheme wise status of the Assets and a valid justification along with requisite documentation. Accordingly, the Commission shall undertake a thorough prudence check and the Commission will admit the costs based on the outcome of such assessment. The Commission hereby also directs that, the

Petitioner shall prioritize execution of works in line with Business Plan approved.

3.7.26. The Commission directs the Petitioner should submit the Performance Highlights in terms of Infrastructure Enhancement to improve the performance and cater to the growing demand of the consumers in an efficient manner. Further, the Investment plan projected for construction of Distribution lines and substations should be executed as approved by the Commission.

3.7.27. The Commission also directs the Petitioner to prioritize the execution of works for which Govt. grants and contributions are available with the Petitioner under ongoing / new schemes. If there is any delay/Spillover of the schemes for Construction/Upgradation of Distribution lines, substations and other infrastructures, then the Petitioner should submit a relaxation request application to the Commission with valid justifications and the Commission will with due cognizance take the decision of approval.

3.7.28. The Commission has further directed the Petitioner to audit its balance sheet as per proper Accounting Methodology so that the yearly basis continuous dispute related to 'Assets transferred from CWIP' not aligned with 'Addition in GFA' during the year can be settled once and for all. The Petitioner is also directed to provide a detailed 'Asset class wise' and 'Item wise' reconciliation of 'CWIP' and 'GFA addition' during the submission of True-Up petition for subsequent years.

3.7.29. The Commission additionally directs the Petitioner, to provide Asset class wise and Itemized "Funding Pattern" of 'Capex', 'Capitalization' and 'Decapitalization' during the year with details of 'Name of the scheme' and corresponding work done under the scheme, during the submission of True-Up petition of the subsequent year, along with Auditor's certificate, for ensuring proper governance and transparency in tariff determination.

3.7.30. The Commission further states that under Capital work in progress (CWIP) Ageing Schedule a large amount of fund is still under CWIP for a long period. The Commission directs the Petitioner to submit the proper justification of pending amount under CWIP with Auditor Certificate and if there is any legacy issue under CWIP Aging schedule that be settled at the earliest.

The Commission, in addition to the above, directs the Petitioner to take necessary action in order to ensure that there is an early capitalization of the assets which are lying in CWIP for more than 1 year and also the assets which are lying in CWIP for more than 3 years and a suitable justification should be submitted by the Petitioner prior to filling of the petition of the subsequent year.

3.7.31. The Commission directs the Petitioner to conduct the Third-Party Physical Verification of its assets and submit the report of the same with the Commission for its consideration.

3.8. Grant Adjustment and Funding Pattern

Petitioner's Submission

3.8.1. The Petitioner has submitted that the methodology considered by the Commission in deciding the true up of FY 2022-23 has been considered for the treatment of the grants and consumer contribution and the fixed cost components such as depreciation, interest on loan and return on equity.

3.8.2. Accordingly, the Petitioner has submitted the Movement of Grants and Funding Pattern as shown in the table below:

Table 21: Movement of Grants and Funding Pattern (Claimed) for FY 2023-24

(in Rs. Crs)

Particular	Approved in True Up of FY 2022-23	Claimed in True Up 2023-24
GFA		
Opening GFA	1010.19	1491.60
Addition During the Year	483.59	4.21
Deletion During the Year	0.00	0.00
Closing GFA	1491.60	1495.81
Average GFA	1250.90	1493.71
Grants		
Opening Grants	1010.19	1378.31
Add Cap Funded By Grants	368.12	3.98
Closing Grants	1378.31	1382.29
Average Grants	1194.25	1380.30
Addition of Fresh Loan for CY Add Cap	80.83	0.16
Addition of Equity for CY Add Cap	34.64	0.07

3.8.3. The Petitioner has requested the Commission to accept the methodology proposed by it for capital structuring and calculation of subsequent components depending on the capital structure.

Respondents' submission in this regard

3.8.4. BIA has contended that no reconciliation has been provided to justify the additions to GFA of Rs 3.98 Cr with the Statement of Accounts.

MePDCL's response to Respondent's submissions

3.8.5. The Petitioner has submitted that the entire grants available in the books of accounts cannot be considered for tariff as the grants only towards capitalized assets can be considered for the purpose of tariff. Hence, there might be some grants towards which the works are still under progress which are not relevant for Tariff.

Commission's Analysis

3.8.6. As per the extant MSERC (MYT) 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.

3.8.7. In this context, the Commission has observed that in the present Petition also the Petitioner has failed to furnish the Auditor Report for the Assets funded through Grants, Loan and Equity for the additional capitalization claimed for FY 2023-24 with documentary evidence of Govt. Order for the grant schemes. Accordingly, the Petitioner vide First Additional Information dated 02.01.2025, was directed to furnish the details of capitalisation information, including the sources of funding of capitalisation (Equity, Grant, Consumer Contribution, Loan etc.) during FY 2023-24 in the specific format (in line with its annual accounts submitted). In reply to the query, the Petitioner has submitted the auditor's certified funding pattern of the Additional Capitalization claimed in FY 2023-24, which reflects the following:

Table 22: Auditor Certified Funding Pattern submitted for FY 2023-24

Sl. No.	Particulars	Total Capitalisation (in Rs. Lakh)	Funded through Grant (in Rs. Lakh)	Funded through. Equity (in Rs. Lakh)	Funded through Loan (in Rs. Lakh)
1	Land	11.19	6.24	4.95	-
2	Buildings	-	-	-	-
3	Plant and Equipment	-	-	-	-
4	Furniture and Fixtures		-	-	-
5	Vehicles	7.20	-	7.20	-
6	Office equipment	4.79	-	4.79	-
7	**Others**		-	-	-
7 (a)	Hydraulic Works		-	-	-
7 (b)	Other Civil Works		-	-	-
7 (c)	Lines and Cable Network	398.13	398.13	-	-
	Total	**421.31**	**404.37**	**16.94**	-

The Petitioner in response to the First Additional Information requirement from the Commission, has also submitted the asset wise grants and consumer contribution in GFA as on 01/04/2023 and subsequent addition, duly certified by Auditor. Upon review, the Commission has observed the below pointers,

i. Auditor certificate reflects a Total asset from Grant as on 31.03.2023 i.e. Opening Grant for FY 2023-24 of Rs 1089.83 Cr.

ii. Note 17.1 of Audited Financial Statement shows a 'Grant as on 1st April 2023' amounting to Rs 1,322.01 Cr including Government grant and Consumers Contribution Towards Cost of Capital Asset.

iii. Another certificate by Auditor signed on the same date highlights an Opening Grant for FY 2023-24 of Rs 1153.27 Cr.

iv. At the time of filing the petition, the Petitioner had claimed Rs 1378.31 Crore as Opening Grant vide Table no. 9 of the petition.

In this regard, the Commission takes a note of inconsistencies in various statements of Petitioner and Auditor to maintain the consistency of its Financial Accounts.

Accordingly, the Commission decides to consider the opening grant for the current year i.e. FY 2023-24 equal to the closing grant considered by Commission in its previous True up Order, subject to a maximum of the closing GFA for the respective project as has been approved by Commission in its previous True up Order.

3.8.8. The Commission vide Second Additional Information requirement dated 18.02.2025, had sought the detailed information on the following,

a. Scheme wise total amount of Grant funding (including both Government Grant and Consumer Contribution) received.
b. Grant utilization status, detailing the utilized and unutilized amounts on a project-wise and scheme-wise basis.
c. Bifurcation of 'Grant utilised' under Fixed asset and CWIP both on a Project-wise and Scheme-wise basis has been sought. In support of the submission, along with documentation & Auditor certificate to verify the Grant movement.

In response, the Petitioner submitted only the details of Grant received during the year and the corresponding scheme names but failed to provide the detailed report as sought in the above query.

Hereby, the Commission directs the Petitioner henceforth to prepare and submit the details of the data related to Grant as sought in the above queries prior to filling of the next petition.

3.8.9. The Commission has noticed that the Grant figures didn't match between Note 17 and Note 17.1. of Financial Statement. While Note 17 reflects an amount of Rs 1,401.56 crore, but in Note 17.1. its Rs 1,466. 01 crore. In light of the above, the Commission vide Second Additional Information dated 18.02.2025 had sought a justification from Petitioner for this difference. The Commission notes that the Petitioner has failed to submit any response. In this regard, the Commission directs the Petitioner to rectify this recurring issue in Audited Accounts each financial year, otherwise the entire capitalization claimed shall be presumed to be funded out of grant.

3.8.10. The Commission's calculation w.r.t CWIP and Asset Addition parameters as per the Audited figure is shown below;

Table 23: Commission's observation on details of CWIP and Asset Addition for FY 2023-24

Parameters	Amount (Rs Crore)
CWIP addition during the year (as per Note 3.2 of Audited accounts)	188.66
Common difference in CWIP Addition and Adjustment during the year (as detailed out above under sub-query (ii.) of query 2)	1.38
Sub-Total (A) (as per Note 3 of Financial Statement)	190.04
Asset addition in PPE (as per Note 2 of Financial Statement) (B)	4.21
Total (A+B)	194.25
Add Cap through Grant as Data given by MePDCL (Submitted Petition)	3.98

The Commission has observed that the Petitioner has claimed that Rs. 3.98 crore has been funded through grants, as per Table No. 9 of the True-Up petition, out of the total amount of Rs. 194.25 crore. In this context, Petitioner vide Second Additional Information dated 18.02.2025 had directed the Petitioner to submit the funding arrangement for the remaining balance of Rs. 190.27 crore (i.e., Rs. 194.25 crore Less Rs. 3.98 crore) duly reconciled and appropriately bifurcated into the components of Grant, Consumer Contribution, Equity, and Loan.

In reply to the query, the Petitioner has submitted the reconciliation as below:

Table 24: Reconciliation of Funding pattern of CWIP claimed for FY 2023-24

Sl. No.	Schemes	Total (in Rs)	Funded through Grant (in Rs)	Funded through Equity (in Rs)	Funded through Debt (in Rs)
1	Rajiv Gandhi Grameen Viduytikaran Yojana (RGGVY)	1,34,83,120.00	1,34,83,120.00		
2	Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	3,08,18,987.00	2,60,51,289.71	4767697.289	
3	IPDS (Integrated Power Development Scheme)	45,28,517.00	29,27,686.24	13,59,007.95	2,41,822.81
4	SPA (State Plan Assistance)	15,34,134.00	15,34,134.00		
5	Saubhagya incl. Additional Infra under DDUGJY	28,610.00	28,610.00		
6	Asian Development Bank	1,69,62,79,576.00	1,69,62,79,576.00		
7	Others	1,38,63,036.00	1,38,63,036.00		
8	RDSS	13,98,72,322.00	13,98,72,322.00		
	Total	**1,90,04,08,302.00**	**1,89,40,39,773.95**	**61,26,705.24**	**2,41,822.81**

3.8.11. With a view to ascertain the exact amount of grant across each of the operational projects, for the current context, the Commission has decided to follow the following principle to determine the tariff components:

Step-1: Opening Grant:

For individual projects that have been commissioned, the Commission has taken the opening grant for the current year i.e. FY 2023-24 equal to the closing grant considered by Commission in its previous True up Order, subject to a maximum of the closing GFA for the respective project as has been approved by Commission in its True up Order for FY 2023-24.

Step-2: Additional Grant Capitalization:

The current year addition of grant through additional capitalization, has been considered to be equivalent to what has been submitted by Petitioner as part of additional submission (duly certified by Auditor), with the restriction that the net depreciation (i.e., post adjustment of yearly Grant amortization value from the yearly gross depreciation value calculated considering the total GFA) is never negative.

Step-3: Closing Grant:

The Closing value of capitalized grant in each commissioned asset is derived by adding the opening grant as considered in step-1 & the additional capitalization executed through grants as considered in step-2 above.

Step-4: Additional Debt & Equity Capitalization:

The balance amount of additional capitalization in the present year after adjustment of the current year additional grant capitalization, shall be split into debt and equity in the ratio of 70% & 30% respectively, as per regulatory norms.

3.8.12. The grant fund considered by Commission is tabulated below;

Table 25: Approved Grant Adjustment for FY 2023-24

Sl. No	Particular	True up for FY 2022-23 (Approved by Commission) (Rs Cr)	True-Up for FY 2023-24 (Approved by Commission) (Rs Cr)
	Gross Fixed Asset (GFA)		
1	Opening GFA	1010.19	1491.60
2	Addition to GFA	483.59	4.21
3	Deduction from GFA	0.00	0.00
2	Closing GFA	1491.60	1495.81
3	Average GFA	1250.90	1493.71
	Grant		
4	Opening Grant	1010.19	1378.31
5	Add Cap funded through Grant	368.12	4.04
6	Closing Grant	1378.31	1,382.35
7	Average Grant	1194.25	1380.33
8	**Addition of fresh loan for current year add-cap (Sl. No.2- Sl. No.5)*70%**	**80.83**	**0.12**
9	**Addition of fresh equity for current year add-cap (Sl. No.2- Sl. No.5)*30%**	**34.64**	**0.05**

3.8.13. **The Commission considers an average capitalized grant of Rs 1380.33 Cr. for the True Up Order for the period FY 2023-24.**

3.8.14. The Commission further directs the Petitioner to henceforth provide (during the submission of True-Up petition) Scheme wise amount of Grant funding (including both Government Grant and Consumer Contribution) received and Grant utilization status, detailing the utilized and unutilized amounts on a project-wise and scheme-wise basis, duly certified by Auditor (in a proper format with accurate figures) along with copy of signed Government Grant Orders.

3.9. Depreciation

Petitioner's Submission

3.9.1. The Petitioner has submitted that the depreciation has been computed as per the methodology adopted by the Commission in the previous true ups. Further the opening balance of GFA has been considered as per the GFA approved by the Commission in the Order dated 18/10/2024 in Case No. 36 of 2023 in true up of 2021-22. The calculation of depreciation as shared by the Petitioner is tabulated below.

Table 26: Calculation of Depreciation (Claimed) for 2023-24

Asset Details	**As on 1st April 2023 (Rs Cr)**	**Additions (Rs Cr)**	**Disposals / deductions (Rs Cr)**	**As on 31st March 2024 (Rs Cr)**	**Average GFA (Rs Cr)**	**Depreciation Rate**	**Depreciation (Rs Cr)**
Land	2.03	0.11	0.00	2.14	2.09	1.88	0.00%
Buildings	45.28	0.00	0.00	45.28	45.28	40.75	3.34%
Plant and Equipment	224.52	0.00	0.00	224.52	224.52	202.07	5.28%
Furniture and Fixtures	0.99	0.00	0.00	0.99	0.99	0.89	6.33%
Vehicles	0.69	0.07	0.00	0.76	0.72	0.65	9.50%
Office equipment	3.81	0.05	0.00	3.86	3.84	3.45	6.33%
Others	0.00	0.00	0.00	0.00	0.00	0.00	
Hydraulic Works	0.09	0.00	0.00	0.09	0.09	0.08	5.28%
Other Civil Works	3.05	0.00	0.00	3.05	3.05	2.74	3.34%
Lines and Cable Network	1211.14	3.98	0.00	1215.12	1213.13	1091.82	5.28%
Total	1491.60	4.21	0.00	1495.81	1493.71	1344.34	

Asset Details	As on 1st April 2023 (Rs Cr)	Additions (Rs Cr)	Disposals / deductions (Rs Cr)	As on 31st March 2024 (Rs Cr)	Average GFA (Rs Cr)	Depreciation Rate	Depreciation (Rs Cr)
Rate of Depreciation							**5.22%**
Average Grants in GFA	1380.30						
90% of Average Grants	1242.27						
Depreciation on Grants							64.79
Claim of Depreciation							**5.32**

3.9.2. The Petitioner has requested the Commission to allow the depreciation of Rs. 5.32 Cr for FY 2023-24.

Respondents' submission in this regard

3.9.3. BIA has argued citing Regulation 33 of MYT Regulation that the depreciation rate should be computed based on 90% of GFA (excluding land), as per MYT Regulations, 2014 and accordingly recalculated the rate of depreciation is 5.23%. BIA has further objected that for the spread over of depreciation over the balance useful life of the assets after 12 years, as the Petitioner has failed to provide any details.

3.9.4. BIA has contended that as the Petitioner is unable to submit the substantiating documents of Additional capitalization, its claim for depreciation computation is also not liable to be allowed. In accordance with the above, BIA has proposed Depreciation at Rs 3.17 Cr

MePDCL's response to Respondent's submissions

3.9.5. The Petitioner has claimed that it has not included land in the computation of depreciation and the Amortization of Grant is also considered, which signifies no deviation in 'depreciation' computation. Further, the Petitioner has mentioned that the claim of the capital expenditure in the petition is in line with the settled regulatory methodology, adopted by the Commission in the preceding True-Up Orders. The Petitioner has further added that the True-up petition filled by the Petitioner is for its company as a whole and it's not a project wise tariff petition. Hence, the Petitioner claimed that the analysis of 'balance useful life of the assets after 12 years' is not required.

Commission's Analysis

3.9.6. The Commission considers the Opening Capital Cost in line with the True-Up Order for FY 2022-23 dated 18.10.2024 in Case No. 36 of 2023.

3.9.7. The Commission observed that the Petitioner has claimed the depreciation of Rs. 5.32 crore after adjusting the Amortization of 90% average grant of Rs. 64.79 Crore at same Depreciation rate of 5.22%.

3.9.8. The Commission observed that the Petitioner has not furnished the Asset wise Grant details, Cumulative depreciation and Grant amortized as per the Additional Formats sought by the Commission dated 21.11.2024 in a prescribed format. In response, the Petitioner has submitted the details of the asset wise grants and consumer contribution in GFA as on 01/04/2023 and subsequent addition in the requisite format, duly certified by Auditor, as shown below:

Table 27: Audited funding pattern of Opening GFA for 2023-24

(in Rs Cr.)

Description	**GFA as on 31.03.3023**	**Total Assets from Grant**	**Assets from Consumer Contribution**	**Total Assets from Equity**	**Total Assets from Loan**	**Total Assets as on 31.03.2023**
Land	203.07	32.36	-	147.19	23.53	203.07
Buildings	4,527.67	3,399.26	-	972.91	155.51	4,527.67
Hydraulic Works	8.70	1.39	-	6.31	1.01	8.70
Other Civil Works	304.66	48.55	-	220.82	35.30	304.66
Plant and Equipment	22,452.44	16,479.70	-	5,149.63	823.12	22,452.44
Lines and Cable Network	1,21,114.26	88,830.99	6,344.28	22,364.29	3,574.71	1,21,114.26
Vehicles	68.87	10.97	-	49.92	7.98	68.87
Furniture and Fixtures	99.34	15.83	-	72.00	11.51	99.34
Office equipment	381.13	164.11	-	187.12	29.91	381.13
Total	**1,49,160.16**	**1,08,983.15**	**6,344.28**	**29,170.17**	**4,662.56**	**1,49,160.16**

The Petitioner in response of the query, has also submitted the cumulative depreciation as per the format provided by the Commission for FY 2023-24 and provisional estimate of the same for FY 2024-25 and FY 2025-26 considering the same depreciation rate for ensuing financial year.

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

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

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

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

….

c) The salvage value of the assets shall be considered at 10% and depreciation shall be allowed up to 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>

3.9.10. Accordingly, the Commission has observed that the Govt. Grants and contributions are infused under the Additional Capitalization during the year FY 2023-24 is Rs 4.04 Cr and Opening Grant available with the Petitioner has been considered as Rs 1378.31 Cr, as detailed out in respective section of Grant Adjustment of this Order. Based on the asset wise Depreciation Rate, the Commission has determined the Gross Depreciation over 90% of the Average Asset. Moreover, the Commission has computed the Amortization of "Consumer contribution and Grants" on the basis of the calculated 'Weighted Average Rate of Depreciation' as 5.22% for FY 2023-24 and deducted 90% of Amortization of Grants from the Gross Depreciation and accordingly, the Net Depreciation approved by the Commission for FY 2023-24 is as follows;

Table 28: Approved Computation of Depreciation for FY 2023-24

Asset Details	Opening GFA (Rs Cr)	Additions (Rs Cr)	Retirements (Rs Cr)	Closing GFA (Rs Cr)	Average GFA (Rs Cr)	90% of GFA (Rs Cr)	Depreciation Rate	Amount of Depreciation (Rs Cr)
Land	2.03	0.11	0.003	2.14	2.09	0.00	0.00%	0.00
Buildings	45.28	0.00	-	45.28	45.28	40.75	3.34%	1.36
Plant and Equipment	224.52	0.00	-	224.52	224.52	202.07	5.28%	10.67
Furniture and Fixtures	0.99	0.00	-	0.99	0.99	0.89	6.33%	0.06
Vehicles	0.69	0.07	-	0.76	0.72	0.65	9.50%	0.06
Office equipment	3.81	0.05	-	3.86	3.84	3.45	6.33%	0.22
Others	0.00	0.00	-	0.00				
Hydraulic Works	0.09	0.00	-	0.09	0.09	0.08	5.28%	0.00
Other Civil Works	3.05	0.00	-	3.05	3.05	2.74	3.34%	0.09

Asset Details	**Opening GFA (Rs Cr)**	**Additions (Rs Cr)**	**Retirements (Rs Cr)**	**Closing GFA (Rs Cr)**	**Average GFA (Rs Cr)**	**90% of GFA (Rs Cr)**	**Depreciation Rate**	**Amount of Depreciation (Rs Cr)**
Lines and Cable Network	1211.14	3.98	-	1215.12	1213.13	1091.82	5.28%	57.65
Total	**1491.60**	**4.21**	**0.003**	**1495.81**	**1493.71**	**1342.46**		**70.11**
Average assets				1493.71				
Rate of Depreciation							5.22%	
Opening Grant	1378.31							
Grant Capitalized during the Year		4.04						
Closing Grant				1382.35				
Average Grants in GFA					1380.33			
90% of Average Grant in GFA						1242.30		
Less : Depreciation on 90% of Avg. Grants and contributions								64.88
Net Depreciation for the year								5.23
(+) 1/3rd Dep on MeECL assets								0
Net depreciation for FY 2023-24								**5.23**

3.9.11. **The Commission approves Depreciation of Rs. 5.23 Crore for the True up period of FY 2023-24 for MePDCL.**

3.9.12. For the purpose of calculating Balance useful life of assets, the Commission directs the Petitioner to conduct Third-Party Physical Verification of its assets within 6 months for preparation of a consolidated digitalized Fixed Asset Register (FAR) duly reconciled by Third-Party and submit the report of the same with the Commission for its consideration.

3.9.13. Commission further directs the Petitioner to submit Asset class wise and Item wise Cumulative depreciation during the submission of Petition henceforth.

3.10. Return on Equity

Petitioner's Submission

3.10.1. The Petitioner has submitted that it has calculated the Return on Equity (RoE) in line with the provisions of Regulation 27 of the 2014 Tariff Regulations and the capital structure presented in Table 10 of the petition. The calculation of Return on Equity as submitted by the Petitioner is tabulated below:

Table 29: Return on Equity (Claimed) for FY 2023-24

Particulars	Approved in True Up of FY 2022-23 (Rs Cr)	Claim in True Up of FY 2023-24 (Rs Cr)
Opening GFA	1010.19	1491.60
Addition	483.59	4.21
Retirement	0.00	0.00
Closing GFA	1491.60	1495.81
Average GFA	1250.90	1493.71
Less: Average Grants	1194.25	1380.30
Net Average Assets Not Funded Through Grants	56.65	113.40
Average 70% Debt Component	39.6515	79.38
Average 30% Equity Component	16.9935	34.02
Rate of Return on Equity	14%	0.14
Return on Equity	2.38	4.76

3.10.2. The Petitioner requested the Commission to allow Return on Equity of Rs. 4.76 Cr for FY 2023-24.

Respondents' submission in this regard

3.10.3. BIA has highlighted the discrepancies in Addition to GFA figures, grant consideration, and non-reconciliation with the Statement of Accounts. Accordingly, BIA has argued that the RoE claimed by Petitioner is inadmissible in the absence of any details/verifiable documents of capitalization for FY 2023-24. Accordingly, BIA has proposed a RoE of Rs 2.92 Cr.

MePDCL's response to Respondent's submissions

3.10.4. The Petitioner has responded that additional capitalization and grants are considered as per the methodology adopted by the Commission in the true-up Order of FY 2022-23 and there is no deviation from the 2014 Tariff Regulations.

Commission's Analysis

3.10.5. The Commission has observed that the Petitioner has claimed the Return on Equity of Rs. 4.76 crore which is basically based on apportionment methodology the Petitioner followed on its Capital Structure and the proportion of Opening GFA as approved in previous True-Up Order dated 18.10.2024.

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

> *"33.1 **Return on equity shall be computed on the equity base determined in accordance with regulation 27 and shall not exceed 14%**.*
>
> *…."*
>
> ***<Emphasis added>***

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

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

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

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

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

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

……"

<***Emphasis added***>

3.10.8. The Commission has accordingly allowed a Return on Equity (RoE) at 14% on the normative equity, calculated based on the approved average GFA, excluding the average grants and contributions as outlined in respective section of this Order. The approved equity and RoE for FY 2023-24 is as follows,

Table 30: Approved Return on Equity for FY 2023-24

Particulars	**Amount (Rs Cr)**
Opening GFA	1,491.60
Addition	4.21
Retirements	0.003
Closing GFA	1,495.81
Average GFA	1,493.71
Less: Average Grants	1,380.33
Net Average Asset (not funded through grants)	113.38
Average 70% Debt component	79.36
Average 30% Equity component	34.01
Rate of Return on Equity (%)	14%
Return on Equity @ 14%	**4.76**

3.10.9. **The Commission approves Return on Equity of Rs. 4.76 Crore for the True up period of FY 2023-24 for MePDCL.**

3.11. Interest on Loan

Petitioner's Submission

3.11.1. The Petitioner has submitted that Interest on loan has been computed as per the provisions of Regulations 27 and Regulation 32 of the MSERC (MYT Regulation) 2014 and they have computed the weighted average rate of interest on the actual loans as represented in the table below:

Table 31: Computation of Weighted Average Rate of Interest (Claimed) for FY 2023-24

(in Rs. Crs)

Particular	PFC IPDS Loan	RAPDRP-A	RAPDRP-B	Total
Opening Balance	4.82	33.89	82.36	121.07
Additional Loa Drawal	0	0	0	0.00
Repayment	0.37	-	-	0.37
Closing Balance	4.44	33.89	82.36	120.70
Applicable Interest Rate (%)	10.53%	9.00%	9.00%	9.06%
Interest on Loan	**0.49**	**3.05**	**7.41**	**10.95**

3.11.2. The calculation of interest on loans as submitted by the Petitioner is provided below:

Table 32: Computation of Normative Interest on Loan (Claimed) for FY 2023-24

(in Rs. Crs)

Particular	Allowed in True Up 2022-23	Claimed in True up of 2023-24
Gross Normative Loan-Closing	107.43	185.68
Addition	80.83	0.16
Repayment	2.58	
Net Normative Loan-Closing	185.68	185.84
Average Normative Loan-Closing	146.56	185.76
Weighted Average Rate of Interest	8.70%	9.06%
Interest on Loan	**12.75**	**16.83**
Other Financing Charges	0.00	0.00
Total Interest and Financing Charges	**12.75**	**16.83**

3.11.1. The Petitioner has requested the Commission to allow Interest on Loan of Rs. 16.83 Cr for the period of FY 2023-24.

Respondents' submission in this regard

3.11.2. BIA has contended that Petitioner has not provided a complete break-up of interest components which is essential for distinguishing if any penal interest or overdue interest has been included in the interest. Moreover, BIA by disallowing 'Add Cap' due to the lack of appropriate justification and considering the proper linking of the loan repayment corresponding to the depreciation amount, has recalculated the interest on loan as Rs 16.67 Cr.

MePDCL's Response to Respondent's submissions

3.11.3. The Petitioner has claimed that it has provided detailed breakup of the computation of the weighted average rate of interest at Table 13 of the True-Up Petition. Further, the Petitioner has mentioned that it has also provided the auditor's certificate in this regard. Moreover, in context to additional capitalization claimed, the Petitioner has provided a detailed justification in the respective paragraphs.

Commission's Analysis

3.11.4. The Commission has observed a mismatch in terms of opening and closing loan vide Table 13 of the True-Up Petition and that of audited statement as well as approved by the Commission in last True-Up Order dated 18.10.2024. In this regard, Commission vide First Additional Information dated 02.01.2025 directed the Petitioner to furnish the actual loan portfolio duly certified by the auditor (in line with the audited annual accounts for FY 2023-24) in a prescribed format shared by the Commission. The Petitioner was further directed to justify its claims in case there is any deviation of the actual loan portfolio and its audited annual accounts for FY 2023-24.

In response the Petitioner has submitted that there is a mismatch in the closing balances of two loans as shown in the auditor's certificate submitted at the time of truing up of FY 2022-23 and the balances shown in the audited statement of accounts under Note 16. The differences are summarized below:

Loan	Closing Balance as on 31.03.2023 as per Auditor's certificate	Closing Balance as on 31.03.2023 as per the restated Statement of Accounts	Difference
REC Re-Scheduled Loan	3,48,00,235	3,16,92,223	-31,08,012
PFC 325 Crore	21,78,111,820	2,136,865,509	-4,12,46,311
Total			-4,43,54,323

The Petitioner has further reiterated the detailed reason for this difference is provided under Note 32 of the Audited Statement of Account. The same has been reproduced by the Petitioner as shown below for clarification:

> *"As per requirements of Ind AS 8, Company has corrected Material prior period(s) errors retrospectively by restating the comparative amounts for the prior periods to the extent practicable along with change in basic and diluted earnings per share. However, if the error relates to a period prior to the comparative period, balances of the assets, liabilities and equity of the comparative period presented are restated. Immaterial prior period errors have been classified in their natural head of income and expenses."*

In this regard the table below has been provided wherein adjustment made to long term borrowing is also provided:

Particulars	As on 31.03.2023 as last audited Balance Sheet (in Rs)	Prior period items	Restatement (in Rs)	As on 31.03.2023 Restated (in Rs)	Remark
Borrowings	15,49,71,40,346		(4,43,54,322)	15,45,27,86,024	Excess Provision Booked in Earlier Years

The Petitioner has further mentioned that it is evident from the table that the accounts of the FY 2022-23 have been restated as per the justification above and the amount of difference shown in the previsions table is exactly the restatement amount provided in the table above.

Further, the Petitioner has claimed that the auditor's certificate with respect to the loans has been submitted. However, the Commission observed that Auditor certificate was not available in the submission, which the Petitioner has subsequently submitted in response of Second Additional Information requirement.

As per the response of first additional information requirement, as stated above, the Petitioner categorically has justified the Opening balance of REC loan as Rs 3.17 Cr and PFC 325 Crore loan as Rs 213.69 Cr due to restatement of Accounts, whereas the Auditor Certificate reflects a higher amount of Opening Balance for both the Loans i.e. Opening REC Loan is Rs 3.48 Cr and PFC 325 Crore loan is Rs 217.81 Cr. Thereby, in the interest of consumer, the Commission has considered the Restated Opening Loan Balance for these two loans as claimed by the Petitioner in the response of First Additional Information Requirement. The Commission hereby directs the Petitioner to maintain its Audited accounts with this Restated Amounts only, in line with Audited accounts of FY 2023-24.

The Commission vide Second Additional Information dated 18.02.2025 directed the Petitioner to substantiate their claim on Interest of R-APDRP loan with the appropriate relevant documentary evidence till FY 2023-24.

In response, the Petitioner has submitted that the matter has already been taken up with Power Finance Corporation to consider the loan as grants, however, PFC is yet to respond and also there has been no demand raised by PFC against this loan as of now.

3.11.5. The Commission has noticed that the Petitioner didn't claim the State Government Loan during the calculation of Weighted Average rate of interest vide Table No. 6 of the True-Up petition, whereas the Audited Annual Accounts for FY 2023-24 shows Rs 42.19 Cr as outstanding loan. Additionally, there is no clarity of Repayment schedule and Interest paid. In this regard, vide First Additional Information dated 02.01.2025, the Commission has sought the clarification for non-consideration of State Government Loan and directed to furnish the actual loan portfolio duly certified by the auditor in a prescribed format.

The Petitioner, in response, has submitted that it had been decided by the management and the government to convert all the loans provided by State Government along with the accrued interest into equity, hence the Petitioner did not take into account the interest on loan on state government loan. The Petitioner has further stated that since, the normative interest on loan is coming to zero, inclusion of the state government loan will not have any impact on the working of interest on loan and submitted the actual loan portfolio in a prescribed format.

3.11.6. The Commission has observed that the Petitioner has showed an Opening balance of Rs 3.17 crore in 8% REC Loan vide Note 16 of the Financial Statement (FS) for FY 2023-24, while in the submission of additional information of previous year, Petitioner mentioned a Closing Loan of Rs 3.48 Cr, supported by an Auditor Certificate. Similarly, the Petitioner claimed an Opening balance of Rs 213.69 crore in 10.25% PFC Loan vide Note 16 of the Audited Accounts for FY 2023-24, while in the submission of additional information of previous year, the Petitioner has mentioned a Closing Loan of Rs 217.81 Cr, supported by an Auditor Certificate. The Commission has taken note of such inconsistency that too in auditor certificate. The justification of change in Loan Profile has been submitted in response by the Petitioner.

3.11.7. The Commission has noticed that though the Petitioner while submitting the additional information of previous year, changed the name of REC Restructuring Loan into REC Rescheduled Loan, but in the Financial Statement for FY 2023-24 the loan has again been referred as REC Restructuring Loan. In this regard, Commission vide Second Additional Information requirement dated 18.02.2025, directed the Petitioner to clarify this contradiction and to submit a detailed justification to substantiate its submission for FY 2023-24 along with Loan Agreement signed between REC and MePDCL. In response, the Petitioner has submitted that the Loan availed from REC Ltd is referred to as REC Reschedulment. However, the nomenclature appearing in the Financial Year 2023-24 will be changed accordingly. The Petitioner has also shared the Loan agreement details. The Petitioner has also shared the Loan agreement details.

3.11.8. The Petitioner, vide Second Additional Information requirement dated 18.02.2025, was asked to submit the details of net savings on interest due to refinancing/restructuring of REC loan as well as the costs associated with such refinancing/restructuring. Further, the Commission directed to mention the Line Items aligning with Trial Balance in which these savings and Finance Costs have been accounted for. The Petitioner in reply has submitted that there has been no re-financing of any loan in FY 2023-24.

3.11.9. The Commission has observed that Line item (iv) of Note 16 of Audited Accounts for FY 2023-24 refers an Interest Rate of 10.25% for the 'Power Finance Corporation' loan and Line item (v) of Note 16 of Audited Accounts for FY 2023-24 indicates an Interest Rate of 10.50% for the 'PFC Ltd against Integrated Power Development Scheme (IPDS)' loan. However, Audited Accounts for FY 2022-23 shows an Interest Rate 12.65% for 'PFC' loan and 11.15% for PFC Ltd against IPDS' loan.

In this regard, the Petitioner vide Second Additional Information dated 18.02.2025 was directed to explain the reason of this change in the Interest

Rate for these loans between two fiscal years i.e. FY 2022-23 and FY 2023-24. Accordingly, the Petitioner should provide supporting documentation to substantiate the claim. In response to the query, the Petitioner has submitted a document and referred it as the claim of interest as received from the financial Institution which has been received by the Corporation for payment of interest and principal dues as on 31.03.2024, wherein the rate of interest has been indicated.

3.11.10. The Commission noticed that Petitioner claimed the Normative Interest on Loan for FY 2023-24 vide Table 14 of the True-Up petition, wherein the Normative Repayment is claimed as Zero. In this regard, Petitioner vide Second Additional Information dated 18.02.2025, is directed to explain the rationale behind not claiming any Normative Loan Repayment amount during the submission of “Interest on loan calculation” section, as presented in Table 14 of the petition. In reply of the above query, the Petitioner has submitted that it has been missed out due inadvertent linking error and hence the Petitioner has requested the Commission to condone the error.

3.11.11. The Commission vide Second Additional Information requirement dated 18.02.2025 has sought the Bank confirmation certificate for Repayment of each and every Loan pertaining to Financial Year 2023-24. In response of this query, the Petitioner has submitted the copy of email communication as the confirmation of loan balance as furnished by the PFC Ltd to the Corporation.

3.11.12. Additionally, the Petitioner is directed to submit Actual rate of interest and Interest paid applicable for each loan from, which needs to be supported by Auditor Certificate and Bank Reconciliation Statement. In response of this query, the Petitioner has submitted the Auditors certificate of Actual Loan Portfolio for FY 2023-24.

3.11.13. The Commission vide Second Additional Information dated 18.02.2025 had sought the clarification of non-consideration of 'R-APDRP’ and 'PFC Ltd against IPDS' loan while computing the Weighted Average Rate of Interest. In response to this query, the Petitioner has submitted that since the Commission while computing the interest on loan in the True up Order FY 2022-23 has not considered the interest rate of state government loan, hence the Petitioner has also not considered the same while computing the weighted average rate of interest on loan in FY 2023-24. Further, the Petitioner has mentioned that there has been a Transfer entry of opening balance during the year against loan for PFC RAPDRP Part A to PFC RAPDRP Part B, i.e. PFC RAPDRP Part A loan transfer entry of Rs. 21.70 Cr (i.e. from an amount of Rs. 33.89 Cr to Rs. 12.19 Cr) and PFC RAPDRP Part B Loan an addition of Rs. 22.70 Cr (i.e. from an amount of Rs. 82.36 Cr to Rs. 104.06 Cr).

3.11.14. The Petitioner, vide Second Additional Information requirement, dated 18.02.2025 was directed to furnish an auditor certificate along with detailed justification for the default payment for State Government and RAPDRP loan.

The Commission has sought the clarification whether such payment has been incorporated within the Actual Loan Portfolio as submitted in the petition. The Commission notes that the Petitioner has failed to submit any response to this query.

3.11.15. The Commission has observed that as per Para No 3 of point No C of Annexure C of the Audit report, Auditor has stated as below:

> *"As observed during the course of audit, interest paid/ payable on RAPDRP loan amounting to Rs 1046.31 lakhs and IPDS Loan amounting to Rs. 48.75 lakhs have been charged to Profit and Loss A/c, however the corresponding assets of RAPDRP and IPDS are lying in CWIP. Thus, the treatment of interest as an expense is not in accordance with the principles of IND AS 23 "Borrowing Costs". Interest expenses are overstated and CWIP is understated by Rs. 1095.06 Lakhs"*

In context of the above,

a) The Commission has further directed Petitioner to provide a justification for this discrepancy in Opening and Closing balance of RAPDRP loan as claimed in Petition vis-à-vis booked under Note 16 of the Audited Accounts, along with valid reasoning.

b) The Commission has directed the Petitioner to submit all its loan allocation documents (for RAPDRP and IPDS loan) as received from Govt along with Year Wise Loan repayment schedule including interest paid/accrued as well as detailed write up explaining why the interest has been charged in Profit & Loss account (P/L), while the assets are still in CWIP.

In reply, the Petitioner has submitted that as per Ind AS, capitalization of borrowing cost ceases when the qualifying assets is first put to use or when the activities necessary to prepare the assets for its intended use or sale are substantially completed. In the case of RAPDRP and IPDS assets the activities necessary to prepare the asset for its intended use are completed hence the borrowing cost relating to the assets are charged to profit and loss account.

3.11.16. The Commission has further directed the Petitioner to submit a detailed justification for the discrepancies w.r.t the Interest rates of State Government loan as highlighted by the auditor and booked in Financial Statement. Additionally, the Petitioner is required to provide the comprehensive details of the State Government loan, ensuring alignment with the correct interest rate, outstanding amount, accrued interest, and other relevant information. The Commission has noticed that the Petitioner has failed to respond to the Commissions query.

3.11.17. The Petitioner vide Second Additional Information dated 18.02.2025, is mandated to furnish a comprehensive justification, accompanied by the relevant appropriate supporting documents, for the non-consideration of interest on loans from the State Government. Furthermore, the Petitioner is further directed to submit the final decision of the competent committee concerning this matter. However, the Commission has noted that the Petitioner has failed to submit any reply in this regard.

3.11.18. The Commission notes the Regulation 32.1 and 32.2 of MSERC Regulations 2014:

> *32.1 Interest and finance charges on loan capital shall be* ***computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements****, bond or debenture and the lending rate specified therein.*
>
> *Provided that the* ***outstanding loan capital shall be adjusted to make it consistent with the loan amount determined in accordance with regulation 27****.*
>
> *32.2 The interest and finance charges attributable to capital work in progress shall be excluded.*
>
> *Provided that neither penal interest nor overdue interest shall be allowed for computation of tariff.*
>
> ***<Emphasis added>***

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

> *"27.1* ***For a project declared under commercial operation on or after 1.4.2015, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan****;*
>
> *Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff."*
>
> ***<Emphasis added>***

3.11.20. Accordingly, the Commission has checked the Actual Loan Profile duly certified by Auditor, in a specific tabular format, as submitted by the Petitioner in response to Additional Information raised by the Commission.

3.11.21. In the previous True-up Order dated 13.11.2023, the Commission had quoted that,

> *"2.5.*
>
> *....*
>
> *Licensee has been projecting outstanding loans against the R-APDRP-A and R-APDRP- B schemes through the Audited accounts. The R-APDRP A&B Scheme provides that loans drawn were to be utilized to strengthen the network of the licensee and achieve the loss Reduction. As soon as the objective has been achieved the licensee should have submitted proposal for conversion of loans as Grant through the state government.*

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

….

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

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

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

3.11.22. In view of the above, the Commission has disallowed the interest on R-APDRP – A and R-APDRP – B loans for FY 2023-24 also. Additionally, the Commission has disallowed the loan on account of Atmanirbhar Bharat Abhiyan Scheme for the Petitioner has not shared any relevant document w.r.t utilization of the same in the core Distribution Business.

3.11.23. The Commission has observed that as per Para No 3(C) of Annexure C of the Audit report, Auditor declared that,

> *"As observed during the course of audit, interest paid/ payable on RAPDRP loan amounting to Rs 1046.31 lakhs and IPDS Loan amounting to Rs. 48.75 lakhs have been charged to Profit and Loss A/c, however* ***the corresponding assets of RAPDRP and IPDS are lying in CWIP. Thus, the treatment of interest as an expense is not in accordance with the principles of IND AS 23 "Borrowing Costs"****. Interest expenses are overstated and CWIP is understated by Rs. 1095.06 Lakhs"*
>
> ***<Emphasis added>***

The Commission in line with the above qualification of the Auditor, is of the view that, as the corresponding assets of RAPDRP and IPDS are still in CWIP, it's not capitalized yet, the interest payment couldn't be passed on to the consumer. Accordingly in the interest of the consumers and as per reflections in the Company's Audit Report, the Commission disallows the Interest amount booked as an expense for PFC Loan IPD Scheme Loan to arrive at the weighted average rate of interest on Loan.

3.11.24. Further, Commission noticed that according to Companies (Auditor's Report) Order, Annexure A, Para 9 (a), Auditor has disclosed as below:

"Based on our audit, and as per the information and explanation given by the management, ***the company has defaulted in the repayment of dues of principal or interest on loan to the financial institutions, banks and Government.*** *However, the company could not provide us with complete details & information with respect of all these defaults. Defaults as per details provided by the company is as follows,*

Particulars	As on 31st March 2024		
	Period of defaults	**Principal**	**Interest**
Loan from State Government	April'23 -March'24	6,05,85,810	3,01,34,369
9% Loan from PFC (R-APDRP-Part A)	April'23 - March'24		1,09,74,600
9% Loan from PFC (R-APDRP-Part A)	April'23 - March'24		9,36,56,160

The Commission, in line with the above statement of the Auditor regarding the default in payment of Interest on loan, disallows the corresponding Interest amount booked as an expense for State Government Loan to arrive at the weighted average rate of interest on Loan.

3.11.25. The Commission observes that Auditor Certificate received from the Petitioner in response of the Second Additional Information requirement dated 17.03.2025, reflects an Interest payment of REC loan amounting Rs 3108012. However, the trial balance of the Petitioner under Account Code 78.520 shows there is no Interest payment on REC loan. The Commission takes due cognizance of the fact that the Utility has severe discrepancies in terms of its submissions i.e. annual accounts in reference to the auditor statements. Hence, in the interest of the consumers and as per reflections in the audited annual accounts, this Commission has considered NIL value (as per trial balance submitted) for this REC Loan Interest Payment to arrive at the weighted average rate of interest on Loan.

3.11.26. The Commission has further noticed that Auditor Certificate received from the Petitioner in response of the Second Additional Information requirement dated 17.03.2025, reflects an Interest payment of PFC 325 Cr loan amounting Rs 25,38,62,123. However, the trial balance of the Petitioner under Account Code 78.550 shows an Interest Payment of Rs 20,33,63,169. Hence, accordingly the Commission allows Rs 20.34 Cr as Interest Payment for PFC 325 Cr loan to arrive at the weighted average rate of interest on Loan.

3.11.27. The Commission notes that Regulation 32 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

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

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

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

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

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

……."

<Emphasis added>

3.11.28. This Commission notes that the interest on normative loan as per the Regulation 27 of the MSERC (Multi Year Tariff) Regulation, 2014 after deducting the Grants and contributions.

3.11.29. As per Regulation 32.2, penal interest is not to be included in tariff calculations. The Commission has conducted a prudence check and confirms that penal interest has not been included in the Annual Revenue Requirement (ARR) calculation.

3.11.30. In consideration of the above, the Commission has approved the Weighted Average Rate of Interest based on the Actual Loan Portfolio submitted by petitioner as follows,

Table 33: Approved Computation of Weighted Average Rate of Interest for FY 2023-24

S No.	Details of Loan	Opening Balance (Rs Cr)	Addition during the Year (Rs Cr)	Repayment of Loan (Rs Cr.)	Closing Balance (Rs Cr)	Average Loan (Rs Cr)	Interest Cost (Rs Cr)	Wt. Average Rate of Interest (%)
1	Restructured REC Loan	3.17	**0.00**	3.17	0.00	1.58	0.00	
2	PFC Loan R-APDRP A	12.19	**0.00**	-	12.19	12.19	0.00	
3	PFC Loan R-APDRP B	104.06	**0.00**	-	104.06	104.06	0.00	
4	PFC Loan / PFC 325crs	213.69	**0.00**	46.43	167.26	190.47	20.34	
5	PFC Loan IPD Scheme	4.82	**0.00**	0.37	4.44	4.63	0.00	
6	State Government loan Semi Annual Repayment	175.45	**0.00**	0	175.45	175.45	0.00	
	Total	**513.37**	**0.00**	**72.40**	**463.40**	**488.39**	**20.34**	**4.16%**

3.11.31. For calculation of the actual interest on loan admissible to the Petitioner through ARR, the Commission had considered the Approved Normative Closing Loan Balance of the previous True-up Order as Normative Opening Loan Balance of FY 2023-24 i.e. Rs 185.68 Cr. and the Addition of loan equal to 70% of 'Net Addition to GFA' after deducting the 'Addition of Grant in GFA' during the Year as detailed out in Para 3.9. i.e. Rs 5.23 Cr.

3.11.32. Further, the Normative Repayment of Loan during the year has been considered equivalent to minimum of Approved Depreciation for FY 2023-24 and the Summation of Normative Opening and Addition of Loan during the year. Accordingly, the Commission computes the Normative Interest on Loan and approves Rs. 7.59 Cr as shown in the table below:

Table 34: Approved Computation of Normative Interest on Loan for FY 2023-24

Particular	**True-Up for FY 2023-24 (Claimed by Petitioner) (Rs Cr)**	**True-Up for FY 2023-24 (Approved by Commission) (Rs Cr)**
Net Normative Loan-Opening	185.68	185.68
Addition	0.16	0.12
Repayment		5.23
Net Normative Loan-Closing	185.84	180.57
Average Normative Loan	185.76	183.13
Weighted Average Rate of Interest	9.06%	4.16%
Interest on Loan	**16.83**	**7.63**
Other Financing Charges	0.00	0.00
Total Interest and Financing Charges	**16.83**	**7.63**

3.11.33. **The Commission approves Interest and Finance charges at Rs. 7.63 Crore for True up of period of FY 2023-24.**

3.11.34. The Commission emphasizes the importance of strict compliance with audited accounts and regulatory provisions to ensure accurate computation of interest rates and appropriate exclusions in tariff orders. The Commission hereby directs the Petitioner to submit the followings along with True-Up petition henceforth;

i. Actual Loan Profile as per Annexure attached in this Order, certified by Auditor,
ii. Normative Repayment schedule,
iii. Loan agreements or amendments,
iv. Bank confirmation certificate for Repayment and
v. Valid reason of change in Actual Interest Rate (if any).

3.12. Operation and Maintenance Expenses

Petitioner's Submission

3.12.1. The Petitioner has submitted that as per the settled practice followed by the Commission in past the operation and maintenance expenses have been claimed as per the audited accounts of FY 2023-24. The details of operation and maintenance expenses are tabulated below:

a. <u>Employee Expenses</u>

3.12.2. The Petitioner has claimed the Employee expenses as per the audited accounts.

Table 35: Employee Expenses (Claimed) for FY 2023-24

Sl. No.	Particular	Amount (Rs. Cr.)
1	Salaries and Wages	152.84
2	Gratuity Expenses	0.00
3	Leave Encashment Expenses	0.00
4	Pension Expenses	0.00
5	Contribution to PF	7.29
6	Apportionment of Employee Benefit of Holding Company	0.00
7	**Total**	**160.13**
8	1/3rd of Employee Expenses of MeECL	11.05
9	**Total**	**171.18**

3.12.3. The Petitioner has requested the Commission to allow the Employee Expenses of Rs. 171.18Cr for FY 2023-24.

b. R&M Expenses

3.12.4. The Petitioner has claimed that the R&M expenses have been claimed as per the audited statement of accounts. Also, as per settled principle the Petitioner has apportioned the MeECL expenses among the three companies in equal proportion.

Table 36: R&M Expenses (Claimed) for FY 2023-24

S No	Particular	Actual in Rs. Cr.
1	Buildings	0.57
2	Plant and Equipment	1.84
3	Civil Works	0.02
4	Lines and Cables	7.02
5	Vehicles	0.03
6	Furniture and Fixtures	0.03
7	Office Equipment	0.10
	Total	**9.62**
	1/3rd of MeECL	0.16
	Total R&M Expenses	**9.78**

3.12.5. The Petitioner has requested the Commission to allow the R&M expenses of Rs. 9.78 Cr for FY 2023-24

c. A&G Expenses

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

3.12.7. The Petitioner has further submitted that the A&G expenses of MeECL also includes the penalty of Rs. 0.0009 Cr which has been excluded from the claim.

Table 37: A&G Expenses (Claimed) for FY 2023-24

S No.	Particular	Amount (Rs Cr)
1	Insurance Expenses	0.02
2	Rent, Rates and Taxes	0.09
3	Billing Software Expenses	4.81
4	Postage Expenses	0.24
5	Training and Conveyance	9.76
6	Printing and Stationary	0.33
7	Auditor's Remuneration	0.06
8	Consultancy Charges	0.00
9	License and Registration Charges	0.00
10	Technical Fees	0.00
11	Books and Periodicals	0.00
12	Fee and Subscription	0.00
13	Advertisement	0.10
14	Legal and Professional Charges	1.09
15	MSERC Fees	0.16
16	Electricity and Water Charges	0.01
17	Meter Reading Expenses	0.00
18	Franchisee Commission	0.48
19	Franchisee Transmission Loss	1.16
20	Discount Allowed	0.22
21	Stamp Duty	0.00
22	Bank Charges	0.19
23	GST Expenses	0.01
24	ROC Charges	0.10
25	Entertainment Expenses	0.00
26	Compensation for Injuries	0.28
27	Misc. Expenses	0.18
	Total	**18.12**

S No.	Particular	Amount (Rs Cr)
	1/3rd of MeECL Expenses	0.79
	Grand Total	**18.91**

3.12.8. The Petitioner requested the Commission to allow the A&G expenses of Rs. 18.91 Cr for FY 2023-24

Respondents' submission in this regard

3.12.9. BIA has objected that there is an upward variation of O&M expenses compared to what was approved in previous True Up Order for FY 2022-23, for which no reasoning, justification or reconciliation has been put forward by the Petitioner. BIA has further pointed out the discrepancy in apportioned expense of Holding Company as booked in Note 27 of the Statements of Accounts (SOA) of the Petitioner and as per Note 23 of the SOA of the Holding Company.

3.12.10. BIA has contended that Petitioner's claim for O&M expenses attributable to the Holding Company is unjustified.

3.12.11. BIA has claimed that the O&M expenses should be based on escalation factor 5.72% depending on the weighted average increase in the WPI and CPI.

3.12.12. BIA has recomputed the Employee expense as Rs 168.41 Cr considering Rs 8.28 Cr for Apportionment of Employee Benefit Expenses attributable to Holding Company as well as recalculated R&M expense at Rs 6.80 Cr and A&M expense at Rs 18.31 Cr, which in turn makes the total claim of O&M expense as Rs 193.52 Cr.

MePDCL's response to Respondent's submissions

3.12.13. Petitioner has claimed that at the time of truing up, the actual O&M expenses as per the audited accounts have been allowed by the Commission as a settled regulatory principle.

Commission's Analysis

a. <u>Employee Expenses</u>

3.12.14. The Commission has observed that the Petitioner had reported Employee benefit expenses at Rs.160.13 Crore (except Gratuity Expense, Leave Encashment Expense and Pension Expense) vide note no.27 of SOA for FY 2023-24.

3.12.15. The Commission noticed that the Petitioner has claimed the 'Contribution to PF' of Rs 7.29 Cr vide Table No. 16 of the petition. The detailed bifurcation as per Trial Balance is shown below:

Table 38: Commission's observation on Contribution to PF for FY 2023-24

Contribution to PF	Amount (in Rs)
75.810 (C.P.S. Corp Contribution)	5096693
75.830 (Superannuation Corps Contribution- Ex Gratia)	850000
75.640 (EPF: Corporation Contribution)	0
75.643 (EPF Administrative Charges)	0
75.640 (EPF: Corporation Contribution)	24251660
75.643 (EPF Administrative Charges)	2020729
75.810(D) (C.P.S. Corp Contribution(D))	34284129
75.810(I) (C.P.S. Corp Contribution(I))	3787961
75.810(S) (C.P.S. Corp Contribution(S))	2634845
Total in Rs INR	**72926017**
Total in Rs. Cr.	**7.29**

As per the above table, the Commission has noted that the line items of 'EPF: Corporation Contribution' and 'EPF Administrative Charges' have been considered twice with different figures. In this regard, the Petitioner is directed to provide a detailed clarification and explanation regarding the reason of considering each line item under 'Contribution to PF' to validate its claim of Rs 7.29 Cr as detailed out in the table above.

In response the Petitioner has submitted that there is no repetition or duplicity of figures as there is no value claimed against the line items being repeated. In this regard, the Commission observed that the Petitioner failed to provide the detailed explanation of each line item claimed under Contribution to PF.

3.12.16. The Commission has further observed that the Petitioner has claimed as apportionment of 1/3rd R&M Expense and 1/3rd A&G expense vide Table 17 and 18 of the True-Up Petition. However, these expenses are not reflected in Note 30 of the Financial Statement. In this regard, the Petitioner vide Second Additional Information requirement dated 18.02.2025, was asked to provide a justification for the claim of the apportionment and the accounting principles followed in this context. In response, the Petitioner claimed that the 1/3rd of R&M and A&G expenses have been claimed by dividing the total R&M and A&G expenses accounted in the books of accounts of MeECL by 3 for each corporation as these pertains to the common departments which function for all the three corporations. This has been done as a normal practice followed by the Commission in the previous true ups.

3.12.17. The Commission has identified that the Petitioner has booked an apportionment of 1/3rd MeECL Employee expense (equivalent to 30% of Total MeECL employee cost) under its own employee expenses, as outlined in Notes 27 and 27.1 of the Statement of Accounts (SOA) for FY 2023-24. In this regard, the Petitioner, vide Second Additional Information requirement dated 18.02.2025, was directed to submit the relevant Transfer Scheme and its subsequent amendments for justifying the basis for this allocation. However, the Petitioner hadn't submitted any response to this query.

3.12.18. The Commission observed that Auditor's Report for FY 2023-24 reflects the following;

> *"With reference to our comments in Annexure C of the Audit Report, the company could not provide us with requisite details & information with respect to transaction and payment of statutory and as such, **we are unable to comment as to whether the Company has been regular in depositing undisputed statutory dues including** Goods and Service tax, **Provident Fund**, Employees State Insurance, Income-Tax, Electricity Duty, Cess and any other statutory dues with the appropriate authorities. Further, in absence of information, we cannot comment if there are undisputed amounts payable in respect of statutory dues which were outstanding at the year-end for a period of more than six months from the date, they became payable."*

The Petitioner, vide Second Additional Information requirement dated 18.02.2025, was directed to provide comprehensive details, along with the necessary supporting documents, pertaining to the deduction and deposit of the Provident Fund. In reply to the query, the Petitioner has submitted that payment towards the PF has been deposited from time to time as per the schedule and there is no default in the payment of these charges. However, the Commission noticed that the Petitioner has failed to submit any suitable necessary documents like PF Challans to substantiate its claim.

3.12.19. The Commission considered the Employee Benefit Expenses for the Petitioner including the 1/3rd of share of Employee Benefit expenses of holding company as per note no. 27 of SOA of the Petitioner.

3.12.20. The Commission decides that the 1/3rd apportionment of MeECL expense related to Employee, R&M and A&G cost shall be considered in line with Meghalaya Transfer Scheme and its subsequent amendments.

3.12.21. Further, the Commission allows all the expenses against the contribution to Provident fund as claimed by the petitioner.

Table 39: Approved Contribution to Provident Fund for FY 2023-24

Particulars	**Amount (in Rs) Claimed by Petitioner**	**Amount (in Rs) Approved by Commission**
75.810 (C.P.S. Corp Contribution)	5096693	5096693
75.830 (Superannuation Corps Contribution- Ex Gratia)	850000	850000
75.640 (EPF: Corporation Contribution)	**24251660**	**24251660**
75.643 (EPF Administrative Charges)	**2020729**	**2020729**
75.810(D) (C.P.S. Corp Contribution(D))	34284129	34284129
75.810(I) (C.P.S. Corp Contribution(I))	3787961	3787961
75.810(S) (C.P.S. Corp Contribution(S))	2634845	2634845
Total in Rs INR	**72926017**	**72926017**

Particulars	Amount (in Rs) Claimed by Petitioner	Amount (in Rs) Approved by Commission
Total in Rs Cr	**7.29**	**7.29**

Table 40: Approved Employee Expense for FY 2023-24

(in Rs Crs)

S No	Particular	True-Up for FY 2023-24 (Claimed by Petitioner)	True-Up for FY 2023-24 (Approved by Commission)
1	Salaries and Wages	152.84	152.84
2	Gratuity Expenses	0.00	0.00
3	Leave Encashment Expenses	0.00	0.00
4	Pension Expenses	0.00	0.00
5	Contribution to PF	7.29	7.29
6	Apportionment of Employee Benefit of Holding Company	0.00	0.00
	Total	**160.13**	**160.13**
7	1/3rd of Employee Expenses of MeECL	11.05	8.28
	Total	**171.18**	**168.41**

3.12.22. **Accordingly, the Commission approves the Employee Expenses of Rs 168.41 Cr** for the period FY 2023-24 for the MePDCL.

b. <u>R&M Expenses</u>

3.12.23. The Commission has observed that the Petitioner had reported total R&M Expenses vide Note no. 30 of SOA of FY 2023-24 for MePDCL and note no.26 of SOA of MeECL for FY 2023-24. **Hence, the R&M expenses claimed for True up of FY 2023-24 of Rs.9.78 Crore is found to be admissible, and Commission approves the same on actual basis.**

c. <u>A&G Expenses</u>

3.12.24. The Commission has observed that the A&G expenses of Rs 18.91 Cr claimed by the Petitioner vide note no.30 of SOA for FY 2023-24 has been considered by excluding Franchisee Transmission loss for Rs. 1.16 Crore.

3.12.25. Hence, the Commission allows the Net Admissible A&G expenses of Rs. 18.12 Crore for MePDCL with 1/3rd share of MeECL A&G expenses of Rs. 0.79 Crore for True up of FY 2023-24.

3.12.26. Accordingly, the total O&M expense approved vis-à-vis claimed by the Petitioner is shown in the table below:

Table 41: Approved O&M Expenses for FY 2023-24

Particulars	Amount (Rs. Cr) (Claimed by Petitioner)	Amount (Rs Cr) (Approved by Commission)
Employee expenses	171.18	168.41
R&M Expenses	9.78	9.78

A&G expenses	20.07	18.91
Total O&M expenses	**201.03**	**197.10**

3.12.27. **The Commission approves O&M Expenses at Rs. 197.10 Crore for True up of FY 2023-24.**

3.12.28. The Commission further directs the Petitioner, to justify any variation (shortfall/excess) between its O&M expense claim as per Statement of Accounts and that of approved in Tariff Order/ preceding True-Up Order, substantiated with valid documents and Auditor certificate. The Commission, in addition the above, directs the Petitioner to maintain a Normative accounting approach, henceforth, based on the CEA 'Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution utilities.

3.13. Interest on Working Capital

Petitioner's Submission

3.13.1. The Petitioner has submitted that Regulation 34.3 of the 2014 Tariff Regulation details out the methodology of the computation of the Interest on Working Capital for distribution business.

3.13.2. As per the Regulation 34.3.

"34.3 Distribution Business

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

Operation and maintenance expenses for one month; plus

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

Receivables equivalent to two (2) months of the expected revenue from charges for use of Distribution at the prevailing tariffs; minus

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

3.13.3. In line with the provisions of the above Regulations, the Petitioner has computed the interest on working capital which is tabulated below. The State Bank of India Advance Rate as on 01.04.2023 has been considered for the purpose of computation of the interest on working capital by the Petitioner.

Table 42: Computation of Interest on Working Capital (Claimed) for FY 2023-24

S No.	Particular	Claimed for FY 2023-24 (Rs Cr)
1	O&M Expenses (1 month)	16.66

S No.	Particular	Claimed for FY 2023-24 (Rs Cr)
2	Maintenance Spares	11.35
3	Receivables (2 Months)	161.50
4	Total Working Capital Requirement	189.51
5	Rate of Interest	14.85%
6	**Interest on Working Capital**	**28.14**

Respondents' submission in this regard

3.13.4. BIA based on Revised O&M expenses i.e. excluding one-third of the apportionment of O&M expenses attributable to the Holding Company and considering normative approach of O&M expenses (considering 1 month O&M expense excluding the Petitioner's costs), has recomputed Interest on Working Capital of Rs 28.61 Cr compared to that claimed by Petitioner Rs 28.14 Cr.

MePDCL's response to Respondent's submissions

3.13.5. The Petitioner claimed that the Interest on Working Capital is a biproduct of various components of ARR, and the component wise relevant objections are already justified.

Commission's Analysis

3.13.6. The Commission notes that Regulation 34.3 of MYT MSERC Regulations 2014,

"34.3 Distribution Business:

"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."

3.13.7. Accordingly, the Commission has computed the Interest on working capital as depicted in the table below:

Table 43: Approved Computation of Interest on Working Capital for FY 2023-24

Sl. No.	Particulars	Approved for FY 2023-24 (Rs Cr.)
1	O&M expenses for 1 Month	16.42

Sl. No.	Particulars	Approved for FY 2023-24 (Rs Cr.)
2	Maintenance Spares at *1% of Opening GFA escalated at 6%	11.35
3	Receivables for 2 Months (Net ARR*2/12)	215.56
4	Total Working Capital	243.34
5	Interest Rate (%) (SBIAR as on 01.04.2022)	14.85%
6	**Interest on Working Capital**	**36.14**

3.13.8. **The Commission approves Interest on Working Capital at Rs. 36.14 Crore for True up of FY 2023-24.**

3.14. Revenue From Sale of Surplus Power

Petitioner's Submission

3.14.1. The Petitioner has submitted that the Revenue from sale of surplus power has been claimed as per the audited statement of accounts. The details of revenue from sale of surplus power as shared by the Petitioner is tabulated below:

Table 44: Revenue from sale of surplus power (Claimed) for FY 2023-24

Particular	MU	Amount (Rs. Cr.)	Rate Discovered (Rs. /kWh)
Sale of Power On IEX	131.81	122.95	9.33
Inter State DSM Charges	77.85	20.89	2.68
Total	**209.66**	**143.84**	**6.86**

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

Table 45: Details of Swapping Return (Claimed) during FY 2023-24

Particular	MU
Kreate Energy (Swapping)	263.46
APPCL (Swapping)	82.85
GMR Energy (Swapping)	81.65
Manikaran (Swapping)	68.88
SAPL (Swapping)	54.70
Total	**551.54**

3.14.3. The Petitioner has requested the Commission to approve the revenue from sale of surplus power as Rs. 143.81 Cr for FY 2023-24.

Respondents' submission in this regard

3.14.4. BIA has submitted that the Petitioner while causing intentional unscheduled load shedding on the consumers, has been selling surplus power in the market. Therefore, BIA has requested the Commission to direct the Petitioner to justify such actions. BIA has further mentioned that the cost of surplus power procured by the Petitioner as a result of increased distribution losses may be disallowed as a pass-through in tariff.

MePDCL's response to Respondent's submissions

3.14.5. The Petitioner claimed that BIA's submission pertaining to the unscheduled load shedding and the relevant objections have already been justified in the respective section of this Order.

3.14.6. Petitioner has further claimed that BIA's objection related to 'the inclusion of quantum returned towards banking in the revenue' is based on hypothetical assumptions made by the BIA.

Commission's Analysis

3.14.7. The Commission has observed that the Petitioner has submitted Revenue from sale of surplus power at Rs. 143.84 Crore for 209.66 MU which is also reported through Audited Annual Accounts vide Note no. 24 for FY 2023-24 and hence is found to be acceptable.

3.14.8. **The Commission approves Revenue from sale of surplus power at Rs. 143.84 Crore for True up of FY 2023-24.**

3.15. Non-Tariff and Other Income

Petitioner's Submission

3.15.1. The Petitioner has submitted that the Non-Tariff Income has been considered as per the audited statement of account with following exclusions,

i. Amortization of grants shown in the audited accounts in non-tariff income has been excluded from the claim as the entire movement in grants has been considered at the time of calculation of return on equity and depreciation. Since the amortization of grants is not an actual income and has been accounted in the statement of accounts for the purpose of the complying with the relevant accounting standards issued by ICAI hence the same is not in the nature of revenue.

ii. Grants received under UDAY scheme shown under the head other income in the books of accounts are the grants provided by the Government of India for improving the financial viability of the DISCOM and does not classify as the capital grants. Hence, these grants are not for the purpose of passing on the benefit of the same to the consumers. Revenue grants are provided to meet the gap between the cost that is being recovered from the tariff and actual cost incurred, hence if these grants are considered as reduction from ARR the purpose of these grants is defeated.

iii. The Petitioner has submitted that the Commission has been considering the delayed payment surcharge as accounted in the books of accounts. However, the Petitioner has submitted that the delayed payment surcharge accounted in books of account is the amount that has been billed to consumers and not the actual amount collected from them. Hence, the delayed payment surcharge actually collected from the consumers in FY 2023-24 has been considered as Non-Tariff Income.

3.15.2. The details of the Non-Tariff Income as claimed by the Petitioner for FY 2023-24 are tabulated below:

Table 46: Details of Non-Tariff Income (Claimed) for FY 2023-24

Sl. No.	Particular	Amount (Rs. Cr.)
A	**Other Income**	
	Interest Income	
	From Banks	2.80
	From Others	0.49
	Sub-Total A	**3.28**
B	**Other Non-Operating Income**	
	Rental and Hiring Income	0.00
	Fees and Penalties	0.00
	Sale of scrap, tender forms and others	0.97
	Miscellaneous receipts	12.30
	Revenue Grants for Other Expenditures	0.09
	Revenue Grants for UDAY	0.00
	Sub-Total B	**13.36**
C	**Other Operating Income**	
	Meter Rent	3.39
	Reconnection Fees	0.00
	Delayed Payment Charges Collected from Consumers	30.02
	Rebates on Purchase of Energy	110.71
	Other Charges from Consumers	16.80
	Cross Subsidy Surcharge	27.09
	Sub-Total C	**188.01**
	Grand Total	**204.65**

Respondents' submission in this regard

3.15.3. BIA has strictly objected the alteration of Accounting Principle. BIA has also pointed out that Petitioner has altered its accounting principle specifically for the delayed payment charges (DPC), shifting from the accrual basis to the cash basis, while continuing to use the accrual basis for other accounting heads, which is to mask the inefficiencies of the Petitioner and understate the DPC income. It is against INDAS-1 (Presentation of Financial Statements), Clause 27. Accordingly, BIA has requested to consider Rs 176.22 Cr in spite of Rs 30.02 Cr for Delayed Payment Surcharge.

3.15.4. BIA also proposed that 1/3rd of the other income from the Holding Company, as reported in Note No.22 of the audited accounts, has not been considered by the Petitioner.

MePDCL's response to Respondent's submissions

3.15.5. The Petitioner has claimed that the UDAY Grants as shown under the Other Income in the Audited Statement of Accounts does not pertain to regulatory losses, it is the balance sheet losses that are based on actual losses as per the financial statements of previous years and hence the same are ought to be excluded from the Non-Tariff Income.

3.15.6. With regards to the amortization of grants, the Petitioner has submitted that these are not actual income and are shown only for the purpose of compliance of the relevant accounting standards. Since, the entire grants have been considered while computation of GFA related components of ARR, hence there is no logic of considering the amortization as an income.

3.15.7. In context to accounting of Delayed Payment Surcharge on cash basis, Petitioner has further submitted that though Ind AS 1 specifies that the accounting has to be done accrual basis. However, Ind AS 115 allows the companies to adopt cash basis of accounting for specific regulatory requirements in case it is difficult to reliably measure the timing and amount of such revenue until payment is received with relevant disclosure. The Petitioner has claimed to have followed the same with proper disclosure been made in the Statement of Accounts. Hence, there is no deviation from the principles laid down by ICAI and MCS.

Commission's Analysis

3.15.8. Commission has observed that the Petitioner has not considered the Revenue Grants for UDAY amounting to Rs 220.06 Cr. In this regard, the Commission vide Second Additional Information requirement dated 18.02.2025 has sought the following:

a) The Petitioner was directed to justify its inability of achieving the Financial Viability with Revised Tariff and the clarification of UDAY Grant received from Government.

b) Commission has stated that as per the MOU entered for implementation of UDAY scheme, energy audit up to 11kV level has been made mandatory, and in this regard, the Petitioner was directed to submit the energy audit as contemplated in the MOU to ensure the reduction of loss level and improvement of infrastructural and performance KPIs. Additionally, the Commission had sought the moth-wise progress report of loss levels and the corresponding action plan to reduce the losses in the distribution network.

c) The Petitioner was directed to provide justification of considering the UDAY grant under Revenue Booking with proper supporting documentation.

d) The Petitioner was further directed to provide a detailed justification, with appropriate reasoning, for classifying the UDAY grant under Other Liabilities, as disclosed by the Auditor in its report. Additionally, the Petitioner was required to explain the impact of this classification on the Financial Statements, specifically addressing the rationale for not adhering to the prescribed accounting treatment. Additionally, the Petitioner was required to explain the impact of this classification on the Financial Statements, specifically addressing the rationale for not adhering to the prescribed accounting treatment.

The Commission takes note of the fact despite several reminders the Petitioner had not submitted any response to the above query.

3.15.9. The Other income of MeECL as reported in Note no. 22 of Audited Accounts of MeECL is Rs.16.22 Crore, out of which, no amount is booked for this year which can be considered as the share of subsidiary companies.

3.15.10. Hence, the Revenue from other income corresponding to MeECL amounting to Rs. 5.41 Crore in total has been included under Non-Tariff Income of the Petitioner.

3.15.11. Accordingly, the Commission approved the Non-Tariff Income as tabulated below:

Table 47: Approved Details of Non-Tariff Income for FY 2023-24

S No	Particular	Amount (Rs Cr) (Approved)
A	**Other Income**	
1	Interest Income	
2	From Banks	2.80
3	From Others	0.487
4	**Sub-Total A**	**3.28**
B	**Other Non-Operating Income**	
5	Rental and Hiring Income	0.000
6	Fees and Penalties	0.000

S No	Particular	Amount (Rs Cr) (Approved)
7	Sale of scrap, tender forms and others	0.97
8	Miscellaneous receipts	12.30
9	Amortization of Grants and Subsidies	0.00
10	Amortization of Consumer Contributions	0.00
11	Refund of surcharge from NEEPCO	0.00
12	Revenue Grants for Other Expenditures	0.00
13	Revenue Grants for UDAY	0.00
14	**Sub-Total B**	**13.27**
C	**Other Operating Income**	
15	Meter Rent	3.39
16	Reconnection Fees	0.004
17	Delayed Payment Charges Collected from Consumers	30.02
18	Rebates on Purchase of Energy	110.71
19	Other Charges from Consumers	16.80
20	Cross Subsidy Surcharge	27.09
21	**Sub-Total C**	**188.01**
	The Other Income from MeECL apportioned share reported in note no.22 of audited accounts	**5.41**
D	**Grand Total**	**209.97**

3.15.12. **The Commission approves Non-Tariff and Other Income at Rs. 209.97 Crore for True up of FY 2023-24.**

3.15.13. The Commission further directs the Petitioner to justify the changes in Accounting Principle of 'Delayed Payment Surcharge' from Accrual to Cash basis booking, which needs to be aligned with Company's Act and substantiated by Auditor's Report.

3.15.14. The Commission, in addition to the above, directs the Petitioner to justify the UDAY Grant based on the queries sought vide Second Additional Information requirement dated 18.02.2025. The Commission directs that if the Petitioner fails to submit a satisfactory and justifiable response along with valid supporting documents prior to filing the next petition, the entire UDAY grant receivable during the year shall be deemed to be considered as Non-Tariff Income for further adjustment in the ARR requirement, prioritizing the interests of the consumers.

3.16. Computation of AT&C losses

Petitioner's Submission

3.16.1. The Petitioner submitted that it has adopted the settled practice followed by the Commission in the previous years. Further, the Petitioner added that since the energy sold to distribution franchisee as the input energy hence technically there are no losses involved there. Accordingly, the sales of 1433.99 MU have been considered for calculation of AT&C losses. Further, the Petitioner has considered the opening debtors and closing debtors as per the statement of accounts for computation. Further, the transmission losses and auxiliary consumption have been considered as per the methodology adopted in the calculation of T&D losses.

3.16.2. The computation of the AT&C losses as shared by the Petitioner is tabulated below:

Table 48: Proposed Computation of AT&C Losses for FY 2023-24

S No	Particular	Legend	Value
1	Input Energy (MU)	A	1871.34
2	Transmission Losses (MU)	B	103.54
3	Net Input Energy (MU)	C=(A-B)	1767.80
4	Energy Sold (MU)	D	1433.99
5	Revenue from Sale of Power (Rs. Cr.)	E	968.98
6	Adjusted Revenue (Rs. Cr)	F	968.98
7	Opening Debtors (Rs Cr)	G	580.01
8	Closing Debtors (Rs. Cr.)	H	547.01
9	Collection Efficiency (%)	I=(F+G-H)/E	103.40%
10	Units Realized (MU)	J=I*D	1482.82
11	Units Un Realized (MU)	K=C-J	284.98
	AT&C Loss (%)	**L=K/C**	**16.12%**

3.16.3. The Petitioner has requested the Commission to allow the AT&C losses for FY 2023-24 as 16.12%.

Respondents' submission in this regard

3.16.4. BIA has mentioned that the Petitioner has requested the Commission to allow the AT&C losses for FY 2023-24 as 16.12% as against the AT&C losses of 14.20% approved vide the MYT Order dated 11.4.2023 passed in Case No.25/2022 for FY 2023-24. Hence, BIA has requested that the AT &C losses above 14.20% as claimed by the Petitioner may be disallowed.

MePDCL's response to Respondent's submissions

3.16.5. The Petitioner has claimed that the statement made by the Objector is hypothetical in nature and hence, the Petitioner has requested the Commission to allow the AT&C losses as claimed by the Petitioner.

Commission's Analysis

3.16.6. The Petitioner vide Second Additional Information requirement dated 18.02.2025, was directed to submit the following regarding Loss Reduction Program / Strategies for restricting AT&C loss% and Distribution Loss%

a) The detailed activities being executed and planned for further progress,
b) Any subsidy claimed vs received from Government or not for any Loss Reduction schemes.

In response, the Petitioner has highlighted that the Petitioner is trying to recover the outstanding dues along with the current payments with all its efforts. However, there are some amounts which are pending due to the court cases, recovery of which is not in control of the Utility.

3.16.7. The Commission has adopted the CEA guideline of "Calculation Methodology for Computation of AT&C Losses" vide letter. No. CEA/DPD/AT&C losses/2017/758-818 dated. 02.06.2017 and "Addendum to AT&C loss calculation Methodology" dated 30.06.23, to compute the AT&C loss for FY 2023-24, as stated below;

	Particulars	**Formula/Remarks**
A	Input Energy (MU)	Energy Generated - Auxiliary Consumption + Energy Purchased (Gross) - Energy Traded/ Inter State Sales
B	Transmission Losses (MU)	
C	Net Input Energy (MU)	A-B
D	Energy Sold (MU)	Energy Sold to all categories of consumers excluding units of Energy Traded/Inter-State Sales (Open Access / Wheeling units shall not be included)
E	Revenue from Sale of Energy (Rs Cr.)	Revenue from Sale of Energy to all categories of consumers (including Subsidy Booked) but excluding Revenue from Energy Traded /Inter-State Sales
F	Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs Cr.)	Revenue from Sale of Energy (same as above) minus Subsidy Booked plus Subsidy Received against subsidy booked during the year
G	Opening Debtors for Sale of Energy (Rs Cr.)	Opening debtors for sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debtors). Unbilled Revenue shall not be considered as Debtors.
H	Closing Debtors for Sale of Energy (Rs Cr.)	i) Closing debtors for Sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as Debtors. ii) Any amount written off during the year directly from(i)
I	Adjusted Closing Debtors for sale of Energy (Rs Cr.)	H (i+ii)
J	Collection Efficiency (%)	(F+G-I)/E* 100
K	Units Realized (MU)= [Energy Sold * Collection Efficiency]	D* J/100
L	Units Unrealized (MU)= [Net Input Energy-Units Realized]	C-K
M	AT&C Loss (%) = [{ Units Unrealized/Net Input Energy}*100]	L/C *100

3.16.8. Accordingly, Commission approves the AT&C Loss (%) as shown in the table below:

Table 49: Approved AT&C Losses for FY 2023-24

Sl. No.	Particulars	Approved
1	Energy purchased from CGS/exchange (Energy available at CTU-STU periphery)	1476.12
3	Loss at CTU level (in MUs) (considering 3.54% loss)	52.24
4	Input Energy (MUs) at CTU-STU periphery	1423.89
5	Energy purchase from other states at State Periphery level	266.04
6	Energy traded at STU interface (State Periphery) level	761.20
7	Energy available at STU Level	928.73
8	Energy Generated - Auxiliary consumption	890.38
9	Input Energy (MUs) at STU level	1819.10
10	STU Losses(MUs) (considering 2.82% loss)	51.30
CEA Format		
A	Net Input Energy (MUs) at DISCOM periphery	1767.81
B	Energy Sold (MUs)	1433.99
C	Revenue from Sale of Energy (Rs. Cr.)	968.98
D	Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs. Cr.)	968.98
E	Opening Debtors for Sale of Energy (Rs. Cr.) (as per Note 7.4 of SOA)	580.01
F	Closing Debtors for Sale of Energy (Rs. Cr.) (as per Note 7.4 of SOA)	547.01
G	Adjusted Closing Debtors for sale of Energy (Rs. Cr.)	547.01
H	Collection Efficiency (%) = [(D + E - G)/C] x 100	103.40%
I	Units Realized (MUs) = [Energy Sold*Collection efficiency] = (B x H)/100	1482.82
J	Units Unrealized (MUs)= [Net Input Energy-Units Realized] = (A-I)	284.99
K	**AT&C Losses (%) = [{Units Unrealized/Net Input Energy}*100] =(L/C *100)**	**16.12%**

3.16.9. **The Commission approves AT&C Loss (%) of 16.12% for True up of FY 2023-24**.

AT&C Loss Penalty

3.16.10. Regulation 83.1 of MSERC MYT Regulations 2014 specifies that,

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

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

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

3.16.11. Accordingly, the Commission considers the AT&C loss penalty as detailed in the table below:

Table 50: Approved AT&C Loss penalty for FY 2023-24

Sl. No	Particular	Unit	Value (Approved)
1	Actual AT&C loss for FY 2022-23	%	33.29%
2	Target level for FY 2023-24 (1.5% less of Sl.no.1)	%	31.79%
3	Actual AT&C loss for FY 2023-24 as recomputed	%	16.12%
4	Short fall over the Targeted Level (Sl.no.3-2)	%	-15.67%
5	AT&C loss in terms of Energy for FY 2022-23 (Energy sales x Sl. No. 4)	MU	-224.69
6	Average Unit cost of sale of power as per Reg.83.1 (Revenue from operation/Energy Sales)	Rs/kWh	6.76
7	Penalty to be levied on the short fall of AT&C loss (sl.no.5x6)	Rs. Cr	0.00

3.16.12. **Commission approves AT&C loss penalty as NIL since the Petitioner has been able to achieve the target AT&C loss levels.**

3.17. Accrued Terminal Benefits

Petitioner's Submission

3.17.1. The Petitioner claimed Rs 113.54 Cr as 2nd Instalment of Accrued Liability of Pension.

Commission's Analysis

3.17.2. Based on submissions from MePDCL and actuarial valuation report, the Commission found a total liability of Rs. 3,43,991.88 Lakhs with a cutoff date of 31.03.2023.

3.17.3. The Commission in its earlier orders had declined the consideration of additional revenue requirement on account of past terminal liabilities due to non-institutionalization of the Pension Fund which was supposed to be created to take care of the terminal liability payments. However, Petitioner has submitted documentary evidence w.r.t institutionalization of the Pension trust in previous year.

3.17.4. As per the SOA for FY 2022-23 and the documentary evidence submitted by Petitioner, it is understood that as on the date of effectiveness of the Power Sector Reforms Transfer Scheme 2010, the Govt. of Meghalaya was supposed to contribute Rs 84,004.24 Lakhs to the said pension trust. However, the Govt.

of Meghalaya has not made any contribution to the Pension trust till 2023-24. However, in the year 2023-24, Govt. of Meghalaya has contributed an amount of Rs 16,894.49 Lakhs to the Pension Trust.

3.17.5. Thus, considering the carrying cost of 7.35% i.e., 10 yr. G-Sec rate over the period when no contribution was provided by the Govt. of Meghalaya, Commission has independently worked out an outstanding liability of Rs 1,93,690.98 Lakhs as on 01.04.2024 against Govt. of Meghalaya towards the quoted pension trust.

3.17.6. After taking into consideration the total Terminal Liability as per the Actuarial Valuation report, the contribution to Pension Fund by Govt. of Meghalaya in 2023-24 and the total outstanding liability payable by Govt. of Meghalaya as on 01.04.2024, Commission has worked out an amount of Rs 1,50,209.02 Lakhs as recoverable by the 4 utilities i.e., MeECL, MePGCL, MePTCL & MePDCL as past period Terminal Liabilities through their tariffs.

3.17.7. The Commission is also of the considerate view that passing the whole of the balance recoverable pension amount from consumers i.e., Rs 1,50,209.02 Lakhs in a single year might lead to a huge tariff shock. Additionally, the Petitioner in its petition has also prayed for recovery of past period dues in 10 – 15 yrs.

3.17.8. Taking the above matters into consideration, Commission has decided to allow recovery of the balance amount of Rs 1,50,209.02 Lakhs from the consumers through an annual recovery mechanism through tariff over and above the normal admissible ARR over a period of 10 yrs starting FY 2023-24. Also, since the amount is being recovered over a period 10 years, Commission has decided to consider an annual carrying cost of 7.35% i.e., 10 yr. G-Sec rate for computation of the annual instalment and accordingly the annual instalment is calculated to be Rs 21,733.70 Lakhs in total for all 4 utilities put together.

3.17.9. In consideration of the above points, Commission is of the considerate view that the legitimate claim of the Petitioner w.r.t the past Terminal Labilities can be relooked and if found in order can be allowed to be recovered over 10 equal instalments, starting from FY 2023-24.

3.17.10. Taking the above into consideration commission has computed the following as the annual instalment recoverable through tariff by each of the 4 utilities:

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

3.17.11. **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 2025-26. Additionally,**

the Petitioner is directed to pursue the Govt. of Meghalaya for an early liquidation of its pending dues amounting to Rs. 1,93,690.98 Lakhs as on 01.04.2024 towards pension trust.

3.17.12. 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.

3.18. Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2023-24

Petitioner's Submission

3.18.1. Based on the computation of various components of ARR as detailed out in previous paragraphs the ARR for 2023-24 as estimated by the Petitioner is shared as under:

Table 51: Aggregate Revenue Requirement & Revenue Gap/ (Surplus) (Claimed) for FY 2023-24

Sl. No.	Particulars	Approved in Tariff Order 2023-24 (Rs. Cr.)	Actual as Per True Up (Rs. Cr.)	Variation
1	Power Purchase cost	1156.92	1223.29	6%
2	Transmission Charges (PGCIL)	71.80	100.69	40%
3	Transmission Charges (MePTCL)	110.99	110.99	0%
	Less RRAS Settlement		-1.49	0%
4	Employee Expenses	174.19	171.18	-2%
5	Repair & Maintenance Expenses	6.67	9.78	47%
6	Administration & General Expenses	13.02	20.07	54%
7	Depreciation	0.00	5.32	0%
8	Interest and Finance charges	6.10	16.83	176%
9	Interest on working capital	22.68	28.14	24%
10	Return on Equity	0.00	4.76	0%
11	RPO	5.09		0%
	Gross Annual Revenue Requirement (ARR)	1567.46	**1689.56**	**8%**
12	Less: Non-Tariff Income and Other Income	106.25	204.65	93%
13	Less: Sale of Surplus Power	394.35	143.84	-64%
	Net ARR	1066.86	**1341.08**	26%
14	Add: True up Gap/(Surplus) for FY 2020-21	68.85	68.85	0%
16	**ARR for FY 2023-24**	1135.71	**1409.93**	24%

3.18.2. The Petitioner requested the Commission to approve the ARR for FY 2023-24 as Rs. 1409.93 Cr.

Commission's Analysis

3.18.3. The Commission in its Tariff Order dated 11.04.2023, had approved a total ARR of Rs 1295.34 crore. However, as per Note 24 in the SOA, the petitioner has only recovered Rs 968.98 crore. The petitioner, hereby vide Second Additional Requirement dated 18.02.2025, was directed to clarify the reasons for this shortfall in recovery and provide a detailed explanation for the same.

The Petitioner, in response to the above query stated that the difference between the ARR approved by the Commission and the actual revenue realization was because of the lower sales level achieved by the Petitioner which is an uncontrollable factor as per Regulation 12 of the MSERC (MYT) Regulations, 2014.

3.18.4. True up petition filed by the Petitioner has been scrutinized considering the Additional information/data, Audited accounts with reference to the MSERC MYT Regulations 2014.

3.18.5. Moreover, the past adjustments i.e., Gap/(Surplus) from the Trued-up year, as already taken into account by the Commission in the Order for ARR of FY 2023-24, have also been taken into consideration in the present year True-Up exercise.

3.18.6. The Commission further acknowledges the submission of BIA and after prudence check of previous Tariff Order, and hence decides to adjust the Penalty amount from the ARR of FY 2023-24 during True-Up.

3.18.7. Accordingly, the Commission approves the admissible expenses for True up of FY 2023-24 as depicted in table below:

Table 52: Approved Aggregate Revenue Requirement & Revenue Gap/ (Surplus) for FY 2023-24

Sl. No.	Particulars	True-Up for FY 2023-24 (Claimed) (Rs Cr)	True-Up for FY 2023-24 (Approved) (Rs Cr)
1	Power Purchase cost	1223.29	1223.29
2	Transmission Charges (PGCIL)	100.69	100.69
3	Transmission Charges (MePTCL)	110.99	110.99
	Less RRAS Settlement	-1.49	-1.49
	Less: Incentives PXIL (Incentives From PXIL)		-0.01
	Less: Barter Transaction (Notional Cost as per accounts)		-37.13
4	Employee Expenses	171.18	168.41
5	Repair & Maintenance Expenses	9.78	9.78
6	Administration & General Expenses	20.07	18.91
7	Depreciation	5.32	5.23
8	Interest and Finance charges	16.83	7.63
9	Interest on working capital	28.14	36.14
10	Return on Equity	4.76	4.76
	Gross (ARR)	**1689.56**	**1647.19**

Sl. No.	Particulars	True-Up for FY 2023-24 (Claimed) (Rs Cr)	True-Up for FY 2023-24 (Approved) (Rs Cr)
12	Less: Non-Tariff Income and Other Income	204.65	209.97
13	Less: Sale of Surplus Power	143.84	143.84
14	Less: Penalty for AT&C loss	-	-
	Net ARR	**1341.08**	**1293.39**
15	Add: True up Gap/(Surplus) for FY 2020-21	68.85	68.85
	Total ARR recoverable for FY 2023-24 (excluding Pension Liability)	**1409.93**	**1362.24**
17	Comprehensive Income/ Expenses (Pension)	113.54	113.18
18	Comprehensive Income/ Expenses (1/3rd MeECL) (Pension)		0.63
19	**Total ARR recoverable for FY 2023-24 (including Pension Liability)**	**1513.50**	**1476.05**

3.18.8. **Commission approves the Annual Revenue Requirement at Rs. 1476.05 Crore for True up of FY 2023-24.**

3.19. Revenue from Operations

Petitioner's Submission

3.19.1. As per the settled methodology adopted by the Hon'ble Commission the Revenue from Sale of Power has been considered as per the audited statement of accounts. The Petitioner has highlighted that as of now the practice of accounting the revenue for certain categories are clubbed together, however, the Petitioner is in process of further bifurcating the revenue accounting into further categories as determined by Hon'ble Commission. The details of revenue claimed by the Petitioner is shared in the table below:

Table 53: Details of Revenue from Sale of Power (Claimed) for FY 2023-24

Categories of other Consumers:	Amount (Rs Cr)
Domestic and Residential	309.54
Commercial	118.64
Industrial Medium and Low Voltage	4.68
Industrial High and Extra High Voltage	390.44
Public Lighting	1.23
Irrigation and Agriculture	0.03
Public Water Works	40.86
Bulk Supply to others	72.24
Miscellaneous and General Purpose	3.24

Categories of other Consumers:	Amount (Rs Cr)
Construction Project High Tension	-
Revenue from sale of power through Franchisee	28.07
Total	**968.98**

3.19.2. The Petitioner has requested the Commission to approve the revenue for FY 2023-24 as Rs. 968.98 Cr.

Commission's Analysis

3.19.3. The Commission observed that the Petitioner claimed "Revenue from Distribution Franchisee" as Rs 28.07 Cr vide Table No. 25 of the petition and booked under Note 24 of the audited statement of accounts. The Commission vide First Additional Information requirement dated 02.01.2025 had sought the details of month-wise sale of this Franchisee along with other needful information. In response the Petitioner has submitted the requisite data and has also clarified that the Other Charges from Consumers have been billed in accordance with the various Regulations issued by the Commission from time to time. These Other Charges include the following:

a) Load enhancement charges
b) Disconnection/ Reconnection Charges
c) Compensation Bills for unauthorized usage.
d) Meter Testing Charges
e) Meter Installation Charges
f) Name Change Charges
g) Check Bounce Charges
h) Installation Testing Fees

3.19.4. The Commission has noticed that in Note 24 of the Audited Accounts for FY 2023-24, the Petitioner has mentioned 'Other Charges from Consumers' under the revenue from Operation. In this regard, the Commission vide First Additional Information dated 02.01.2025, had sought the clarification on the details of these charges.

3.19.5. The Commission vide Second Additional Information requirement dated 18.02.2025 had identified that as per Point no G(6) of the Audit Report (Annexure C), Auditor disclosed that,

'Details of unutilized balances of prepaid consumers as on 31st March,2024 has not been provided to us.'

With respect to the above, the Commission had directed the Petitioner to provide the followings:

a) The Details of unutilized balances of prepaid consumers
b) Detailed justification on the Name of the line items of TB and Note(s) in the Financial Statement where these Liabilities have been accounted for and disclosure have been made.

c) Accounting practice for booking the amount received from Prepaid Consumers.

In response, the Petitioner has submitted that there are no balances towards the pre-paid consumers.

3.19.6. The Commission therefor approves the net Revenue from operations amounting to Rs. 968.98 Crore for FY 2023-24 as reported in note no.24 of audited accounts as detailed below:

Table 54: Approved Details of Revenue from Sale of Power for FY 2023-24

Categories of other Consumers:	**Amount (Rs Cr)**
Revenue from Sale of Surplus power outside state	**122.95**
Cross Subsidy Surcharge	**27.09**
RRAS of NTPC & NEEPCO adjusted from the power purchase bills	**1.49**
Domestic and Residential	309.54
Commercial	118.64
Industrial Medium and Low Voltage	4.68
Industrial High and Extra High Voltage	390.44
Public Lighting	1.23
Irrigation and Agriculture	0.03
Public Water Works	40.86
Bulk Supply to others	72.24
Miscellaneous and General Purpose	3.24
Construction Project High Tension	0.00
Revenue from sale of power through Franchisee	28.07
Total	**1,120.51**
Less: Revenue from Sale of Surplus power outside state	*122.95*
Less: Cross Subsidy Surcharge	*27.09*
Less: RRAS of NTPC & NEEPCO adjusted from the power purchase bills	*1.49*
Revenue from Sale of power within the state	**968.98**

3.19.7. **The Commission approves Revenue from operations at Rs. 968.98 Crore for True up of FY 2023-24.**

3.20. Revenue Gap/Surplus

Petitioner's Submission

3.20.1. Based on the ARR and Revenue presented by the Petitioner, the Petitioner has calculated the Revenue Gap for FY 2023-24 as presented below

Table 55: Revenue Gap (Claimed) for FY 2023-24

Particulars	**Amount (Rs. Cr.)**
Aggregate Revenue Requirement	**1523.47**
Less: Revenue from Sale of Power	968.98
Net Gap / (Surplus) for FY 2023-24	**554.48**

Commission's Analysis

3.20.2. The Commission has analysed the True-up petition with reference to the additional information filed by the Petitioner and has calculated the Revenue Gap/Surplus as represented in the table below:

Table 56: Approved Revenue Gap for FY 2023-24

Particulars	**Amount (Rs. Cr.) (Claimed)**	**Amount (Rs. Cr.) (Approved)**
Total ARR recoverable for FY 2023-24 (including Pension Liability)	**1523.47**	**1476.05**
Less: Revenue from Sale of Power	968.98	968.98
Less: Recovery of Proposed Penalty for Non-Compliance of the Directives as analysed vide page no.65 & 66 of Tariff Order FY 2023-24	**-**	0.04
Net Gap / (Surplus) for FY 2023-24	**554.48**	**507.03**

3.20.3. **The Commission approves Net Gap at Rs. 507.03 Crore for True up of FY 2023-24 and shall be appropriated in the next Tariff Order.**

4. Summary of Order

4.1.1. The summary of True up Order for Distribution Business for MePDCL for FY 2023-24 is represented in the table below:

Table 57: Summary of Approved ARR figures for True-Up of FY 2023-24

Sl. No.	Particulars	True-Up for FY 2023-24 (Claimed)	True-Up for FY 2023-24 (Approved)
1	Power Purchase cost	1223.29	1223.29
2	Transmission Charges (PGCIL)	100.69	100.69
3	Transmission Charges (MePTCL)	110.99	110.99
	Less RRAS Settlement	-1.49	-1.49
	Less: Incentives PXIL (Incentives From PXIL)		-0.01
	Less: Barter Transaction		-37.13
4	Employee Expenses	171.18	168.41
5	Repair & Maintenance Expenses	9.78	9.78
6	Administration & General Expenses	20.07	18.91
7	Depreciation	5.32	5.23
8	Interest and Finance charges	16.83	7.59
9	Interest on working capital	28.14	36.14
10	Return on Equity	4.76	4.76
	Gross (ARR)	**1689.56**	**1647.19**
12	Less: Non-Tariff Income and Other Income	204.65	209.97
13	Less: Sale of Surplus Power	143.84	143.84
14	Less: Penalty for AT&C loss	-	-
	Net ARR	**1341.08**	**1293.39**
15	Add: True up Gap/(Surplus) for FY 2020-21	68.85	68.85
	Total ARR recoverable for FY 2023-24 (excluding Pension Liability)	**1409.93**	**1362.24**
17	Comprehensive Income/ Expenses (Pension)	113.54	113.18
18	Comprehensive Income/ Expenses (1/3rd MeECL) (Pension)		0.63
	Total ARR recoverable for FY 2023-24 (including Pension Liability)	**1523.47**	**1476.05**
19	**Less:** Revenue from Sale of Power	968.98	968.98
20	**Less :** Recovery of Proposed Penalty for Non-Compliance of the Directives as analysed vide page no.65 & 66 of this Order		0.04
21	**Net Gap / (Surplus) for FY 2023-24**	**554.48**	**507.03**

5. Commission's Directives

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

Table 58: Commission's Directive

<table>
<tr><th>Sl. No.</th><th>Particulars</th><th>Timeline</th></tr>
<tr><td>1</td><td>Petitioner to submit Additional Capitalization funding structure for the respective year.
<table>
<tr><th>No.</th><th>Category of Asset</th><th>Description/ Equipment/ Asset</th><th>Date of Addition</th><th>GFA Added During the True-Up Year (In Rs. Cr.)</th><th>GFA Capitalized During the Year (In Rs. Cr.)</th><th>Funding Source for Capitalization through Loan (In Rs. Cr.)</th><th>Funding Source for Capitalization through Grant (In Rs. Cr.)</th><th>Scheme of Grant used for capitalisation</th><th>Funding Source for Capitalization through Equity (In Rs. Cr.)</th><th>Justification for Capitalization</th><th>Reference of Notes to the Financial Statement</th><th>Supporting Documents Provided (Yes/No)</th></tr>
<tr><td>1</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>2</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>3</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>4</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>5</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>
<table>
<tr><th>Particulars</th><th>Total Additional Capitalization (In Rs. Cr.)</th><th>Funded through Grant (In Rs. Cr.)</th><th>Funded though Equity. (In Rs. Cr.)</th><th>Funded through Debt (In Rs. Cr.)</th></tr>
<tr><td>True-up year</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Current Financial Year</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Ensuing Financial year</td><td></td><td></td><td></td><td></td></tr>
</table>
.</td><td>To be provide during the Next True-Up petition for FY 2024-25 (for all Tabular formats)</td></tr>
</table>

	Sl. No.	Particulars	Timeline
2		Petitioner to provide annual Grant data capturing the following details: a. Scheme wise grant allocation details	To be provide during the Next True-Up petition for FY 2024-25 (for all Tabular formats)

Sl. No.	Scheme of Grant	Details of scheme	Utilized in	Total Grant received till 31st March of True-Up Year	Grant received in TU year
1	Scheme-1				
			Total		
2	Scheme-2				
			Total		
n	Scheme-N				
			Total		

b. Grant Capitalization details

Particulars	Opening Balance (As on1st April)	Closing Balance (As on31st March)
Grant Allocated		
Grant Capitalized		
Grant Amortized during the year		

.

<table>
<tr><th></th><th>Sl. No.</th><th>Particulars</th><th>Timeline</th></tr>
<tr><td>3</td><td colspan="2">Petitioner to provide yearly Loan data capturing the following details:
a. As per Normative calculation/ Regulatory Accounts
<table><tr><th>Particulars</th><th>Loan -1</th><th>Loan -2</th><th>Loan-N</th></tr><tr><td>Loan</td><td></td><td></td><td></td></tr><tr><td>Opening balance</td><td></td><td></td><td></td></tr><tr><td>Additional Loan drawl</td><td></td><td></td><td></td></tr><tr><td>Repayment</td><td></td><td></td><td></td></tr><tr><td>Closing Balance</td><td></td><td></td><td></td></tr><tr><td>Applicable Interest rate</td><td></td><td></td><td></td></tr><tr><td>Interest on Loan (excl. Penal interest)</td><td></td><td></td><td></td></tr></table>
b. As per Actual /financial account
<table><tr><th>Particulars</th><th>Loan -1</th><th>Loan -2</th><th>Loan-N</th></tr><tr><td>Loan</td><td></td><td></td><td></td></tr><tr><td>Opening balance</td><td></td><td></td><td></td></tr><tr><td>Additional Loan drawl</td><td></td><td></td><td></td></tr><tr><td>Repayment</td><td></td><td></td><td></td></tr><tr><td>Closing Balance</td><td></td><td></td><td></td></tr><tr><td>Applicable Interest rate</td><td></td><td></td><td></td></tr><tr><td>Interest on Loan (excl. Penal interest)</td><td></td><td></td><td></td></tr></table>
*(additional annexure for detailed actual loan portfolio data is attached below)</td><td>To be provide during the Next True-Up petition for FY 2024-25 (for all Tabular formats)</td></tr>
</table>

The Petitioner shall file Status of the all the Directives mentioned in this Order under respective sections from time to time and a Compiled status report with all relevant supporting documents at the time of next True-Up Petition.

Annexure: Loan Portfolio

Particulars	Loan Details			As on 01.04.2024			During the Year									As on 31.03.2025	
	Total Loan amount at the Date of Drawl	Rate of interest applicable at the date of drawl	Date of Drawl	Loan Outstanding	Loan repayment of FY preceding True-up year	Interest Due	Loan addition	Previous year Repayment paid	Repayment due for this year	Repayment Made	Rate of interest as on 31st March 2025	Interest accrued	Interest paid	Penal interest due	Penal Interest paid	Loan outstanding	Interest-accrued but not due 31.03.2024
Loan 1																	
Loan 2																	
Loan n																	

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

6. Applicability of the Order

This Order shall come into effect from 1st April 2025.

The Petition of Meghalaya Electricity Power Distribution Corporation Limited (MePDCL) in Case No. 06 of 2024 stands disposed of accordingly.

Sd/-	Sd/-
Ramesh Kumar Soni, **Member (Law)**	**Chandan Kumar Mondol,** **Chairman**