BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG

PETITION
FOR
TRUE UP OF ANNUAL REVENUE REQUIREMENT (ARR) FOR FY 2018-19 & FY 2019-20
AND
REVISION OF GENERATION TARIFF FOR FY 2022-23

FILED BY

MePGCL
Generating Clean And Green Energy

MEGHALAYA POWER GENERATION CORPORATION LIMITED
LumJingshai, Short Round Road,
Shillong - 793 001

BEFORE THE HON'BLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSIONSHILLONG

At its office at Lower Lachumiere, Shillong – 793001

File/Petition No.: ____________________

IN THE MATTER OF

TRUING UP OF ARR FOR FY 2018-19 and FY 2019-20 and Revision of Generation Tariff for FY 2022-23, UNDER THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF) REGULATIONS, 2014 AND UNDER SECTIONS 62 & 64 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

AND IN THE MATTER OF

MEGHALAYA POWER GENERATION CORPORATION LIMITED, LUMJINGSHAI, SHORT ROUND ROAD, SHILLONG – 793001, MEGHALAYA

PETITIONER

The Petitioner respectfully submits as under:

1. In exercising its powers conferred under section 131 and 133 of the Electricity Act 2003, the State Government of Meghalaya notified "The Meghalaya Power Sector Reforms Transfer Scheme 2010" on 31st March 2010 leading to restructuring and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities, namely,

a) **Meghalaya Energy Corporation Limited (MeECL):** Holding Company;
b) **Meghalaya Power Distribution Corporation Limited (MePDCL):** Distribution Utility;
c) **Meghalaya Power Generation Corporation Limited (MePGCL):** Generation Utility;
d) **Meghalaya Power Transmission Corporation Limited (MePTCL):** Transmission Utility.

2. However, the holding company –MeECL-carried out the functions of Distribution, Generation And Transmission utilities from 1st April 2010 onwards, even after restructuring. Therefore, through notification dated 31st March 2012, the State Government notified an amendment to The Power Sector Reforms Transfer Scheme leading to effective unbundling of MeECL into MeECL (Holding Company), MePGCL (Generation utility), MePTCL (Transmission Utility) and MePDCL (Distribution Utility), from 1st April 2012.

3. On 23rd December 2013, the Government of Meghalaya issued the latest transfer scheme notification thereby notifying the Assets and Liabilities as on 1st April 2010 to be vested in MeECL. Subsequently, the Government of Meghalaya issued the 4th Amendment to the Notified Transfer Scheme dated 31st March 2010 on 29th April 2015, wherein the opening balances of all the four entities, namely, MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 were notified.

4. MePGCL began segregated commercial operation as an independent entity from 1st April 2013 onwards.

5. The expenses of the holding company, MeECL,are apportioned equally among the generation, transmission and distribution utilities since MeECL is an administrative setup for all the three subsidiaries and undertakes common corporate functions of the three companies.

6. The **Meghalaya State Electricity Regulatory Commission** (hereinafter referred to as "MSERC" or "the Hon'ble Commission") is an independent statutory body constituted under the provisions of Part – X (Sections 82 to 109) of the Electricity Act , 2003. The Hon'ble Commission is vested with the authority of regulating the power sector in the State, inter alia, including determination of tariff for electricity consumers.

7. In accordance with the directives of the Hon'ble Commission and MSERC Tariff Regulations 2014, the MePGCL is filing separate claims for 1) Old plants including Sonapani, 2) MyndtuLeshka H.E Project(hereinafter referred to as "MLHEP"),3). New Umtru H.E Project (hereinafter referred to as NUHEP) and 4) Lakroh Mini Hydel Project (hereinafter referred to as Lakroh MHP).

8. In exercise of its powers, MSERC had determined the segregated Annual Fixed Cost (AFC) and tariff for Old Plants including Sonapani and MLHEP for FY 2018-19 and FY 2019-20 in its MYT order for FY 2018-19 to FY 2020-21. Though the MePGCL had not filed its MYT petition for NUHEP and Lakroh MHP for FY 2018-19 to FY 2020-21 (since the final capital cost of NUHEP which was commissioned in FY 2017-18 was not ready at the time of filing and Lakroh MHP was still under construction during FY 2017-18), the Hon'ble Commission had considered NUHEP and Lakroh MHP as part and parcel of Old Stations and Sonapani and had allocated a portion of the ARR belonging to Old Stations and Sonapani to NUHEP and Lakroh MHP for the control period of FY 2018-19 to FY 2020-21, thereby drastically reducing the ARR of Old Stations & Sonapani. MePGCL had filed a Review petition in this regard and the Hon'ble Commission vide order dated 26.10.2018 did not consider review of the ARR but had stated that*"variations if any shall be regulated at actuals on filing of audited accounts as per the Regulation in the true up process"*.

9. Now, based on the provisions of clause 11 and 6.2 (b) of the MSERC MYT Regulations, 2014, MePGCL files this petition for approving the True-up of FY 2018-19& FY 2019-20 and revision of Generation tariff for FY 2022-23 for 1) Old Plants including Sonapani, 2) MLHEP, 3) NUHEP & 4) Lakroh MHP. Copies of the Audited Statement of Accounts and Statutory Audit Reports of MePGCL and MeECL for FY 2018-19 & FY 2019-20, are appended as **Annexure-A1, Annexure-A2, Annexure-B1, Annexure-B2, Annexure-C1, Annexure-C2, Annexure-D1 & Annexure-D2,** respectively. Abstracts of GFA of the individual projects/stations without Ind AS adjustment on which the Depreciation and Return on Equity (RoE) are based are also enclosed.

10. The Board of Directors of MePGCL has accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. A copy of the Board's resolution is enclosed as **Annexure E**.

11. The applicant, therefore, humbly prays before the Hon'ble Commission to pass appropriate orders on the following:

a) To approve the True-up of expenses and revenue for 1) Old Plants including Sonapani 2) MLHEP 3) NUHEP and 4) Lakroh MHP of MePGCL for FY 2018-19 & FY 2019-20 and Revision of Generation Tariff for FY 2022-23
b) To pass such orders, as Hon'ble Commission may deem fit and proper and necessary, in view of the facts and circumstances of the case.
c) To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/ change/ modify/ alter this filing and make further submissions as required.

(Smti. M. Lyngdoh)
Executive Engineer (C)
For and on behalf Meghalaya Power Generation Corporation Ltd

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1. Introduction

1.1. Provisions of Law for True-up

1.1.1. The Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 were notified on 25th September 2014. It is submitted that the Regulation 1.4 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 states as under:

"1.4 These Regulations shall be applicable for the determination of tariff in all cases covered under Regulations from April 1, 2015 or from the date the Commission may decide in this respect. However, for all purpose including the review matters pertaining to the period prior to notification of these Regulations, the issues related to determination of tariff shall be governed by regulation MSERC (Terms and Conditions for Determination of Tariff) Regulations, 2011."

1.1.2 It is submitted that this Petition for True up for FY 2018-19& FY 2019-20 and Revision of Generation Tariff for FY 2022-23 is hereby filed, based on the information received from Accounts wing of MeECL, Audited Statements of Accounts and Tariff Orders for MLHEP, NUHEP, Lakroh MHP and Old Plants including Sonapani.

1.1.3 The Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 are applicable for determination of tariff effective from 1stApril 2015. Regulations6.2 &11 of the said Regulations lays down the general guiding principles for truing up and the provisions of the said Regulations are reproduced below for reference:

"6.2 (b) From the first year of the control period and onwards, the petition shall comprise of:

i. Truing Up for previous years under Meghalaya State Electricity Regulatory Commission (Terms and conditions for Determination of Tariff) Regulations, 2011 in accordance with this Regulations:
ii. Revenue from sale of power at existing tariffs and charges for the ensuing year;
iii. Revenue gap for the ensuing year calculated based on ARR approved in the Tariff Order or MYT Order and truing up for the previous year;
iv. Application for revision of tariff for the ensuing year

*"**11. Truing-Up***

11.1 Where the Aggregate Revenue Requirement and expected revenue from tariff and charges of a Generating Company or Transmission Licensee or Distribution Licensee is covered under a Multi-Year Tariff framework, then such Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall be subject to truing up of expenses and revenue during the Control Period in accordance with these Regulations.

11.2 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:

11.3 Provided that the Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be prescribed by the Commission, together with the Audited Accounts including audit report by CA&G, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges:

11.4 Provided further that once the Commission notifies the Regulations for submission of Regulatory Accounts applications for tariff determination and truing up shall be based on the Regulatory Accounts.

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.
11.6 In respect of the expenses incurred by the Generating Company, Transmission Licensee and Distribution Licensee during the year for controllable and uncontrollable parameters, the Commission shall carry out a detailed review of performance of an applicant vis-a-vis the approved forecast as part of the truing up.

11.7 Upon completion of the truing up under Regulation 11.4 above, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 12 below, to factors within the control of the applicant (controllable factors) or to factors beyond the control of the applicant (uncontrollable factors):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 12.1 below shall be attributed entirely to controllable factors.

11.8 Upon completion of the Truing Up, the Commission shall pass an order recording:
a) the approved aggregate gain or loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of controllable factors, and the amount of such gains or such losses that may be shared in accordance with Regulation 14 of these Regulations;
b) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous year, shall be pass through as per Regulation 13 of these Regulations;
c) Tariff determined for the ensuing year."

It may be pointed out that the Hon'ble Commission vide its order dated.15th June, 2021 notified that CAG' Audit Report will no longer be required for filing of true up petition.

1.2. Submissions before the Hon'ble Commission

1.2.1. MePGCL hereby submits the petition under section 61, 62 (1) (a) of the Electricity Act, 2003 and MSERC (Multi Year Tariff) Regulations, 2014 for approval of True Up of FY 2018-19 and FY 2019-20 and Revision of Generation tariff for FY 2022-23.

1.2.2. M/s RSM &Associates was appointed as Statutory Auditor of MePGCL for FY 2018-19 and SBA Associates for FY 2019-20 while M/s Amit Hemraj Jain & Associates was appointed as Statutory Auditor of MeECL for both FY 2018-19 & FY 2019-20. The firms are Chartered Accountancy firms, appointed as Statutory Auditors for the FY 2018-19 and FY 2019-20 by the Comptroller & Auditor General of India (C&AG)

2. Company Profile and Performance Overview

2.1. Company Profile

2.1.1. The MePGCL is a Generation Company within the meaning of Section 2 (28) of the Electricity Act 2003. Further, Section 7 and 10 of the Electricity Act 2003 prescribe the following major duties of the Generating Company:

- To establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines connected therewith in accordance with the provisions of this Act or the rules or regulations made thereunder
- To supply electricity to any licensee in accordance with this Act and the rules and regulations made thereunder
- To submit technical details regarding its generating stations to the Appropriate Commission and the Authority.
- To co-ordinate with the Central Transmission Utility or the State Transmission Utility, as the case may be, for transmission of the electricity generated by it.

2.1.2. As per Meghalaya Power Sector Transfer Scheme, MePGCL has been vested with the function of generation of power by the State Government of Meghalaya. The Business Scope of the Company falls within the legal framework as specified in the Act and includes:

- To supply electricity to any licensee in accordance with this Act and the rules and regulations made thereunder,
- To initiate accelerated power development by planning and implementing new power projects,
- To operate the existing generating stations efficiently & effectively,
- To implement Renovation and Modernisation for existing plants to improve performance through constant R & M activities, regular maintenance, etc.,
- Achieve high reliability and safety levels in all operational areas,
- Taking appropriate steps towards ensuring safety and adhering to environmental norms
- Adopt best industry practices to become the best and efficient generating company
- Other associated businesses like providing Training, Technical Consultancy services and O&M related services

2.2. Performance Highlights

2.2.1 The initial installed capacity when the erstwhile Meghalaya State Electricity Board (MeSEB) was bifurcated from the Assam State Electricity Board (ASEB) in 1975 was 65.2 MW. With the commissioning of Stage-III HEP (1979), Stage IV HEP (1992) & Sonapani Mini Hydel and uprating of Umiam Stage-II (from 18MW to 20MW in 2012), MLHEP (3x42 MW) in 2013, New Umtru(2x20 MW) in 2017 and Lakroh (1*1.5 MW) in 2019, the installed capacity increased to 356.2 MW.

All the Generating Stations except Sonapani Mini Hydel Project, MLHEP and Lakroh Mini Hydel Project, as indicated in the Table below are hydel power stations with the main reservoir at Umiam.

2.2.2. MePGCL started functioning as an independent commercial entity from 1st April 2013. The power generated by the MePGCL stations is sold to MePDCL as per the signed Power Purchase Agreements and transmitted to MePDCL through MePTCL interface points. At present, MePGCL is having 9(nine) Hydro Generating stations. The details of existing stations are mentioned below:

Table 1: Existing Generation Capacity

Sl. No.	Name of Station	No. of Units	Capacity (MW)	Total Capacity (MW)	Year of Commissioning
1	Umiam Stage I	I	9	36	21.02.1965
		II	9		16.03.1965
		III	9		06.09.1965
		IV	9		09.11.1965
2	Umiam Stage II	I	10	20*	22.07.1970
		II	10		24.07.1970
3	Umiam-UmtruStage III	I	30	60	6.01.1979
		II	30		30.03.1979
4	Umiam-Umtru Stage IV	I	30	60	16.09.1992
		II	30		11.08.1992
5	Umtru Power Station	I	2.8	11.2	01.04.1957
		II	2.8		01.04.1957
		III	2.8		01.04.1957
		IV	2.8		12.07.1968
6	Sonapani Mini Hydel	I	1.5	1.5	27.10.2009
7	MLHEP (Leshka)	I	42	126	01.04.2012
		II	42		01.04.2012
		III	42		01.04.2013
8	NUHEP (New Umtru)	I	20	40	01.07.2017
		II	20		01.07.2017
9	Lakroh MHP	I	1.5	1.5	01.03.2019
	Total			**356.2**	

*Uprated from 18 MW to 20 MW in FY 2011-2012

MePGCL had commissioned 356.2 MW by the end of FY 2018-19 and all 9(nine) stations were generating at full capacity in FY 2018-19 except Umtru Power Station. All generating Units of Umtru Power Station could not generate on account of aging of Civil and E&M works and increase in the hydraulic head due to increase in FRL of the common reservoir after completion of NUHEP.

2.2.3 **Historical Energy Generation**: All the generating stations, being hydro, the annual generation depends on the rainfall for the year. It is submitted that the target energy for the old plants needs to be determined based on the actual historical generation achieved in the last 5(five) years since the plants are very old and some have even crossed their useful life and the design energy of these old plants cannot be taken as an accurate base for determination of target generation. The yearly generation of last 5 years for the generating stations is shown in the table below:

Table 2 Historical Gross Energy Generation (MU)

Sl. No	Station	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
1	Umiam Stage-I	96.627	128.61	85.12	108.32	149.49
2	Umiam Stage -II	50.229	63.92	43.31	55.25	76.09
3	Umiam Stage -III	65.296	132.15	133.83	141.83	163.71
4	Umiam Stage-IV	166.116	217.48	166.61	164.50	188.32
5	Umtru Power Station	0	0	0	0	0
6	Sonapani MHP	7.633	7.47	7.12	3.59	6.08
7	Myntdu Leshka HEP	443.852	502.57	363.06	421.65	420.61
8	New Umtru HEP	-	167.79	179.82	181.43	229.80
9	Lakroh MHP	-	-	0.05	2.11	3.69
	Total	**829.75**	**1219.99**	**978.92**	**1078.68**	**1237.80**

2.2.4 New Generation Capacity

In addition to the existing capacity, MePGCL is also currently executing works of Ganol Small Hydro Project and Riangdo Mini Hydel projects, which are proposed, for commissioning in FY 2022-23.

Table 3: Details of Upcoming Stations

Sl No.	New Station	Design Energy (MU)	Capex Outlay (INR Crs.)	Debt (INR Crs)	Equity (INR Crs)	Grant (INR Crs)	Year of Commissioning (MM/YY)
1	Ganol SHP	67	507.71	223.11	54.62	229.98	2022-23
2	Riangdo SHP	17	33.99	11.4	2.59	20	2022-23

3 Operational Norms

The following sections outline details of operational norms for computation of energy generation for FY 2018-19 and FY 2019-20 based on Tariff Regulations, 2014 or past trend as the case may be.

3.1 Normative Annual Plant Availability Factor

Table 4: Normative Annual Plant Availability Factor

Sl. No.	*Station Particular*	*Norm*
(a)	*Storage and pondage type plants:* *where plant availability is not affected by silt and*	
(i)	*with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of*	*90%*
(ii)	*with head variation between FRL and MDDL of more than 8%*	*(Head at MDDL/Rated Head) x 0.5 + 0.2*
(b)	*Pondage type plant*	*where plant availability is significantly affected by silt - 85%*
(c)	*Run-of-River type plants*	*NAPAF to be determined plant-wise, based on 10-day design energy data, moderated by past experience where available/ relevant.*

Note:

1) *A further allowance may be made by the Hon'ble Commission under special circumstances, e.g. abnormal silt problem or other operating conditions and known plant limitations.*
2) *A further allowance of 5 % may be allowed for difficulties in the North East Region.*
3) *In case of new hydroelectric project, the developer shall have the option of approaching the Hon'ble Commission in advance for further above norms.*

The NAPAF's for all generating stations during FY 2018-19 and FY 2019-20 as per the MSERC Tariff Regulations, 2014 are summarized below:

Table 5: Normative Annual Plant Availability Factor for FY 2018-19 and FY 2019-20

Station	As per actual
Umiam Stage-I	59.83%
Umiam Stage-II	85.00%
Umiam Stage-III	63.67%
Umiam Stage-IV	61.79%
Umtru	80.00%
Sonapani	45.00%
MLHEP	39.00%
NUHEP	62.60%

3.1.1 Capacity Utilization Factor (CUF) for Lakroh MHP

Based on the Regulation 32 of the Meghalaya State Electricity Regulatory Commission (Terms and Conditions for determination of Tariff for Generation from Renewable Energy Sources) Regulations, 2014, CUF for Lakroh MHP is 85%. The computation of CUF is furnished as **Annexure –F**

3.2 Auxiliary Consumption and Transformation Loss:

Table 6: Auxiliary Consumption and Transformation Loss

Sl. No	*Station Particular*	*Norm*
1	*Surface hydroelectric power generating stations with rotating exciters mounted on the generator shaft*	*0.7% of energy generated*
2	*Surface hydroelectric power generating stations with static excitation system*	*1.0% of energy generated*
3	*Underground hydroelectric power generating stations with rotating exciters mounted on the generator shaft*	*0.9% of energy generated*
4	*Underground hydroelectric power generating stations with static excitation system*	*1.2% of energy generated*

The Hon'ble Commission in the earlier orders has approved auxiliary consumption and transformation losses as per the following table:

Table 7: Auxiliary Consumption and Transformation Loss approved by the Hon'ble Commission

Name of the Plant	Auxiliary consumption (%)	Transformation losses (%)	Total Loss (%)
Umiam Stage I	0.7	0.5	1.2
Umiam Stage II	0.7	0.5	1.2
Umiam Stage III	0.7	0.5	1.2
Umiam Stage IV	1	0.5	1.5
Umtru	0.7	0.5	1.2
Sonapani	0.7	0.5	1.2
Myntdu Leshka HEP	1	0.5	1.5
New Umtru HEP	1	0.5	1.5

The Auxiliary consumption and Transformation losses, as actual for MePGCL for FY 2018-19& FY 2019-20 are furnished below:

Table 8: Auxiliary Consumption and Transformation Loss actual

Name of the Plant	Auxiliary consumption + Transformation losses (MU) FY 2018-19	Auxiliary consumption + Transformation losses (MU) FY 2019-20
Umiam Stage I	0.97	1.01
Umiam Stage II	0.41	0.33
Umiam-Umtru Stage III	0.91	0.86
Umiam-Umtru Stage IV	1.18	1.12
Umtru	0	0
Sonapani	0.06	0.03
MLHEP	3.50	3.67
New Umtru HEP	1.48	1.30
Lakroh MHP	-	0.03

Thus, MePGCL has operated its plants efficiently and under the norms specified by the Hon'ble Commission and has been able to limit the auxiliary consumption for plants below the limit set by the Hon'ble Commission in the tariff order for FY 2018-19.

3.3 Design Energy – Existing Generating Stations

The design energy as approved by Hon'ble Commission for MePGCL power stations is provided in the table below:

Table 9: Design Energy as approved by MSERC in Tariff Order FY 2018-19 and FY 2019-20

Name of Power Station	Design Energy (MU)	
	FY 2018-19	FY 2019-20
Umiam Stage I	116	116
Umiam Stage II	46	46
Umiam-Umtru Stage III	139	139
Umiam-Umtru Stage IV	207	207
Umtru	39	39
SonapaniMiniHydel	5	5
MLHEP	486	486
NUHEP	235	235
Lakroh MHP	11.01	11.01
Total	**1284.01**	**1284.01**

3.4 Computation of Energy Generation - Existing Stations:

The technical details of MePGCL's generating plants are as shown below:

Table 10: MePGCL Plant Technical Details

Sl. No	Particulars	Umtru	Umiam Stage-I	Umiam Stage-II	Umiam-Umtru Stage-III	Umiam-Umtru Stage-IV	Sonapani Mini Hydel	Myntdu Leshka HEP	New Umtru HEP	Lakroh MHP
1	**Type of Station**									
1.a	Surface/ Under Ground	Surface	Surface	Surface	Surface	Surface	Surface	Surface	Deep set	Surface
1.b	Purely RoR/ Pondage/ Storage	RoR	Storage	Power Channel (Pondage)	Pondage	Pondage	RoR	RoR	Pondage	RoR
1.c	Peaking/ Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking	Non-Peaking
1.d	No of Hours Peaking	NA	NA	NA	NA	NA	NA	NA	NA	NA
1.e	Overload Capacity (MW) and Peaking	NIL	NIL	NIL	NIL	NIL	NIL	NIL	10%	NIL
2	**Type of Excitation**									
2.a	Rotating exciters on Generator	Rotating exciters on Generator	Rotating exciters on Generator	Rotating exciters on Generator	Rotating exciters on Generator	NA	Rotating exciters on Generator	NA	NA	NA
2.b	Static Excitation	NA	NA	NA	NA	Static Excitation	NA	Static Excitation	Static Excitation	Static Excitation

The station-wise Generation Approved for FY 2018-19 and actual generation are provided in the table below:

Table 11(a): Approved and Actual Generation Source Wise

	Approved by the Hon'ble Commission in Tariff Order for FY 2018-19							Actual generation MePGCL FY 2018-19		
Sl. No	**Name of the Power Station**	**Gross Generation (MU)**	**Aux Cons (%)**	**Transformation Loss (%)**	**Total Loss (Aux + Transformation) (%)**	**Aux Cons & Transformation Loss (MU)**	**Net Generation (MU)**	**Gross Generation (MU)**	**Aux Cons & Transformation Loss (MU)**	**Net Generation (MU)**
1	Umiam Stage- I	116	0.7%	0.5%	1.2%	1.39	114.61	85.12	0.93	84.19
2	Umiam Stage- II	46	0.7%	0.5%	1.2%	0.55	45.45	43.32	0.27	43.05
3	Umiam–Umtru Stage-III	139	0.7%	0.5%	1.2%	1.67	137.33	133.83	0.91	132.92
4	Umiam-Umtru Stage-IV	207	1.0%	0.5%	1.5%	3.11	203.9	166.61	1.12	165.49
5	Umtru Power Station	39	0.7%	0.5%	1.2%	0.47	38.53	0	0	0
6	Mini Hydel (Sonapani)	5	0.7%	0.5%	1.2%	0.06	4.94	7.12	0.05	7.07
7	MyntduLeshka HEP	486.23	1.0%	0.5%	1.5%	7.29	478.94	363.06	2.75	360.31
8	New Umtru HEP	235	1.0%	0.5%	1.5%	3.52	231.48	179.82	1.5	178.32
	Total	**1273.23**				**18.06**	**1255.18**	**978.88**	**7.53**	**971.35**

The station-wise actual Generation approved for FY 2019-20 and actual generation are provided in the table below:

Table 11(b): Actual Generation Source Wise

	Approved by the Hon'ble Commission in Multi Year Tariff Order for FY 2019-20							Actual generation for FY 2019-20		
Sl. No	**Name of the Power Station**	**Gross Generation (MU)**	**Aux Cons (%)**	**Transformation Loss (%)**	**Total Loss (Aux + Transformation) (%)**	**Aux Cons & Transformation Loss (MU)**	**Net Generation (MU)**	**Gross Generation (MU)**	**Aux Cons & Transformation Loss (MU)**	**Net Generation (MU)**
1	Umiam Stage- I	116	0.7%	0.5%	1.2%	1.39	114.61	108.31	1.01	107.30
2	Umiam Stage- II	46	0.7%	0.5%	1.2%	0.55	45.45	55.25	0.33	54.92
3	Umiam –Umtru Stage-III	139	0.7%	0.5%	1.2%	1.67	137.33	141.83	0.86	140.97
4	Umiam-Umtru Stage-IV	207	1.0%	0.5%	1.5%	3.11	203.9	164.50	1.12	163.38
5	Umtru Power Station	39	0.7%	0.5%	1.2%	0.47	38.53	0	0	0
6	Mini Hydel (Sonapani)	5	0.7%	0.5%	1.2%	0.06	4.94	3.59	0.03	3.56
7	MyntduLeshka HEP	486.23	1.0%	0.5%	1.5%	7.29	478.94	421.65	3.67	417.98
8	New Umtru HEP	235	1.0%	0.5%	1.5%	3.52	231.48	181.43	1.30	180.13
9	Lakroh MHP	11.01	1.0%	0.5%	1.5%	1.15	9.86	2.11	0.03	2.08
	Total	**1284.24**				**19.21**	**1265.04**	**1078.67**	**8.35**	**1070.32**

3.5 Calculation Methodology

3.5.1 While approving the ARR for FY 2018-19 and FY 2019-20 in the MYT control period, and further review order on the same, the Hon'ble Commission had considered the Audited Statement of Accounts of FY 2015-16. Now, since the audited Statement of Accounts are available for FY 2018-19 and FY 2019-20 for MePGCL and MeECL, as such, MePGCL is claiming the truing up of ARR of FY 2018-19 and FY 2019-20 based on the actual figures as per the audited account statements with necessary justifications as required. Copies of the Audited Statements of Accounts and Statutory Audit Reports of MePGCL and MeECL for FY 2018-19 and FY 2019-20 are appended as **Annexure-A1, Annexure-A2, Annexure-B1, Annexure-B2, Annexure-C1, Annexure-C2, Annexure-D1 & Annexure-D2,** respectively. Abstracts of GFA and expenses for each project / station separately are attached since the SOA's show the Assets and Expenses of MePGCL as a whole without breakup while truing up has to be done for each station separately.

3.5.2 Based on the figures of the Audited Statements of Accounts, MePGCL has computed the Annual Fixed Cost and arrived at net Gap/ Surplus of the AFC components. Further, MePGCL has considered equal proportion of AFC components of the holding company, MeECL, among the three subsidiaries companies, i.e., 1/3rd each in MePGCL, MePTCL and MePDCL. The total asset in the MePGCL's audited accounts for FY 2018-19 and FY 2019-20 consists only of assets for MLHEP, NUHEP, Lakroh MHP (for FY 2019-20) and Old Plants including Sonapani. The plant-wise asset break-up without Ind AS adjustment for MLHEP, NUHEP, Lakroh MHP and Old Plants including Sonapani, is attached as **Annexure G.**

3.5.3 In accordance with the MSERC MYT Regulations, 2014, the tariff for supply of electricity from Power Generating Stations shall comprise of two parts, namely, Capacity Charge and Energy Charge. The AFC shall comprise of the following components:

- Operation and Maintenance Expenses
- Depreciation
- Interest on Loan Capital
- Return on Equity
- Interest on Working Capital
- Taxes on Income.

3.6 Separate Petition for State Generation Plants

Clause 41.2 of the MSERC MYT Regulations, 2014 states that
"Tariff in respect of a Generating Station under these Regulations may be determined Stage-wise, Unit-wise or for the whole Generating Station. The terms and conditions for determination of tariff for Generating Stations specified in this Part shall apply in like manner to Stages or Units, as the case may be, as to Generating Stations"

As per the recent tariff orders as well as the applicable regulations, MePGCL needs to file separate petitions for the different generating plants or stations. In accordance with the directives of the Hon'ble Commission and MSERC MYT Regulations 2014, MePGCL has filed separately true up gap claims for

1) Myntdu-Leshka HEP.
2) New Umtru HEP
3) Lakroh MHP
4) Old plants (including Sonapani)

SECTION-I

A. TRUE UP OF ARR FOR MYNTDU LESHKA H.E. PROJECT(MLHEP) FOR FY 2018-19

4.0 Capital Cost and Asset Base of MLHEP

4.1 Capital Cost of MLHEP

The Hon'ble Commission in its order for MLHEP dated 31st March 2018, had approved a capital cost of INR 1141.83 Cr. as certified by Statutory Auditors, as on 31.03.2013. However, the capital expenditure within the original scope of work continued even after 31-03-2013. As per Regulation 29 of the MSERC MYT Regulations 2014, additional capitalization is admissible up to FY 2015-16, which was the cut-off date for capital expenditure for the project.

The provision of the above stated regulation is given below:

*"**29 Additional Capitalization***

29.1 The following capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to the prudence check:

a) Due to Un-discharged liabilities within the original scope of work;

b) On works within the original scope of work, deferred for execution;

c) To meet award of arbitration and compliance of final and unappealable order or decree of a court arising out of original scope of works;

d) On account of change in law;

e) On procurement of initial spares included in the original project costs subject to the ceiling norm specified;

f) Any additional works/services, which have become necessary for efficient and successful operation of a generating station or a transmission system or a distribution system but not included in the original capital cost"

Given below is the summary of the capital cost of MLHEP for FY 2018-19 as per the segregated Statement of Accounts of MePGCL (**Annexure G).**

Table 12: Audited Capital Cost of MLHEP for FY 2018-19 (INR Crore)

SL No	Particulars	Value of Assets at the beginning of the year	Addition during the year	Withdrawn during the year	Asset Value at the end of the year
1	Land	23.9	0	0	23.9
2	Buildings	146.68	0	0.006	146.68
3	Hydraulic Works	623.19	0	0.27	622.91
4	Other Civil Works	122.62	0	0	122.62
5	Plant & Machinery	364.17	0	0.06	364.11
6	Lines & cables	4.57	0	0	4.57
7	Vehicles	0.46	0	0	0.46
8	Furniture	0.08	0	0	0.08
9	Office Equipment	0.18	0	0	0.18
	Total	**1285.85**	**0**	**0.34**	**1285.52**

4.2 Asset Base of MLHEP

The opening and closing GFA of MLHEP for FY 2018-19, as per the segregated Statement of Accounts of MePGCL is shown in the table below.

Table13: Gross Fixed Assets (GFA) of MLHEP

Particulars	FY 2018-19 (INR Cr.)	Approved by MSERC
Opening GFA	1285.85	1279.09
Additions during the year	-	4.55
Retirements during the year	0.34	-
Closing GFA	**1285.52**	**1283.64**
Average GFA	**1285.69**	**1281.37**

MePGCL submits before the Hon'ble Commission to kindly approve Gross Fixed Assets for MLHEP as reflected in the SOA for FY 2018-19 submitted in the above table.

4.3 Depreciation

The Hon'ble Commission had approved depreciation of INR 55.07 Cr. for FY 2018-19in its tariff order. As per the Statement of Accounts, the depreciation of MLHEP for the year FY 2018-19is given below:

Table 14: Depreciation as per SOA for MLHEP for FY 2018-19

Particulars	Amount (INR Cr.)	Approved Amount (INR Cr.)	Gap/Surplus (+)/(-)
Land and land rights	-	-	-
Buildings	4.90	4.38	0.52
Hydraulic Works	32.83	29.51	3.32
Others Civil Works	4.10	3.67	0.43
Plant and Machinery	19.21	17.25	1.96
Lines and Cable Network	0.24	0.22	0.02
Vehicles	0.04	0.03	0.01
Furniture and Fixtures	0.005	0.0	0.005
Office Equipment	0.01	0.01	0
Total	**61.34**	**55.07**	**(+) 6.26**

MePGCL, therefore, submits before the Hon'ble Commission to kindly approve Depreciation gap of INR **6.26 Cr.** for FY 2018-19.

Details of depreciation schedule for FY 2018-19 is provided as **Annexure G.**

4.4 Return on Equity

It is submitted that the return on equity is computed as per Regulation 27 and 31 of the MSERC MYT Regulations, 2014. MLHEP was funded with 30% equity component. As per the above provisions of MSERC MYT Regulations, 2014, and the asset base of MLHEP, the Return on Equity for MLHEP for FY 2018-19 is computed below:

Table 15: Return on Equity for Myntdu Leshka HEP for FY 2018-19

Particulars	ROE	Approved by MSERC	Gap/Surplus (+)/(-)
Audited Capital Cost of MLHEP (INR Cr) (a)	1285.69		
Equity Considered for RoE (INR Cr) (b=a*30%) (30% of funding is equity)	385.71		
RoE (%) (c)	14%		
RoE (INR Cr.) (d=b*c)	**54.00**	**46.91**	**(+)7.09**

It is therefore prayed before the Hon'ble Commission to kindly approve the Return on Equity of INR 54.00 Cr and gap of INR 7.09 Cr for true up of FY 2018-19 for Myntdu Leshka HEP as computed above.

4.5 Operation and Maintenance Expenses

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

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

The Hon'ble Commission had approved O&M Expenses of INR29.97 Cr for FY 2018-19. The O&M expenses based on the Audited Statement of Accounts of MePGCL for FY 2018-19 are shown in the table below:

Table 16: O&M Expenses for Myntdu Leshka HEP (INR Cr.) for FY 2018-19

O&M expenses	Actual as per SOA	Approved by MSERC	GAP / Surplus (+)/(-)
1. Employees benefits expenses			
(a) Salaries and wages	21.69		
2. Other Expenses			
(a) Repairs and maintenance	2.77		
(b) Administrative and General Expenses	3.51		
Total (1+2)	**27.97**	**29.97**	**(-)2.00**

MePGCL submits before the Hon'ble Commission to kindly approve the true up surplus of O&M expenses of INR (-)2.00 cr. for MLHEP for FY 2018-19.

4.6 Interest & Finance Charges

4.6.1 The Hon'ble Commission had considered INR29.22 Cr. as Interest & Finance Charges for AFC of FY 2018-19 for MLHEP. However, based on the Audited Statement of Accounts, MePGCL humbly requests Hon'ble Commission to allow INR 74.77 Cr. towards Interest & Finance Charges with a gap of INR 45.55 crore for FY 2018-19 as shown in the following table:

Format-7

DETAILS OF LOANS FOR MLHEP FOR THE YEAR 2018-19 for MePGCL (Actual)

(Rs. In Lakhs)

Sl. No.	Particulars	Opening Balance	Rate of Interest	Addition during the year	Repayment made during the year	Closing balance	Interest Accrued (Avg.of 3.7)*4	Amount of Interest paid	Purpose
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
1	BSE Bonds 2nd Series	5000.00	11.40%	0.00	5000.00	0.00	285.00	570.00	MLHEP (PW*)
2	PFC Loan MLHEP	16909.86	12.75%	0.00	1610.33	15299.53	2053.35	2173.37	MLHEP (PW*)
3	REC Loan MLHEP	18345.57	14.00%	0.00	2530.42	15815.15	2391.25	2114.24	MLHEP (PW*)
4	Federal Bank (MLHEP)	773.81	11.98%	0.00	773.81	0.00	46.35	95.51	MLHEP (PW*)
5	CBI (MLHEP)	2525.78	11.15%	0.00	834.33	1691.45	235.11	271.41	MLHEP (PW*)
6	PFC Loan 170 cr (MLHEP)	11720.93	11.75%	5000.00	1244.48	15476.45	1597.85	1567.78	MLHEP (PW*)
7	REC Loan 60 cr (MLHEP)	6000.00	11.25%	0.00	827.59	5172.41	628.45	685.06	MLHEP (PW*)
	Total	**61275.95**		**5000.00**	**12820.96**	**53454.99**	**7237.36**	**7477.37**	

Note:- *PW Project Works

Detailed Statement of Loans and interest accrued for MLHEP is provided at **Annexure G** of the segregated statement of accounts of MePGCL. It is submitted that Interest & Finance Charges are genuine and legitimate expenditure and it is humbly prayed before the Hon'ble Commission to kindly approve the entire interest & finance charges as shown above.

The Hon'ble Commission in its order for approval of Capital Cost and True up of FY 2013-14 & Provisional True up for FY 2014-15 and Annual Fixed Charges and Generation Tariff for MYT Control Period FY 2015-16 to FY 2017-18 for MLHEP, has approved the loan opening balance of MLHEP at INR 712.88 Crore and closing balance at INR 720.40 Crore for FY 2013-14. It has also approved an interest of INR 81.57 crore for FY 2013-14. The loan approved by the Hon'ble Commission includes 9.95% BSE Power Bonds of INR 120 Crore and 11.40 % BSE Power Bonds of INR 50 Crore (i.e., total INR 170 crore of Power Bonds). These bonds matured in October, 2017 and November, 2018, respectively (i.e., after 5 years and 6 years from Commercial Operation Date of the project). MePGCL had taken a loan of INR 170 Crore from PFC for redemption of the bonds. As per Regulation 32.1 of MSERC MYT Regulations, 2014, bond or debenture is part of loan capital.

The weighted average depreciation rate of different assets (i.e., Buildings, Hydraulic Structures, Plants & Machineries, etc.) based on the Capital cost of MLHEP of INR 1286.74 Cr. certified by the Statutory Auditor (**Annexure-H**) and as per Depreciation rates given in the Depreciation Schedule of the MSERC Regulations, 2014 at pages 84 & 85, is derived as follows:

$$= [\overbrace{(146.68*3.34\%)}^{\text{Buildings}} + \overbrace{(623.60*5.28\%)}^{\text{Hydraulic works}} + \overbrace{(122.70*3.34\%)}^{\text{Other civil works}} + \overbrace{(364.57*5.28\%)}^{\text{Plant \& Machineries}} + \overbrace{(4.57*5.28\%)}^{\text{Lines \& Cables}} +$$

$$\overbrace{(0.46*5.28\%)}^{\text{Vehicles}} + \overbrace{(0.08*6.33\%)}^{\text{Furniture}} + \overbrace{(0.18*6.33\%)}^{\text{Office Equipment}}\ ] / (146.68+623.60+122.70+364.57+4.57+0.46+0.08+0.18)$$

$$= (4.90+32.93+4.1+19.25+0.24+0.024+0.51+0.24)/1262.84$$

$$= 62.19/1262.84$$

$$= 4.92\ \%$$

The weighted average depreciation rate for MLHEP's assets is, therefore, 4.92 %.

The average loan approved by the Hon'ble Commission for MLHEP for FY 2013-14 is INR (712.88 + 720.40)/2, or INR 716.64 Crore including the INR 170 Crore Power Bonds while the total equity approved was INR 334.87 Crore. The average loan taken from financial institutions excluding the Power Bonds is, therefore, INR 546.64 Crore (i.e., INR 716.64 Crore – INR 170.00 Crore). For this total loan amount of INR 716.64 Crore, taking the repayment period of 12 years (as allowed under Regulation 33.1 (f)) and weighted average rate of depreciation at 4.92%, the accrued depreciation which is meant for repayment of loan principal is derived as shown below:-

Total Amount = INR 716.64 Cr. (average loan) + INR 334.87 Cr. (approved equity) = INR 1051.64 Cr.

Depreciation for 12 years = INR 1051.64 Cr. x 0.0492 x 90% x 12 years = INR 558.80 cr.

This total depreciation of INR 558.80 Cr. on loans (including the INR 170 cr. Power Bonds) and approved equity is just sufficient to meet the principal repayment of the loans taken from financial institutions only, i.e., INR 546.64 crore, while only INR 12.16 crore will be left for repayment / redemption of the Power Bonds, assuming their maturity period at 12 years form FY 2013-14.

Since the depreciation accrued from FY 2013-14 to FY 2017-18 and FY 2018-19 when the Power Bonds become matured was much less, MePGCL was unable to meet the repayment of the bonds through depreciation which might lead to default in payment by MePGCL and breach of agreement made with all stakeholders.

MePGCL was thus compelled to avail take-out financing of INR 170 crore to redeem the bonds in FY 2017-18 & FY 2018-19, which is permissible as per RBI Guidelines dated 2nd June, 2016 for Refinancing of Project Loans (**Annexure I).**

MePGCL, therefore, prays before the Hon'ble Commission to kindly approve the loan of INR 170 crore taken for redemption of the Power Bonds and interest accrued thereon.

4.6.2. The Hon'ble Commission had approved the Capital Cost of MLHEP at INR 1134.28 Crore as on 31.03.2013 in its order for Approval of Capital Cost and True Up of FY 2013-14 & Provisional True Up of FY 2014-15 and AFC and Generation Tariff for MYT Control Period FY 2015-16 to FY 2017-18 for MLHEP. It has also stated that interest on loan capital shall be allowed on the outstanding balance of borrowed loans of INR 794.00 Crore which is 70% of the project cost of INR 1134.28 Crore excluding cost of infirm power (Page-65 of the order). However, it may be mentioned that the project cost of INR 1134.28 Crore was on accrual basis, i.e., though the expenditure is fully accounted, yet the actual payment for the full amount of INR 1134.28 Crore was not made due to fund constraints. Therefore, as per the books of accounts for FY 2013-14 the Hon'ble commission had approved the loan opening balance of INR 712.88 crore and loan closing balance of INR 720.40 Crore (average loan being INR 716.64 Crore), which is less than the approved loan of INR 794.00 Crore. Therefore, MePGCL was losing the interest on this loan shortfall during FY 2013-14, which was a gain to the consumers.

The capital cost approved for MLHEP, the loan component approved by the Hon'ble Commission and actual average loan from FY 2013-14 to FY 2017-18 are shown in the table below:-

Table 17: Additional Loan Eligible for Take-out financing by MePGCL for MLHEP

INR Crore

FY	Capital Cost Approved	Loan Component (@ 70% of Project Cost)	Loan Component after Principal repayment (Loan tenure of 12 Years)	Actual Average Loan (as per SOA's)	Additional Loan eligible for take-out financing	Remarks
2013-14	1134.28	794.00	727.83	716.64	1.19	As per Tariff order dated 30.03.2017 on Approval of Capital Cost and True up of FY 2013-14 & Provisional True up of FY 2014-15 And AFC and Generation Tariff for MYT Control Period FY 2015-16 to FY 2017-18
2014-15	1278.62	895.03	828.86	718.70	110.16	
2015-16	1279.11	895.38	812.49	698.73	113.76	
2016-17	1279.41	895.59	805.31	644.71	160.60	
2017-18	1279.41	895.59	794.93	520.71	274.22	

Average additional loan eligible for take-out financing by MePGCL = INR $\frac{659.93 \text{ Crore}}{5}$ = INR 131.99 Crore

Say = INR 132.00 Crore

MePGCL, therefore, is eligible for availing an average additional loan of INR 132.00 Crore during FY 2013-14 to FY 2017-18 as shown above. From FY 2013-14 to FY 2017-18, MePGCL had not availed this loan amount resulting in the gain to the consumers and loss to the Corporation. As stated before, the project cost of MePGCL was finalized on accrual basis, i.e., the accrued expenditure was booked in full to the project cost while the actual payment is less than the accrued expenditure because MePGCL was facing acute financial crunch and could not pay the outstanding dues of the project which were accounted in full in the project cost of MLHEP.

Regulation 32.1 which governs the interest and finance charges states as under:-

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.

Regulation 27 which governs the Debt-Equity Ratio specifies that equity in excess of 30% of the project cost shall be treated as normative loan. The loan component of the project is fixed at 70% of the approved project cost.

Therefore, in accordance with the above regulations, MePGCL is entitled to avail loan upto 70% of the approved project cost as shown in Table-17 above and can claim interest on this loan amount as permitted by the above regulations.

The Hon'ble Commission in its order dated 25.03.2021 on ARR for Control Period FY 2021-22 to FY 2023-24 & Generation Tariff for FY 2021-22, has stated that *"any borrowings after achieving COD shall not be taken into consideration for interest Computation"*.

In this connection, it may be pointed out that the Hon'ble Commission did not take into consideration the amount of loan which MePGCL is eligible to avail (i.e., 70% of approved project cost) as shown in Table-17 above and as permitted by Regulations 32.1 and 27 of the MSERC MYT Regulations, 2014. It has also not considered the fact that the project cost of MLHEP was arrived at on accrual basis, i.e., the accrued expenditure is more than the actual payment made on account of the fact that MePGCL was facing acute financial crisis and could not clear the outstanding dues like payment for land acquired and works completed before commissioning of the project which were lying pending for quite a number of years. It was only in FY 2017-18 that the Corporation opted to avail take-out financing of INR 60.00 Crore to clear the outstanding dues though it is eligible to avail an additional average loan of more than INR 60.00 Crore as shown in Table-17 above and as permitted by Regulations 32.1 and 27 of the MSERC MYT Regulations, 2014. This take-out financing is also in line with the RBI Guidelines dated 2nd June, 2016 for Refinancing of Project Loans (**Annexure I**).

MePGCL, therefore, prays before the Hon'ble Commission to kindly approve the take-out financing of Rs. 60 Crore and interest accrued thereon, which is in line with the RBI Guidelines for clearing the outstanding dues and as permitted by the regulations.

4.7 Interest on Working Capital

In accordance with the regulations, the Interest on Working Capital for MLHEP is computed below:

Table 18: Interest on Working Capital for FY 2018-19

Particulars	MLHEP Actual	Approved	GAP / Surplus (-)/(+)
O&M expenses for one month (INR Cr.) (1) (27.97Cr /12)	2.33	4.80	(+) 1.13
Maintenance spares @ 15% of O&M expenses (2) (27.97*15%*1.06)	4.45		
Receivables equivalent to two months of Fixed cost (INR Cr.) (3)	37.28		
Total Working Capital Requirements (INR Cr.) (4=1+2+3)	44.06		
SBI PLR as on 1st April of the respective Financial Year (%) (5)	13.45%		
Interest on Working Capital (INR Cr.) (6=4*5)	**5.93**		

MePGCL submits before the Hon'ble Commission to kindly approve the Interest on Working Capital of INR.5.93 Cr and gap of INR. (+) 1.13 Cr. as computed above for FY 2018-19 for MLHEP.

4.8 Prior Period Expenses

MLHEP has nil prior period expenses during FY 2018-19.

4.9 Non-Tariff Income

The total non-tariff income for MLHEP is INR 0.023 Cr. during FY 2018-19.

4.10 Revenue from Operations

MePGCL has received Revenue of INR 226.87 Cr. for MLHEP from MePDCL towards sale of power for FY 2018-19, which includes INR 81.50 crore true up gap for FY 2013-14.

4.11 Summary of Annual Fixed Cost – Myndtu Leshka HEP (MLHEP)

The summary of Annual Fixed Cost approved by the Hon'ble Commission for MLHEP vis-à-vis actuals as per the Audited Statement of Accounts for FY 2017-18 is given below:

Table 19: Summary of Annual Fixed Cost (Approved vis-à-vis Actuals) FY 2018-19 (INR CR)

Particulars	Actual	Approved	GAP/ Surplus (+)/ (-)
Depreciation	61.34	55.07	(+) 6.27
Return on Equity	54.00	46.91	(+) 7.09
O&M Expenses	27.97	29.97	(-) 2.00
Interest and Finance Charges	74.77	29.22	(+) 45.55
Interest on working capital	5.93	4.80	(+) 1.13
SLDC Charges	-	0.00	-
Net Prior Period Items: Income (-)/ Expense	0.00	-	-
Total Annual Fixed Cost (AFC)	**224.01**	**165.97**	
Less: Non-Tariff Income	0.023	0.03	(-) 0.01
Net AFC	**223.99**	**165.94**	**(+) 58.05**
Revenue from (i) Operation (ii) True up gap FY 2013-14	145.37 81.50		
Total Revenue	**226.87**		
Gap(+)/(Surplus)(-)			**(-) 2.88**

MePGCL humbly prays before the Hon'ble Commission to kindly pass through the surplus gap of INR (-) 2.88 Cr. for MLHEP under the truing up of FY 2018-19 and to be adjusted in the ARR of FY 2022-23.

B. TRUE UP OF ARR FOR MYNTDU LESHKA H.E. PROJECT FOR FY 2019-20

6.0 Capital Cost and Asset Base of MLHEP

6.1 Capital Cost of MLHEP

The Hon'ble Commission in its order for MLHEP dated 31st March 2018, had approved a capital cost of INR 1141.83 Cr. as certified by Statutory Auditors, as on 31.03.2013. However, the capital expenditure within the original scope of work continued even after 31-03-2013. As per Regulation 29 of the MSERC MYT Regulations 2014, additional capitalization is admissible up to FY 2015-16, which was the cut-off date for capital expenditure for the project.

The provision of the above stated regulation is given below:
"29 Additional Capitalization
29.1 The following capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to the prudence check:
a) Due to Un-discharged liabilities within the original scope of work;
b) On works within the original scope of work, deferred for execution;
c) To meet award of arbitration and compliance of final and unappealable order or decree of a court arising out of original scope of works;
d) On account of change in law;
e) On procurement of initial spares included in the original project costs subject to the ceiling norm specified;
f) Any additional works/services, which have become necessary for efficient and successful operation of a generating station or a transmission system or a distribution system but not included in the original capital cost"

Along with justifying the added capitalization of MLHEP after its commercial operation date, the capital cost of MLHEP for FY 2019-20 is attached as **Annexure G.** Given below is the summary of the capital cost as duly certified by the statutory auditors for MLHEP:

Table 20: Audited Capital Cost for MLHEP for FY 2019-20(INR CR)

SL No	Particulars	Value of Assets at the beginning of the year	Additional during the year	Withdrawn during the year	Assets Value at the end of the year
1	Land	23.9	0	0	23.9
2	Buildings	146.67	0	0	146.67
3	Hydraulic Works	622.91	0	0	622.91
4	Other Civil Works	122.62	0	0	122.62
5	Plant & Machinery	364.11	0	0	364.11
6	Lines & cables	4.57	0	0	4.57
7	Vehicles	0.46	0	0	0.46
8	Furniture	0.08	0	0	0.08
9	Office Equipment	0.18	0	0	0.18
	Total	**1285.52**		**0**	**1285.52**

6.2 Asset Base of MLHEP

The opening and closing GFA of MLHEP for FY 2019-20, as per the segregated Statement of Accounts of MePGCL is shown in the table below.

Table 21: Opening and closing GFA of MLHEP for FY 2019-20 (INR Cr.)

Particulars	FY 2019-20 (INR Cr.)	Approved by MSERC
Opening GFA	1285.52	1283.64
Additions during the year	-	-
Retirements during the year	-	-

Particulars	FY 2019-20 (INR Cr.)	Approved by MSERC
Closing GFA	**1285.52**	**1283.64**
Average GFA	**1285.52**	**1283.64**

MePGCL submits before the Hon'ble Commission to kindly approve Gross Fixed Assets for MLHEP as reflected in the SOA for FY 2019-20 submitted in the above table.

6.3 Depreciation

The Hon'ble Commission had approved depreciation of INR 55.18 Cr. for FY 2019-20 in its Multi Year Tariff Order dated 31.03.2018. As per the Statement of Accounts, the depreciation of MLHEP for the year FY 2019-20 true up is given below:

Table 22: Depreciation for MLHEP for FY 2019-20

Particulars	Amount for FY 2019-20(INR Cr.)	Approved Amount for FY 2019-20 (INR Cr.)	GAP/Surplus (+)/(-)
Land and land rights	-	-	-
Buildings	4.90	4.39	0.51
Hydraulic Works	32.89	29.56	3.33
Others Civil Works	4.10	3.68	0.42
Plant and Machinery	19.22	17.28	1.94
Lines and Cable Network	0.24	0.22	0.02
Vehicles	0.04	0.04	0
Furniture and Fixtures	0.005	0	0.005
Office Equipment	0.01	0.01	0
Total	**61.41**	**55.18**	**(+)6.23**

MePGCL, therefore, submits before the Hon'ble Commission to kindly approve Depreciation gap of INR 6.23 Cr**.** for FY 2019-20.

Details of depreciation schedule for FY 2019-20 is provided as **Annexure G.** The asset base used for computation of depreciation for MLHEP is as per asset base in Section 6.2.

6.4 Return on Equity

It is submitted that the return on equity is computed as per Regulation 27 and 31 of the MSERC MYT Regulations, 2014. MLHEP was funded with 30% equity component. As per the above provisions of MYT Tariff Regulations, 2014, and the asset base of MLHEP, the Return on Equity for MLHEP for FY 2019-20 is computed below:

Table 23: Return on Equity for Myntdu Leshka HEP for FY 2019-20

Particulars	ROE	Approved by MSERC	GAP/Surplus (+)/(-)
Audited Capital Cost of MLHEP (INR Cr) (a)	1285.52		
Equity Considered for RoE (INR Cr) (b=a*30%) (30% of funding is equity)	385.66		
RoE (%) (c)	14%		
RoE (INR Cr.) (d=b*c)	**53.99**	**46.93**	**(+) 7.06**

It is therefore prayed before the Hon'ble Commission to kindly approve the Return on Equity of INR 53.99 Cr and gap of Rs7.06Cr.for true up of FY 2019-20 for Myntdu Leshka HEP as computed above.

6.5 Operation and Maintenance Expenses

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

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

The O&M expenses for FY 2019-20 as per SOA and as approved by Hon'ble Commission are shown in the table below:-

Table 24: O&M Expenses for MLHEP (INR Cr.) for FY 2019-20

O&M expenses	Actual Amount	Approved by MSERC	GAP/Surplus (+)/(-)
1. Employees benefits expenses			
(a) Salaries and wages	28.90		
2. Other Expenses			
(a) Repairs and maintenance	4.29		
(b) Administration, Operation and General Expenses	1.67		
Total (1+2)	**34.86**	**31.68**	**(+)3.18**

MePGCL submits before the Hon'ble Commission to kindly approve the true up gap for O&M expenses at INR 3.18 cr. for MLHEP for FY 2019-20.

6.6 Interest & Finance Charges

6.6.1 The Hon'ble Commission had considered INR 24.77 Cr. as Interest & Finance Charges for AFC of FY 2019-20 for MLHEP. However, based on the Audited Statement of Accounts, MePGCL humbly requests Hon'ble Commission to allow **INR 54.45 Cr** for FY 2019-20 with a gap of INR 29.68 Cr as shown in the table below:

Format 7

DETAILS OF LOANS FOR THE YEAR 2019-20 for MLHEP (Actuals)

(Rs. In Lakhs)

Sl. No.	Particulars	Opening Balance	Rate of Interest	Addition during the year	Repayment made during the year	Closing balance	Interest Accrued (Avg.of 3.7)*4	Amount of Interest paid	Purpose
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
1	PFC Loan MLHEP	15299.53	12.75%	0.00	1207.98	14091.55	1873.68	1408.69	MLHEP (PW*)
2	REC Loan MLHEP	15815.15	14.00%	0.00	2530.42	13284.73	2036.99	1804.31	MLHEP (PW*)
3	CBI (MLHEP)	1691.45	11.15%	0.00	833.33	858.12	142.14	254.70	MLHEP (PW*)
4	PFC Loan 170 cr (MLHEP)	16476.45	11.75%	0.00	1221.83	14254.62	1746.7	1389.60	MLHEP (PW*)
5	REC Loan 60 cr (MLHEP)	5172.41	11.25%	0.00	827.59	4344.82	535.34	587.47	MLHEP (PW*)
	Total	53454.99			6621.15	46833.84	6334.85	5444.77	

Note:- *PW Project Works

Detailed Statement of Loans and Interest accrued for MLHEP as per segregated SOA of MePGCL is enclosed as **Annexure G.** It is submitted that Interest & Finance Charges are genuine and legitimate expenditure and the Hon'ble Commission is requested to kindly approve the entire interest & finance charges as shown above.

The Hon'ble Commission in its order for approval of Capital Cost and True up of FY 2013-14 & Provisional True up for FY 2014-15 and Annual Fixed Charges and Generation Tariff for MYT Control Period FY 2015-16 to FY 2017-18 for MLHEP, has approved the loan opening balance of MLHEP at INR 712.88 Crore and closing balance at INR 720.40 Crore for FY 2013-14. It has also approved an interest of INR 81.57 crore for FY 2013-14. The loan approved by the Hon'ble Commission includes 9.95% BSE Power Bonds of INR 120 Crore and 11.40 % BSE Power Bonds of INR 50 Crore (i.e., total INR 170 crore of Power Bonds). These bonds matured in October, 2017 and November, 2018, respectively (i.e., after 5 years and 6 years from Commercial Operation Date of the project). MePGCL had taken a loan of INR 170 Crore from PFC for redemption of the bonds. As per Regulation 32.1 of MSERC MYT Regulations, 2014, bond or debenture is part of loan capital.

The weighted average depreciation rate of different assets (i.e., Buildings, Hydraulic Structures, Plants & Machineries, etc.) based on the Capital cost of MLHEP of INR 1286.74 Cr. certified by the Statutory Auditor (**Annexure-H**) and as per Depreciation rates given in the Depreciation Schedule of the MSERC Regulations, 2014 at pages 84 & 85, is derived as follows:

$$= [\overbrace{(146.68*3.34\%)}^{\text{Buildings}} + \overbrace{(623.60*5.28\%)}^{\text{Hydraulic works}} + \overbrace{(122.70*3.34\%)}^{\text{Other civil works}} + \overbrace{(364.57*5.28\%)}^{\text{Plant \& Machineries}} + \overbrace{(4.57*5.28\%)}^{\text{Lines \& Cables}} +$$

$$\overbrace{(0.46*5.28\%)}^{\text{Vehicles}} + \overbrace{(0.08*6.33\%)}^{\text{Furniture}} + \overbrace{(0.18*6.33\%)}^{\text{Office Equipment}}] / (146.68+623.60+122.70+364.57+4.57+0.46+0.08+0.18)$$

$$= (4.90+32.93+4.1+19.25+0.24+0.024+0.51+0.24)/1262.84$$

$$= 62.19/1262.84$$

$$= 4.92\ \%$$

The weighted average depreciation rate for MLHEP's assets is, therefore, 4.92 %.

The average loan approved by the Hon'ble Commission for MLHEP for FY 2013-14 is INR (712.88 + 720.40)/2, or INR 716.64 Crore including the INR 170 Crore Power Bonds while the total equity approved was INR 334.87 Crore. The average loan taken from financial institutions excluding the Power Bonds is, therefore, INR 546.64 Crore (i.e., INR 716.64 Crore – INR 170.00 Crore). For this total loan amount of INR 716.64 Crore, taking the repayment period of 12 years (as allowed under Regulation 33.1 (f)) and weighted average rate of depreciation at 4.92%, the accrued depreciation which is meant for repayment of loan principal is derived as shown below:-

Total Amount = INR 716.64 Cr. (average loan) + INR 334.87 Cr. (approved equity) = INR 1051.64 Cr.

Depreciation for 12 years = INR 1051.64 Cr. x 0.0492 x 90% x 12 years = INR 558.80 cr.

This total depreciation of INR 558.80 Cr. on loans (including the INR 170 cr. Power Bonds) and approved equity is just sufficient to meet the principal repayment of the loans taken from financial institutions only, i.e., INR 546.64 crore, while only INR 12.16 crore will be left for repayment / redemption of the Power Bonds, assuming their maturity period at 12 years form FY 2013-14.

Since the depreciation accrued from FY 2013-14 to FY 2017-18 and FY 2018-19 when the Power Bonds become matured was much less, MePGCL was unable to meet the repayment of the bonds through depreciation which might lead to default in payment by MePGCL and breach of agreement made with all stakeholders.

MePGCL was thus compelled to avail take-out financing of INR 170 crore to redeem the bonds in FY 2017-18 & FY 2018-19, which is permissible as per RBI Guidelines dated 2nd June, 2016 for Refinancing of Project Loans (**Annexure I).**

MePGCL, therefore, prays before the Hon'ble Commission to kindly approve the loan of INR 170 crore taken for redemption of the Power Bonds and interest accrued thereon.

6.6.2. The Hon'ble Commission had approved the Capital Cost of MLHEP at INR 1134.28 Crore as on 31.03.2013 in its order for Approval of Capital Cost and True Up of FY 2013-14 & Provisional True Up of FY 2014-15 and AFC and Generation Tariff for MYT Control Period FY 2015-16 to FY 2017-18 for MLHEP. It has also stated that interest on loan capital shall be allowed on the outstanding balance of borrowed loans of INR 794.00 Crore which is 70% of the project cost of INR 1134.28 Crore excluding cost of infirm power (Page-65 of the order). However, it may be mentioned that the project cost of INR 1134.28 Crore was on accrual basis, i.e., though the expenditure is fully accounted, yet the actual payment for the full amount of INR 1134.28 Crore was not made due to fund constraints. Therefore, as per the books of accounts for FY 2013-14 the Hon'ble commission had approved the loan opening balance of INR 712.88 crore and loan closing balance of INR 720.40 Crore (average loan being INR 716.64 Crore), which is less than the approved loan of INR 794.00 Crore. Therefore, MePGCL was losing the interest on this loan shortfall during FY 2013-14, which was a gain to the consumers.

The capital cost approved for MLHEP, the loan component approved by the Hon'ble Commission and actual average loan from FY 2013-14 to FY 2017-18 are shown in the table below:-

Table 25: Additional Loan Eligible for Take-out financing by MePGCL for MLHEP

INR Crore

FY	Capital Cost Approved	Loan Component (@ 70% of Project Cost)	Loan Component after Principal repayment (Loan tenure of 12 Years)	Actual Average Loan (as per SOA's)	Additional Loan eligible for take-out financing	Remarks
2013-14	1134.28	794.00	727.83	716.64	1.19	As per Tariff order dated 30.03.2017 on Approval of Capital Cost and True up of FY 2013-14 & Provisional True up of FY 2014-15 And AFC and Generation Tariff for MYT Control Period FY 2015-16 to FY 2017-18
2014-15	1278.62	895.03	828.86	718.70	110.16	
2015-16	1279.11	895.38	812.49	698.73	113.76	
2016-17	1279.41	895.59	805.31	644.71	160.60	
2017-18	1279.41	895.59	794.93	520.71	274.22	

Average additional loan eligible for take-out financing by MePGCL = $\frac{\text{INR } 659.93 \text{ Crore}}{5}$ = INR 131.99 Crore

Say = INR 132.00 Crore

MePGCL, therefore, is eligible for availing an average additional loan of INR 132.00 Crore during FY 2013-14 to FY 2017-18 as shown above. From FY 2013-14 to FY 2017-18, MePGCL had not availed this loan amount resulting in the gain to the consumers and loss to the Corporation. As stated before, the project cost of MePGCL was finalized on accrual basis, i.e., the accrued expenditure was booked in full to the project cost while the actual payment is less than the accrued expenditure because MePGCL was facing acute financial crunch and could not pay the outstanding dues of the project which were accounted in full in the project cost of MLHEP.

Regulation 32.1 which governs the interest and finance charges states as under:-

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.

Regulation 27 which governs the Debt-Equity Ratio specifies that equity in excess of 30% of the project cost shall be treated as normative loan. The loan component of the project is fixed at 70% of the approved project cost.

Therefore, in accordance with the above regulations, MePGCL is entitled to avail loan upto 70% of the approved project cost as shown in Table-17 above and can claim interest on this loan amount as permitted by the above regulations.

The Hon'ble Commission in its order dated 25.03.2021 on ARR for Control Period FY 2021-22 to FY 2023-24 & Generation Tariff for FY 2021-22, has stated that *"any borrowings after achieving COD shall not be taken into consideration for interest Computation"*.

In this connection, it may be pointed out that the Hon'ble Commission did not take into consideration the amount of loan which MePGCL is eligible to avail (i.e., 70% of approved project cost) as shown in Table-17 above and as permitted by Regulations 32.1 and 27 of the MSERC MYT Regulations, 2014. It has also not considered the fact that the project cost of MLHEP was arrived at on accrual basis, i.e., the accrued expenditure is more than the actual payment made on account of the fact that MePGCL was facing acute financial crisis and could not clear the outstanding dues like payment for land acquired and works completed before commissioning of the project which were lying pending for quite a number of years. It was only in FY 2017-18 that the Corporation opted to avail take-out financing of INR 60.00 Crore to clear the outstanding dues though it is eligible to avail an additional average loan of more than INR 60.00 Crore as shown in Table-17 above and as permitted by Regulations 32.1 and 27 of the MSERC MYT Regulations, 2014. This take-out financing is also in line with the RBI Guidelines dated 2nd June, 2016 for Refinancing of Project Loans (**Annexure I**).

MePGCL, therefore, prays before the Hon'ble Commission to kindly approve the take-out financing of Rs. 60 Crore and interest accrued thereon, which is in line with the RBI Guidelines for clearing the outstanding dues and as permitted by the regulations.

6.7 Interest on Working Capital

In accordance with the regulations, the Interest on Working Capital for MLHEP is computed below:

Table 26: Interest on Working Capital for FY 2019-20

Particulars	MLHEP Actual	Approved	GAP/ Surplus (-)/(+)
O&M expenses for one month (INR Cr.) (1) (34.86Cr /12)	2.90	**4.79**	(+)1.17
Maintenance spares @ 15% of O&M expenses (2) (34.86*15%*1.06)	5.54		
Receivables equivalent to two months of Fixed cost (INR Cr.) (3)	35.06		
Total Working Capital Requirements (INR Cr.) (4=1+2+3)	43.50		
SBI PLR as on 1st April of the respective Financial Year (%) (5)	13.70%		
Interest on Working Capital (INR Cr.) (6=4*5)	**5.96**		

MePGCL submits before the Hon'ble Commission to kindly approve the Interest on Working Capital of INR 5.96 Cr and gap of INR 1.17 Cr. as computed above for FY 2019-20for MLHEP.

6.8 Prior Period Expenses

MLHEP has nil prior period expenses for FY 2019-20.

6.9 Non-Tariff Income

The total non-tariff income for MLHEP for FY 2019-20 was INR 0.0029 Cr calculated as per segregated Statement of Accounts of MePGCL.

6.10 Revenue from Operations

MePGCL has received revenue of INR 233.29 Cr. for MLHEP from MePDCL towards sale of power for FY 2019-20 which includes INR 81.50Cr true up gap for FY 2014-15

6.11 Summary of Annual Fixed Cost – Myndtu Leshka HEP (MLHEP)

The summary of Annual Fixed Cost approved by the Hon'ble Commission for MLHEP vis-à-vis actuals as per the Audited Statement of Accounts for FY 2019-20 is given below:

Table 27: Summary of Annual Fixed Cost (Approved vis-à-vis Actual) FY 2019-20

Particulars	**Actual**	**Approved**	**Gap/ Surplus (+)/(-)**
Depreciation	61.41	55.18	(+) 6.23
Return on Equity	53.99	46.93	(+) 7.06
O&M Expenses	34.86	31.68	(+) 3.18
Interest and Finance Charges	54.45	24.77	(+) 29.68
Interest on working capital	5.96	4.79	(+) 1.17
SLDC Charges	-	-	-
Net Prior Period Items: Income (-)/ Expense	0.00	-	-
Total Annual Fixed Cost (AFC)	**210.67**	**163.35**	**(+) 47.32**
Less: Non-Tariff Income	0.0029	0.04	(+) (0.037)
Net AFC	**210.67**	**163.31**	**47.36**
Revenue from operations	233.29		(-)**69.98**
Total Gap/surplus			**(-) 22.62**

MePGCL humbly prays before the Hon'ble Commission to kindly pass through the surplus gap of INR(-) 22.62 Cr. for MLHEP under the truing up of FY 2019-20 and to be adjusted in the ARR of FY 2022-23.

C REVISION OF TARIFF FOR MYNTDU LESHKA FOR FY 2022-23

7.0 Regulatory Provisions

MePGCL submits that based on the Annual Fixed Cost approved by the Hon'ble Commission, it will calculate the capacity charge and energy charge based on the following provisions of the MYT Regulations, 2014:

"57 Computation and payment of capacity charge and energy charge for Hydro generating stations.

57.1 Capacity Charges:

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

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

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

= AFC x 0.5 x NDM / NDY x (PAFM / NAPAF) (in Rupees)

Where,

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

NAPAF= Normative plant availability factor in percentage

NDM = Number of days in the month

NDY = Number of days in the year

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

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

PAFM =10000 x Σ DCi / { N x IC x (100 - AUX) } %

i=1

Where,

AUX = Normative auxiliary energy consumption in percentage

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

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

N = Number of days in the month

57.2 Energy Charges:

(1) The energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary, excluding free energy, if any, during the calendar month, on ex power plant basis, at

the computed energy charge rate. Total Energy charge payable to the generating company for a month shall be:

= (Energy charge rate in Rs. / kWh) x {Scheduled energy (ex-bus) for the month in kWh} x (100 – FEHS) / 100.

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

ECR = AFC x 0.5 x 10 / { DE x (100 – AUX) x (100 – FEHS)}

Where,

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

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

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

(i) in case the energy shortfall occurs within ten years from the date of commercial operation of a generating station, the ECR for the year following the year of energy shortfall shall be computed based on the formula specified in clause (2) with the modification that the DE for the year shall be considered as equal to the actual energy generated during the year of the shortfall, till the energy charge shortfall of the previous year has been made up, after which normal ECR shall be applicable;

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

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

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

(4) In case the energy charge rate (ECR) for a hydro generating station, as computed in clause (5) above, exceeds eighty paise per kWh, and the actual saleable energy in a

year exceeds { DE x (100 – AUX) x (100 – FEHS) / 10000} MWh, the Energy charge for the energy in excess of the above shall be billed at eighty paise per kWh only:

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

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

7.1 Capacity Charge and Energy Charge for Myntdu Leshka HEP

The Hon'ble Commission in its order dated 25thMarch, 2021 had approved the ARR for MYT for FY 2021-22 to FY 2023-24 and Generation Tariff for FY 2022-23 as **INR 159.97 Cr**. for MLHEP.

In the review order on the petition for review of the true up order for FY 2017-18, the Hon'ble Commission has approved a net gap of **INR(-)8.67 Cr** (i.e 123.14-114.47) crore. The Company has segregated this additional gap among the Old plants including Sonapani, & Myntdu Leshka power plant in proportion to their capacity.

The true up gap and additional claim as per true up petition will have an impact on the ARR for FY 2022-23, and the Company prays before the Hon'ble Commission to allow the revised ARR for FY 2022-23 for MLHEP, which comes to INR131.47 crores as shown below:

Table 28: Annual Fixed Charges for FY 2022-23 – Myndtu Leshka HEP (INR Cr.)

Particulars	**FY 2022-23**
Annual Fixed Cost Approved by MSERC for FY 2022-23 (Rs. Cr.) (a)	159.97
Less: Surplus Claim as per review petition for True up of FY 2018-19 (b)	(-)2.28
Less: Surplus Claim as per review petition for True up of FY 2019-20 (c)	(-)22.62
Less: Net gap as per review order for FY 2017-18 (126MW/303.5 * INR 8.67Cr)	(-) 3.60
Net AFC for Computation of Tariff (d=a+b+c)	**131.47**

Now, based on the Regulations, 50% of the Annual Fixed Charge is to be recovered as Capacity charge and the balance is to be recovered as energy charge from the beneficiary. Therefore, the capacity and energy charges for MLHEP for FY 2022-23 are computed below:

Table 29: Capacity and Energy Charges for Myndtu Leshka HEP for FY 2022-23

Particulars	**FY 2022-23**
Net AFC for Computation of Tariff	**131.47**
Design Energy (MU)	486.00
Less: Auxiliary Consumption @ 1%	4.86
Less: Transformation Loss @ 0.5%	2.43
Net Energy (MU)	478.71
Capacity Charge (Rs. Cr.)	65.73
Energy Charge (Rs./kWh)	1.37

Based on all the above submissions, the petitioner humbly prays before the Hon'ble Commission to kindly approve the revision of tariff for Myntdu Leshka Hydro Electric Project for FY 2022-23 as computed in the above table.

SECTION-II

A TRUE UP OF ARR FOR NUHEP FOR FY 2018-19

The Hon'ble Commission had approved the provisional tariff petition for NUHEP for FY 2017-18 vide its order dated 6th November, 2017. The Commercial Operation Date (CoD) of the power station was declared on 1st July, 2017 and the final Capital Cost was approved by the Hon'ble Commission vide its order dated. 25thMarch, 2020.For the control period FY 2018-19 to FY 2020-21, MePGCL did not file the MYT petition for NUHEP since the Capital Cost was not finalized. However, the Hon'ble Commission, had considered NUHEP (and also Lakroh MHP which was then under construction) as part and parcel of Old stations and had allocated a portion of the ARR of Old stations to NUHEP and Lakroh MHP. MePGCL filed a review petition in this regard and the Hon'ble Commission vide its order dated 26th October, 2018 had directed that "*variation if any shall be regulated at actuals on filing of audited accounts as per the Regulations in the true up process*".

8.0 Capital Cost and Funding Pattern of New Umtru HEP

8.1 Capital Cost of New Umtru

The New Umtru HEP achieved its CoD on 1st July 2017. However, the MePGCL incurred additional capital costs on account of the following:

a) Undischarged liabilities
b) Works deferred for execution
c) Additional works required for efficient functioning of the project

As per the regulations, the works which are within the original scope of works but deferred for execution and works due to un-discharged liabilities within the original scope of work, will form part of additional capitalization. As per Regulation 29 of the MSERC MYT Regulations, 2014 (the clause mentioned below) the project can have additional capitalisation till 31st March 2020. The utility has incurred additional capital expenditure for NUHEP till 31ST March, 2020, which is within the cutoff date.

The provisions of the above stated regulation is given below:

*"**29 Additional Capitalization***
29.1 The following capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to the prudence check:
a) Due to Un-discharged liabilities within the original scope of work;
b) On works within the original scope of work, deferred for execution;
c) To meet award of arbitration and compliance of final and unappealable order or decree of a court arising out of original scope of works;
d) On account of change in law;
e) On procurement of initial spares included in the original project costs subject to the ceiling norm specified;
f) Any additional works/services, which have become necessary for efficient and successful operation of a generating station or a transmission system or a distribution system but not included in the original capital cost"

Provided that original scope of work along with estimates of expenditure shall be ....considered

29.2 Impact of additional capitalization on tariff, as the case may be, shall be considered during Truing Up of each financial year of the Control Period.
Since the petition pertains to true up of FY 2018-19, capitalization upto 31stMarch 2019 has been used for computation of ARR components.

The capital cost and the Assets value of New Umtru HEP for FY 2018-19 are based as per the segregated statement of accounts of MePGCL attached as **Annexure G.** Given below is the Gross Fixed Asset as on 31.03.2019:

Table 30: Capital Cost of NUHEP

Capital Cost	Amount (INR Cr.)
Capital Cost as on 31 March 2019	601.88

Asset-wise break up of NUHEP asset base is given below :

Table 31: Actual Capital Cost of NUHEP for the FY 2018-19

S. No	Name of the Asset	Value of Assets at the beginning of the year	Addition during the year	Withdrawn during the year	Value of Assets at the year
1	Land & Land rights	-	0.40	-	0.40
2	Buildings	94.86	-	-	94.86
3	Hydraulic Works	310.60	0.03`	-	310.63
4	Other Civil Works	31.80	0.578	-	32.37
5	Plant & Machinery	159.88	0.01	-	159.90
6	Lines & Cable Network	3.56	-	-	3.56
7	Vehicles	0.04	-	-	0.04
8	Furniture & Fixtures	-	0.076	-	0.07
9	Office Equipment	0.02	-	-	0.02
10	Assets not in use	-	-	-	-
	Total	**600.78**	**1.09**	**-**	**601.88**

The assets value of NUHEP for FY 2018-19 in asset wise break-up is attached as **AnnexureG.**

8.2 Funding Pattern of NUHEP

The New Umtru HEP was funded by a mix of Loan and Equity as elaborated below.

Table 32: Funding pattern of NUHEP for FY 2018-19

Capital funding	Total (INR Cr.)	Loan (INR Cr.)	Equity (INR Cr.)
Capital cost as on 1st April 2018	600.78	440.30	160.48
Capital cost as on 31st March 2019	601.88	440.30	161.58
Average Capital Cost	**601.33**	**440.30**	**161.03**

As it can be clearly seen, there is no grant component in the NUHEP project. The Govt. of Meghalaya vide Notification No.PE.73/97/vol IV/217, dated. 13th December, 2012 has notified the Equity infused by the State Govt. in NUHEP **(Annexure-J)** at INR 32.59 crore. The State Government has also vide Notification No.POWER.44/2011/659, dated 26th November, 2021 (**Annexure K**) converted grants and loans amounting to INR 132.00 crore into equity for NUHEP. **The total amount of equity infused in NUHEP by the State Government is therefore INR 164.60 crore (i.e., 32.59 Cr. + INR 132.00 Cr.)** against the total project cost of INR 604.90 crore expected upto FY 2020-21.

8.3 Asset Base of New Umtru HEP

The opening and closing GFA of NUHEP for FY 2018-19, as per the Audited Statement of Accounts of MePGCL is shown in the table below:

Table 33: Gross Fixed Assets (GFA) of NUHEP (INR Cr.)

Particulars	FY 2018-19
Opening GFA (a)	600.78
Additions during the year (b)	1.09
Retirements during the year (c)	-
Closing GFA (d=a+b-c)	601.88
Average GFA	**601.33**

The details of assets of NUHEP as stated above are attached as **Annexure G.** MePGCL submits before the Hon'ble Commission to kindly approve Gross Fixed Assets for NUHEP as submitted in the above table.

8.4 Depreciation

The petitioner presents the depreciation of NUHEP for the year FY 2018-19 true up as follows:

Table 34: Depreciation for NUHEP

Particulars	FY 2018-19 (in INR Cr.)	Approved	Loss/ (Gain)
Land and land rights	-		
Buildings	3.17		
Hydraulic Works	16.4		
Others Civil Works	1.08		
Plant and Machinery	8.44		
Lines and Cable Network	0.19		
Vehicles	0.0037		
Furniture and Fixtures	0.0049		
Office Equipment	0.0012		
Total	**29.29**	**NIL***	**29.29**

The Depreciation for NUHEP for FY 2018-19 approved by the Hon'ble Commission is not available. Only the AFC of INR 26.30 Cr apportioned from the AFC of old stations is available in the MYT order for FY 2018-19 to FY 2020-21.

MePGCL, therefore, submits before the Hon'ble Commission to kindly approve Depreciation of INR 29.29 Cr for NUHEP for FY 2018-19.

8.5 Return on Equity

It is submitted that the return on equity is computed as per Regulation 27 and 31 of the MSERC MYT Regulations, 2014. As per the above provisions of MSERC MYT Regulations, 2014, and the asset base of NUHEP, the Return on Equity for NUHEP for FY 2018-19 is computed as shown below:

Table 35: Return on Equity for New Umtru HEP

Particulars	FY 2018-19	Approved	Loss/ (Gain)
Average Equity Base (INR Cr.)(a)	161.03		
30% of Capital Cost(b)	180.40		
Equity to be considered for RoE Calculations (c=lower of a and b)	161.03		
RoE (%) (d)	14%		
Return on Equity (INR Cr.) (h=f*g)	**22.54**	**NIL**	**22.54**

The RoE for NUHEP for FY 2018-19 approved by Hon'ble Commission is not available. Only the AFC of INR 26.30 Cr apportioned from the AFC of old stations is available in the MYT order for FY 2018-19 to FY 2020-21.

It is therefore prayed before the Hon'ble Commission to kindly approve the Return on Equity of INR 22.54 Cr.for true up of FY 2018-19 for New Umtru HEP as computed above.

8.6 Operation and Maintenance Expenses

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

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

NUHEP achieved CoD after 1.04.2009 and, therefore, its O & M expenses are fixed as per Regulation 56 (7) at 2% of Project Cost. For truing up, the O & M expenses are based on actuals as per SoA.

Table 36: O&M Expenses for New Umtru HEP for FY 2018-19

Particulars	**Amount (INRCrore)**	**Approved**	**Loss/ (Gain)**
Employee Benefits Expense	9.56		
Repairs and Maintenance and Administrative and General Expenses	1.29		
O&M Expenses for FY 2018-19 as SoA	**10.85**	**NIL ***	**10.85**

The O&M expenses for NUHEP approved by the Hon'ble Commission for FY 2018-19 are not available. Only the AFC of INR 26.30 Cr which was allocated to NUHEP from the AFC of Old Stations is shown in the MYT order for FY 2018-19 to FY 2020-21.

MePGCL submits before the Hon'ble Commission to kindly approve the O&M expenses of INR10.85 Cr. for NUHEP for FY 2018-19.

8.7 Interest & Finance Charges

Regulation 32 read with regulation 27 of the MYT Regulations, 2014 provides the guidelines for computation of interest and finance charges. The relevant section of the regulation is reproduced below:

"***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."

As shown in the section 8.2 (Table-30) above, loan component for Capital cost of NUHEP is INR 440.30 Cr and the utility is fulfilling the interest obligations as on date.

The Interest on Loan is computed by considering interest obligation for the project loan. The loan statement along with repayment schedule is shown below. This is as per the audited accounts of **MePGCL (Note 12 - Financial Liabilities (Borrowings): NUHEP Head).** The loan is repayable in 14 years (with one year moratorium period) from its COD in quarterly installments as stated in the Note 10.

Table 37: Details of Loans for FY 2018-19 for New Umtru HEP **(Rs. INR Cr)**

Sl. No.	**Particulars**	**Opening Balance (a)**	**Rate of Interest (b)**	**Repayment during the year (c)**	**Closing Balance (d=a-c)**	**Interest Accrued (e=(a+d)/2*Average Interest Rate)**	**Amount of Interest paid**
1	PFC Loan NUHEP	440.30	12.65%	31.45	408.85	53.71	54.76

The Interest on loan for NUHEP for FY 2018-19 approved by Hon'ble Commission is not available. Only the AFC of INR 26.30 Cr apportioned from the AFC of Old Stations is available in the MYT order for FY 2018-19 to FY 2020-21. MePGCL prays before the Hon'ble Commission to kindly approve INR 54.76 Cr as interest on loan for NUHEP in the true up for FY 2018-19.

8.8 Interest on Working Capital

In accordance with the regulations, the Interest on Working Capital for NUHEP is computed below:

Table 38: Interest on Working Capital for FY 2018-19

Particulars	NUHEP Actual	Approved	Loss/ (Gain)
O&M expenses for one month (INR Cr.) (a) (10.84/12: O&M of 10.84 is for 12 months)	0.90		
Maintenance spares @ 15% of O&M expenses (b)(INR Cr) ** (10.84*15%*1.06)	1.72		
Receivables equivalent to two months of Fixed cost (INR Cr.) (c)(117.06 *2/12)	20.10		
Total Working Capital Requirements (INR Cr.) (d=a+b+c)	22.72		
SBI PLR as on 1st April of the respective Financial Year (%) (e)	14.05%		
Interest on Working Capital (INR Cr.) (f=d*e)	**3.19**	**NIL***	**3.19**

The IWC for NUHEP for FY 2018-19 approved by Hon'ble Commission is not available. Only the AFC of INR 26.30 Cr apportioned from the AFC of Old Stations is available in the MYT order for FY 2018-19 to FY 2020-21.

MePGCL submits before the Hon'ble Commission to kindly approve the Interest on Working Capital of INR 3.19 Cr as computed above for FY 2018-19 for NUHEP.

8.9 Revenue from Operations

MePGCL has received Revenue of INR 26.44 Cr. for NUHEP from MePDCL towards sale of power for FY 2018-19 based on the AFC apportioned to NUHEP from Old stations as per MYT order dated 31-03-2018 for FY 2018-19.

8.10 Prior Period Expenses

NUHEP has INR 0.076 crore as prior expenses for FY 2018-19

8.11 Non Tariff Income

The Non Tariff income of NUHEP for FY 2018-19 was INR 0.037 crore.

8.12 Summary of Annual Fixed Cost – New Umtru HEP

The summary of Annual Fixed Cost approved by the Hon'ble Commission for NUHEP vis-à-vis actuals as per the Audited Statement of Accounts for FY 2018-19 is given below:

Table 39: Summary of Annual Fixed Cost (Approved vis-à-vis Actual) FY 2018-19 (INR Cr.)

Particulars	Actual New Umtru HEP FY 2018-19	Approved New Umtru HEP FY 2018-19	Loss/ (Gain)
Depreciation	29.29	-	
Return on Equity	22.54	-	
O&M Expenses	10.85	-	
Interest and Finance Charges	54.76	-	
Interest on working capital	3.19	-	
SLDC Charges	-	-	
Total Annual Fixed Cost (AFC)	**120.63**	**-**	
Less: Prior period expenses	(-) 0.076		
Less: Non-Tariff Income	(-) 0.037	-	-
Net AFC	**120.52**	**26.30**	**94.08**
Revenue from operations	26.44		
Gap/ (Surplus)	**94.08**		

MePGCL humbly prays before the Hon'ble Commission to pass through the additional gap of INR 94.08 Cr. for NUHEP under the truing up of FY 2018-19 to be adjusted in the AFC of FY 2022-23

B TRUE UP OF ARR FOR NUHEP FOR FY 2019-20

The Hon'ble Commission had approved the provisional tariff petition for NUHEP for FY 2017-18 vide its order dated 6th November, 2017. The Commercial Operation Date (CoD) of the power station was declared on 1st July, 2017 and the final Capital Cost was approved by the Hon'ble Commission vide its order dated. 25th March, 2020. For the control period FY 2018-19 to FY 2020-21, MePGCL did not file the MYT petition for NUHEP since the Capital Cost was not finalized. However, the Hon'ble Commission, had considered NUHEP (and also Lakroh MHP which was then under construction) as part and parcel of Old stations and had allocated a portion of the ARR of Old stations to NUHEP and Lakroh MHP. MePGCL filed a review petition in this regard and the Hon'ble Commission vide its order dated 26th October, 2018 had directed that " *variations if any shall be regulated at actuals on filing of audited accounts as per the regulations in the true up process"*.

9.0 Capital Cost and Funding Pattern of New Umtru HEP

9.1 Capital Cost of New Umtru HEP

The New Umtru HEP achieved its CoD on 1st July 2017. However, MePGCL incurred additional capital costs on account of the following:

d) Undischarged liabilities
e) Works deferred for execution
f) Additional works required for efficient functioning of the project

As per the regulations, the works which are within the original scope of works but deferred for execution and works due to un-discharged liabilities within the original scope of work, will form part of additional capitalization. As per Regulation 29 of the MSERC MYT Regulations, 2014 (the clause mentioned below) the project can have additional capitalisation till 31st March 2020. The utility has incurred additional capital expenditure for NUHEP till 31ST March, 2020, which is within the cutoff date.

The provisions of the above stated regulation is given below:

*"**29 Additional Capitalization***
29.1 The following capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to the prudence check:
a) Due to Un-discharged liabilities within the original scope of work;
b) On works within the original scope of work, deferred for execution;
c) To meet award of arbitration and compliance of final and unappealable order or decree of a court arising out of original scope of works;
d) On account of change in law;
e) On procurement of initial spares included in the original project costs subject to the ceiling norm specified;
f) Any additional works/services, which have become necessary for efficient and successful operation of a generating station or a transmission system or a distribution system but not included in the original capital cost"
Provided that original scope of work along with estimates of expenditure shall be ....considered

29.2 Impact of additional capitalization on tariff, as the case may be, shall be considered during Truing Up of each financial year of the Control Period.

Since the petition pertains to true up of FY 2019-20, capitalization upto 31stMarch 2020 has been used for computation of ARR components**.**

The capital cost and the Assets value of New Umtru HEP for FY 2019-20 is attached as **Annexure G.** Given below is the Gross Fixed Assets as on 31.03.2020:

Table 40: Capital Cost of NUHEP

Capital Cost	Amount (In INR Cr.)
Capital Cost as on 31st March 2020	604.13

Table 41: Actual Capital Cost of NUHEP for the FY 2019-20

S. No	Name of the Asset	Value of Assets at the beginning of the year	Addition during the year	Withdrawn during the year	Value of Assets at the year
1	Land & Land rights	0.40	0.07	-	0.48
2	Buildings	94.86	0.3	-	95.16
3	Hydraulic Works	310.60	1.0	0.001	311.64
4	Other Civil Works	32.37	0.85	-	33.23
5	Plant & Machinery	159.90	0.02	-	159.93
6	Lines & Cable Network	3.56	-	-	3.56
7	Vehicles	0.04	-	-	0.04
8	Furniture & Fixtures	0.08	-	-	0.08
9	Office Equipment	0.02	-	-	0.02
10	Assets not in use	-	-	-	-
	Total	**601.88**	**2.24**	**0.001**	**604.13**

9.2 Funding Pattern of NUHEP

The New Umtru HEP was funded by a mix of Loan and Equity as elaborated below.

Table 42: Funding pattern of NUHEP for FY 2019-20

Capital funding	Total (INR Cr.)	Loan (INR Cr.)	Equity (INR Cr.)
Capital cost as on 31st March 2019	601.88	440.30	161.58
Capital cost as on 31st March 2020	604.13	440.30	163.83
Average Capital cost	**603.00**	**440.30**	**162.71**

As it can be clearly seen, there is no grant component in the NUHEP project. The Govt. of Meghalaya vide Notification No.PE.73/97/vol IV/217, dated. 13th December, 2012 has notified the Equity infused by the State Govt. in NUHEP **(Annexure-J)** at INR 32.59 crore. The State Government has also vide Notification No.POWER.44/2011/659, dated 26th November, 2021 (**Annexure K**) converted grants and loans amounting to INR 132.00 crore into equity for NUHEP. **The total amount of equity infused in NUHEP by the State Government is therefore INR 164.60 crore (i.e., 32.59 Cr. + INR 132.00 Cr.)** against the total project cost of INR 604.90 crore expected upto FY 2020-21.

9.3 Asset Base of New Umtru

The opening and closing GFA of NUHEP for FY 2019-20, as per the Audited Statement of Accounts of MePGCL is shown in the table below:

Table 43: Gross Fixed Assets (GFA) of NUHEP (INR Cr.)

Particulars	FY 2019-20 (Audited)
Opening GFA (a)	601.88
Additions during the year (b)	2.24
Retirements during the year (c)	0.001
Closing GFA (d=a+b-c)	604.13
Average GFA	**603.00**

The details of asset of NUHEP as stated above are attached as **Annexure G.** MePGCL submits before the Hon'ble Commission to kindly approve Gross Fixed Assets for NUHEP as submitted in the above table.

9.4 Depreciation

The petitioner presents the depreciation of NUHEP for the year FY 2019-20 true up as follows:

Table 44: Depreciation for New Umtru

Particulars	FY 2019-20 (in INR Cr.)	Approved	Loss/ (Gain)
Land and land rights			
Buildings	3.16		
Hydraulic Works	16.4		
Others Civil Works	1.08		
Plant and Machinery	8.44		
Lines and Cable Network	0.18		
Vehicles	0.004		
Furniture and Fixtures	0.007		
Office Equipment	0.001		
Total	**29.29**	**NIL**	**29.29**

The Depreciation for NUHEP approved by Hon'ble Commission for FY 2019-20 is not available. Only the AFC amounting to INR 26.00 Cr which was allocated to NUHEP from the AFC of Old Stations is shown in the MYT order for FY 2018-19 to FY 2020-21.

Details of depreciation schedule for FY 2019-20 is provided as **Annexure G.** The asset base used for computation of depreciation for NUHEP is as per asset base in Section 9.3.

MePGCL, therefore, submits before the Hon'ble Commission to kindly approve Depreciation of INR 29.29 cr for NUHEP in the true up for FY 2019-20

9.5 Return on Equity

It is submitted that the return on equity is computed as per Regulation 27 and 31 of the MSERC MYT Regulations, 2014. As per the above provisions of MYT Regulations, 2014, and the asset base of NUHEP, the Return on Equity for NUHEP for FY 2019-20 is computed as below:

Table 45: Return on Equity for New Umtru HEP (INR Cr)

Particulars	FY 2019-20	Approved	Loss/ (Gain)
Average Equity Base (INR Cr.) (a)	162.71		
30% of Capital Cost (b)	181.23		
Equity to be considered for RoE Calculations (c=lower of a and b)	162.71		
RoE (%) (d)	14%		
Return on Equity (INR Cr.) (e=c*d)	**22.78**	**NIL***	**22.78**

The RoE for NUHEP approved by Hon'ble Commission for FY 2019-20 is not available. Only the AFC amounting to INR 26.00 Cr which was allocated to NUHEP from the AFC of Old Stations is shown in the MYT order for FY 2018-19 to FY 2020-21.

It is, therefore, prayed before the Hon'ble Commission to kindly approve the Return on Equity of INR 22.78Cr for FY 2019-20 for true up of New Umtru HEP as computed above.

9.6 Operation and Maintenance Expenses

Regulation 56 of MSERC MYT Regulations, 2014 provides for Operation and Maintenance Expenses and is reproduced below:

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

NUHEP achieved CoD after 1.04.2009 and, therefore, its O & M expenses are fixed as per Regulation 56 (7) at 2% of Project Cost. For truing up, the O & M expenses are based on actuals as per SoA for FY 2019-20

Table 46: O&M Expenses for New Umtru HEP for FY 2019-20 (INR Cr)

Particulars	Amount (INR Crore)	Approved	Loss/ (Gain)
Employee Benefits Expense	8.64		
Repairs &Maintenance and Administrative & General Expenses	1.63		
O&M Expenses for FY 2018-19 as per SoA	**10.27**	**NIL***	**10.27**

The O &M expenses for NUHEP approved by Hon'ble Commission for FY 2019-20 are not available. Only the AFC amounting to INR 26.00 Cr which was allocated to NUHEP from the AFC of Old Stations is shown in the MYT order for FY 2018-19 to FY 2020-21.

MePGCL submits before the Hon'ble Commission to kindly approve the O&M expenses of INR 10.27 Cr for FY 2019-20 for true up of New Umtru HEP as computed above.

9.7 Interest & Finance Charges

Regulation 32 read with regulation 27 of the MYT Regulations, 2014 provides the guidelines for computation of interest and finance charges. The relevant section of the regulation is reproduced below:

"***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."

As detailed in the section 9.2 above, loan component for Capital cost of NUHEP is INR 440.30 Cr and the utility is fulfilling the interest obligations as on date.

The Interest on Loan for the control period is computed by considering interest obligation for the project loan. The loan statement along with repayment schedule is shown below. This is as per the segregated statement of accounts of **MePGCL (Note 16 - Financial Liabilities (Borrowings): NUHEP Head).** The loan is repayable in 14 years (with one year moratorium period) from its COD in quarterly installments as stated in the Note 16.

Table 47: Details of Loans for FY 2019-20 for New Umtru HEP

Sl. No.	Particulars	Opening Balance (a)	Rate of Interest (b)	Repayment during the year (c)	Closing Balance (d=a-c)	Interest Accrued (e=(a+d)/2*Average Interest Rate)
1	PFC Loan NUHEP	408.85	12.65%	31.59	377.25	49.72

The Interest on loan for NUHEP approved by Hon'ble Commission for FY 2019-20 is not available. Only the AFC amounting to INR 26.00 Cr which was allocated to NUHEP from the AFC of Old Stations is shown in the MYT order for FY 2018-19 to FY 2020-21.

It is submitted that Interest & Finance Charges are genuine and legitimate expenditure and it is humbly prayed before the Hon'ble Commission to kindly approve the entire interest & finance charges of INR 49.72 Cr as mentioned above in the true up for FY 2019-20.

9.8 Interest on Working Capital

In accordance with the regulations, the Interest on Working Capital for NUHEP is computed below:

Table 48: Interest on Working Capital for FY 2019-20

Particulars	NUHEP Actual	Approved	Loss/ (Gain)
O&M expenses for one month (INR Cr.) (a) (10.26/12: O&M of 10.26 is for 12 months)	0.856		
Maintenance spares @ 15% of O&M expenses (b)(INR Cr) (10.26*15%*1.06)	1.63		
Receivables equivalent to two months of Fixed cost (INR Cr.) (c)(119.58 *2/12)	19.95		
Total Working Capital Requirements (INR Cr.) (d=a+b+c)	22.43		
SBI PLR as on 1st April of the respective Financial Year (%) (e)	13.70%		
Interest on Working Capital (INR Cr.) (f=d*e)	**3.07**	**NIL***	**3.07**

The Interest on Working Capital for NUHEP approved by Hon'ble Commission for FY 2019-20 is not available. Only the AFC amounting to INR 26.00 Cr which was allocated to NUHEP from the AFC of Old Stations is shown in the MYT order for FY 2018-19 to FY 2020-21.

MePGCL submits before the Hon'ble Commission to kindly approve the Interest on Working Capital of INR 3.07 Cr as computed above for true up of FY 2019-20 for NUHEP.

9.9 Revenue from Operations

MePGCL has received Revenue of INR 25.95 Cr. for NUHEP from MePDCL towards sale of power for FY 2019-20 based on the AFC allocated to NUHEP from the AFC of Old Stations as approved by the Hon'ble Commission in its MYT order for FY 2018-19 to FY 2020-21.

9.10 Summary of Annual Fixed Cost – New Umtru HEP

The summary of Annual Fixed Cost approved by the Hon'ble Commission for NUHEP vis-à-vis actuals as per the Audited Statement of Accounts for FY 2019-20 is given below:

Table 49: Summary of Annual Fixed Cost (Approved vis-à-vis Actual) FY 2019-20 (INR Cr.)

Particulars	Actual New Umtru HEP	Approved New Umtru HEP	Loss/ (Gain)
Depreciation	29.29		
Return on Equity	22.78		
O&M Expenses	10.27		
Interest and Finance Charges	49.72		
Interest on working capital	3.07		
SLDC Charges	-		
Total Annual Fixed Cost (AFC)	**115.12**	**26.00**	
Less: Non-Tariff Income	-		
Net AFC	**115.12**	**26.00**	**89.12**
Revenue from operations	25.95		
Revenue gap (actual & approved)			0.05
Gap/ (Surplus)			**89.17**

MePGCL humbly prays before the Hon'ble Commission to pass through the additional gap of INR 89.17Cr. for NUHEP under the truing up of FY 2019-20 in the AFC of FY 2022-23

C REVISION OF TARIFF FOR NEW UMTRU HEP FOR FY 2022-23

10.0 Regulatory Provisions

MePGCL submits that based on the Annual Fixed Cost approved by the Hon'ble Commission, it will calculate the capacity charge and energy charge based on the following provisions of the MYT Regulations, 2014:

"57 Computation and payment of capacity charge and energy charge for Hydro generating stations.

57.1 Capacity Charges:

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

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

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

= AFC x 0.5 x NDM / NDY x (PAFM / NAPAF) (in Rupees)

Where,

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

NAPAF= Normative plant availability factor in percentage

NDM = Number of days in the month

NDY = Number of days in the year

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

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

PAFM =10000 x Σ DCi / { N x IC x (100 - AUX) } %

i=1

Where,

AUX = Normative auxiliary energy consumption in percentage

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

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

N = Number of days in the month

57.2 Energy Charges:

(1) The energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary, excluding free energy, if any, during the calendar month, on ex power plant basis, at

the computed energy charge rate. Total Energy charge payable to the generating company for a month shall be:

= (Energy charge rate in Rs. / kWh) x {Scheduled energy (ex-bus) for the month in kWh} x (100 – FEHS) / 100.

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

ECR = AFC x 0.5 x 10 / { DE x (100 – AUX) x (100 – FEHS)}

Where,

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

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

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

(i) in case the energy shortfall occurs within ten years from the date of commercial operation of a generating station, the ECR for the year following the year of energy shortfall shall be computed based on the formula specified in clause (2) with the modification that the DE for the year shall be considered as equal to the actual energy generated during the year of the shortfall, till the energy charge shortfall of the previous year has been made up, after which normal ECR shall be applicable;

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

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

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

(4) In case the energy charge rate (ECR) for a hydro generating station, as computed in clause (5) above, exceeds eighty paise per kWh, and the actual saleable energy in ayear exceeds { DE x (100 – AUX) x (100 – FEHS) / 10000} MWh, the Energy charge for the energy in excess of the above shall be billed at eighty paise per kWh only:

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

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

10.1 Capacity Charge and Energy Charge for NUHEP

The Hon'ble Commission in its MYT order dated 25thMarch, 2021 had approved the ARR for FY 2022-23 as INR72.12 Cr. for NUHEP.

The true up gaps and additional claims as per true up petition will have an impact on the ARR requirement for FY 2022-23, and, therefore, MePGCL prays before the Hon'ble Commission to allow the revised ARR for FY 2022-23 for NUHEP as shown below:

Table 50: Annual Fixed Cost for FY 2022-23(INR Cr.)

Particulars	FY 2022-23
Annual Fixed Cost Approved by MSERC for FY 2022-23 (Rs. Cr.) (a)	72.12
Add: Additional Claim as per petition for True up of FY 2018-19(b)	94.08
Add: Additional Claim as per petition for True up of FY 2019-20(c)	89.17
Net AFC for Computation of Tariff (d=a+b+c)	**255.37**

Now, based on the Regulations, 50% of the Annual Fixed Cost is to be recovered as Capacity charge and the balance is to be recovered as Energy Charge from the beneficiary. Therefore, the capacity and energy charges for NUHEP for FY 2022-23are computed below:

Table 51: Capacity and Energy Charges for New Umtru HEP FY 2022-23

Particulars	FY 2022-23
Net AFC for Computation of Tariff	**255.37**
Design Energy (MU)	235
Less: Auxiliary Consumption @ 1%	2.35
Less: Transformation Loss @ 0.5%	1.17
Net Energy (MU)	231.48
Capacity Charge (Rs. Cr.)	127.69
Energy Charge (Rs./kWh)	5.52

Based on all the above submissions, the petitioner humbly prays before the Hon'ble Commission to kindly approve the tariff of New Umtru Hydro Electric Project for FY 2022-23 as computed in the above table.

SECTION-III

A TRUE UP OF ARR FOR LAKROH MHP FOR FY 2018-19

Lakroh MHP achieved its CoD on 1stMarch, 2019. The final tariff petition for the Control Period FY 2018-19 to FY 2020-21 was not filed by MePGCL since the completion/Capital Cost of the project was not known as the project was then under construction. However, the Hon'ble Commission had allotted Rs.0.45 crore as ARR to Lakroh MHP by deduction from the ARR of Old Stations (including Sonapani) for FY 2018-19.

The Hon'ble Commission in its order dated 25-03-2021, while approving the Capital Cost of Lakroh MHP and ARR for 2nd MYT Control period for FY 2018-19 to FY 2020-21 and ARR for 3rdMYT Control period for FY 2021-22 to FY 2023-24, had adjusted the AFC of INR 0.09 Cr for FY 2018-19 in the Capital cost of the project and had not allowed any AFC for FY 2018-19.

Since the project achieved COD in the last month of the financial year, true up for FY 2018-19 is not carried out by MePGCL

B TRUE UP OF ARR OF LAKROH MHP FOR FY 2019-20

The COD of Lakroh MHP was declared on 1st March, 2019. MePGCL did not file the MYT petition for the Lakroh MHP for the control period FY 2018-19 to FY 2020-21, since the completion cost of the project was not available as the project was still under construction then. However, the Hon'ble Commission allotted INR 0.34 Cr as ARR for Lakroh MHP from the AFC of Old Stations and Sonapani approved by the Hon'ble Commission for the FY 2019-20 (ref. Table 5.47, page 87 of tariff order dated 31-03-2018)

11.0 Gross Fixed Assets & Depreciation

The GFA of Lakroh MHP for FY 2019-20, as per the Statement received from Accounts wing is INR. 24.35 Cr. The asset valueand Depreciation is shown in **Annexure G**.

Table 52: Value of Asset and Depreciation for Lakroh MHP for FY 2019-20

Name of Assets		(INR Cr.)			
	Value of Asset at the beginning of the year (Actual)	**Addition during the year (Actual)**	**Value of Asset at the end of the year (Actual)**	**Rate of Depreciation (%)**	**Depreciation for FY2019-20**
Land and land rights	0.0027	-	0.0027		-
Buildings	2.25	-	2.25	3.34	0.08
Hydraulic Works	9.35	-	9.35	5.28	0.50
Others Civil Works	1.73	0.07	1.80	3.34	0.06
Plant and Machinery	7.83	1.95	9.77	5.27&6.33	0.48
Lines and Cable Network	1.15	0.0008	1.15	5.28	0.06
Vehicles	-	-	-	9.50	-
Furniture and Fixtures	0.01	-	0.001	6.33	0.007
Office Equipment	0.003	0.005	0.0086	6.33	0.005
Assets not in use	-	-	-		-
Total	**22.33**	**2.02**	**24.35**		**1.17**

MePGCL prays before the Hon'ble Commission to kindly approve INR 1.17 Cr as Depreciation for Lakroh MHP in the true up of FY 2019-20.

11.1 Return on Equity

The equity base ratio is determined as per MSERC (Terms and Conditions for determination of tariff for generation from Renewable Energy Sources), Regulations, 2014

"*17. Debt – Equity Ratio*

(1). For determination of generation tariff, the debt-equity ratio shall be 70:30…….."

Table 53: Return on Equity for Lakroh MHP for FY 2019-20 (INR crore)

Particulars	Lakroh
Opening GFA	22.33
Closing GFA	24.35
Average GFA	23.34
Debt (70% GFA)	16.34
Equity (30% of GFA)	7.00
RoE (%)	14%
Return on Equity (in INR Cr.) (INR Cr)	**0.98**

MePGCL humbly prays before the Hon'ble Commission to allow INR 0.98 Cr. as ROE for true up of FY 2019-20 for Lakroh MHP.

11.2 Operation and Maintenance Expenses

Since the segregated O&M expenses of Lakroh MHP are not available, the O&M expense for Lakroh MHP is calculated as approved by the Hon'bl;e Commission in its order dated 25-03-2021 for Approved of Capital Cost of Lakroh MHP at page-49, Table-3.4. The O&M expenses for FY 2018-19 was considered at 2% of the approved project cost (INR 19.03 crore), i.e., at INR 0.38 crore.

Table 54: O & M expenses for Lakroh MHP for FY 2019-20

O & M expenses for Lakroh MHP	Amount (in crore)
O&M expenses for FY 2018-19 (@ 2% of INR 19.03 crore)	0.38
O&M expenses for FY 2019-20 (escalated at 5.72%)	0.40

MePGCL prays before the Hon'ble Commission to allow the O&M expenses of Rs.0.40 Cr for Lakroh MHP for FY 2019-20.

11.3 Interest & Finance Charges

Based on the segregated Statement of Accounts for Lakroh MHP, **MePGCL humbly prays before the Hon'ble Commission to allow Rs.0.57 Cr. towards Interest & Finance Charges for FY 2019-20** as shown in the following table:

Format 7

Table 55: Details of loan for Lakroh MHP for FY 2019-20 **(INR in Lakh)**

Sl No	Particulars	Opening Balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Interest Accrued (Avg. of 3,7)*4	Amount of Interest paid
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*
1	PFC Loan Lakroh	534.10	11.25%	73.90	20.27	587.73	63.10	56.59
	Total	**534.10**		**73.90**	**20.27**	**587.73**	**63.10**	**56.59**

Detailed Statement of all the Loans along with the purpose of loan is given in **Annexure G.**

11.4 Interest on Working Capital (IWC)

The IWC is calculated on normative basis as provided in the regulations. The Interest on Working Capital for true up of FY 2019-20 for Lakroh MHP is presented in the table below:

Table 56: Interest on Working Capital (INR Cr.)

Sl. No.	Particulars	Lakroh	Approved by MSERC
1	O&M Expense for 1 month	0.03	NIL
2	Maintenance Spare at 15% O&M*1.06	0.059	
3	Receivables for 2 months	0.53	
4	Total Working Capital (B+E+F)	0.619	
5	SBI short term PLR	13.70%	
6	**Interest on Working Capital**	**0.085**	

The Hon'ble Commission had allocated AFC of INR 0.34 Cr for Lakroh for FY 2019-20 from the AFC of Old Stations & Sonapani. This is as per the MYT Order for FY 2018-19 to FY 2020-21, which was implemented by MePGCL during FY 2019-20.

MePGCL humbly prays before the Hon'ble Commission to allow INR0.085 Cr. as Interest on Working Capital for true up of FY 2019-20 for Lakroh MHP.

11.5 Prior Period Items & Non-Tariff Income

The Prior Period Expense &Non-Tariff Income for Lakroh MHP for FY 2019-20 is NIL.

11.6 Revenue from Operations

As per the segregated statement received from Accounts wing, the revenue for FY 2019-20 is INR 0.20 Cr for Lakroh MHP.

11.7 Annual Fixed Cost and Revenue Gap/Surplus for FY 2019-20

The summary of Annual Fixed Cost approved by the Hon'ble Commission for Lakroh MHP vis-à-vis actuals as per the Statement of Accounts for FY 2019-20 is given below:

Table 57: Summary of Annual Fixed Cost (Approved vis-à-vis Actual) FY 2019-20

Particulars	Actual as per Statement received from Accounts	Approved by MSERC as per MYT Order for MYT for FY 2018-19 to FY 2020-21	Gap/ (Surplus)
a	b	c	d=(b-c)
Depreciation	1.17		
Return on Equity	0.98		
O&M Expenses	0.40		
Interest and Finance Charges	0.57		
Interest on working capital	0.085		
SLDC Charges	-		
Net Prior Period Items: Income (-)/ Expense	-		
Total Annual Fixed Cost (AFC)	**3.21**	**0.34**	**2.87**
Less: Non-Tariff Income		-	
Net AFC	**3.21**	**0.34**	
Revenue from operation	0.20		**0.14**
GAP/SURPLUS			**3.00**

MePGCL humbly prays before the Hon'ble Commission to pass through the **additional gap of INR 3.00 Cr**. under the truing up of FY 2019-20 for Lakroh MHP to be adjusted in the Tariff for FY 2022-23.

C REVISION OF TARIFF FOR LAKROH MHP FOR FY 2022-23

12.0 Regulatory Provisions

12.1 Capacity Charge and Energy Charge for Lakroh MHP

The Hon'ble Commission in its order dated 25thMarch, 2021 had approved the ARR for FY 2022-23 as INR2.03 Cr. for Lakroh MHP.

The true up gap and additional claim as per the true up petition will have an impact on the ARR for FY 2022-23, and, therefore, the MePGCL prays before the Hon'ble Commission to allow the revised ARR for FY 2022-23 for Lakroh MHP as shown below:

Table 58: Annual Fixed Cost for FY 2022-23 (Rs. Cr.)

Particulars	FY 2022-23
Annual Fixed Cost Approved by MSERC for FY 2022-23 (Rs. Cr.) (a)	2.03
Add: Additional Claim as per petition for True up of FY 2018-19(b)	-
Add: Additional Claim as per petition for True up of FY 2019-20(c)	3.00
Net AFC for Computation of Tariff (d=a+b+c)	**5.03**

Now, based on the Regulations, 50% of the Annual Fixed Cost is to be recovered as capacity charge and the balance is to be recovered as energy charge from the beneficiary. Therefore, the capacity and energy charges for Lakroh MHP for FY 2022-23are computed below:

Table 59: Capacity and Energy Charges for Lakroh MHP FY 2022-23

Particulars	FY 2022-23
Net AFC for Computation of Tariff	**5.03**
Design Energy (MU)	11.01
Less: Auxiliary Consumption @ 1%	0.11
Less: Transformation Loss @ 0.5%	0.05
Net Energy (MU)	10.85
Capacity Charge (Rs. Cr.)	2.52
Energy Charge (Rs./kWh)	**2.32**

Based on all the above submissions, the petitioner humbly prays before the Hon'ble Commission to kindly approve the tariff of Lakroh Mini Hydro Electric Project for FY 2022-23 as computed in the above table.

SECTION-IV

A TRUE UP OF ARR FOR OLD STATIONS INCLUDING SONAPANI FOR FY 2018-19

MePGCL had filed MYT petition for Old Stations including Sonapani & MLHEP for the control period for FY 2018-19 to FY 2020-21. However, in its order dated 31-03-2018, the Hon'ble Commission had considered New Umtru HEP and Lakroh MHP (which was then under construction) as part and parcel of old stations and had taken out a portion of the ARR approved for Old Stations (including Sonapani) and allocated it to New Umtru and Lakroh projects, resulting in the reduction of the ARR of Old Stations and Sonapani. The true up of Old Stations and Sonapani is presented in the succeeding paragraphs.

13.0 Gross Fixed Assets

The opening and closing GFA of Old Plants including Sonapani for FY 2018-19, as per the Audited Statement of Accounts of MePGCL is shown in the table below:

Table 60: Gross Fixed Assets of MePGCL' sOld Plants (Including Sonapani) for FY 2018-19

Particulars	FY 2018-19 (in INR Cr.)				
	MePGCL as a whole	MLHEP	NUHEP	Lakroh MHP	MePGCL'sOld Plants (including Sonapani)
	(a)	(b)	(c)	(d)	(d=a-b-c-d)
Opening GFA	2339.17	1285.86	600.78	-	452.53
Additions during the year	4.45	0.00	1.09	22.33	
Retirements during the year	0	0.34	-	-	
Closing GFA	**2343.62**	**1,285.51**	**601.88**	**22.33**	**433.9**
Average GFA	**2341.40**	**1285.69**	**601.33**	**22.33**	**432.05**

a: As per abstract from MePGCL's SOA for FY 2018-19 without Ind AS adjustment (**Annexure G**)
b: MLHEP asset as per section 4.2 of the petition
c: NUHEP asset as per Section 8.3 of the petition

13.1 Depreciation

The Hon'ble Commission had considered INR1.44 Cr. towards Depreciation for AFC of FY 2018-19. Now based on the actual figures of and assets capitalized**, MePGCL humbly prays before the Hon'ble Commission to kindly allow the actual depreciation of INR 16.37 Cr. for true up of FY 2018-19 for Old Plants & Sonapani as shown below:**

Table 61: Depreciation of Assets for FY 2018-19 (INR Cr.)

Particulars	MePGCL (a)	Leshka (b)	New Umtru (c)	Lakroh (d)	Old Plants + Sonapani (a-b-c)	Approved by MSERC
Depreciation on Land and land rights	-	-	-	-	-	**Total AFC approved was INR 51.74 Cr vide MYT order dated 31-03-2018, out of which only INR 24.99 Cr was allocated to**
Depreciation on Buildings	8.42	4.9	3.17	0.006	0.344	
Depreciation on Hydraulic Works	52.02	32.83	16.40	0.04	2.75	
Depreciation on Others Civil Works	6.06	4.1	1.08	0.005	0.88	
Depreciation on Plant and Machinery	39.66	19.21	8.44	0.034	11.98	
Depreciation on Lines and	0.57	0.24	0.19	0.005	0.14	

Particulars	MePGCL (a)	Leshka (b)	New Umtru (c)	Lakroh (d)	Old Plants + Sonapani (a-b-c)	Approved by MSERC
Cable Network						**Old Stations & Sonapani**
Depreciation on Vehicles	0.09	0.04	0.0037	-	0.046	
Depreciation on Furniture and Fixtures	0.13	0.005	0.005	0.0001	0.12	
Depreciation on Office Equipment	0.12	0.01	0.0012	0.000	0.10	
Apportioned Depreciation from MeECL	0.18					
Total	**107.27**	**61.34**	**29.29**	**0.092**	**16.55**	

Depreciation schedule for the MePGCL's assets is as per abstract from the SOA of MePGCL for FY 2018-19. Depreciation schedule for MLHEP and NUHEP is as per sections 4.3 & 8.4, respectively. Depreciation for Old plants including Sonapani is arrived at after adjusting depreciation of NUHEP and MLHEP in MePGCL's total Depreciation.

13.2 Return on Equity

As per Audited Statement of Accounts for MePGCL for FY 2018-19, the average equity base has been considered as INR 789.78 Cr. (average of opening and closing balance of equity for FY 2018-19), including average equity capital pending allotment. Based on this, Equity base for Sonapani and old plants is INR 33.89 Cr as shown in the tables below:

Table 62: Return on Equity for MePGCL FY 2018-19

Particulars	MePGCL
Equity Share Capital as on 31st March 2018 (a) (INR Cr) (Note 10 of MePGCL Accounts)	782.79
Equity Share Capital as on 31st March 2019 (b) (INR Cr) (Note 10 of MePGCL Accounts)	796.78
Equity considered for true up [c= ((a+b) / 2] (INR Cr)	789.78
RoE (%) (d)	14%
Return on Equity (in INR Cr.) (e=c*d) (INR Cr)	**110.57**

Table 63: Return on Equity for Old Plants & Sonapani (INR Cr) FY 2018-19

Particulars	MePGCL (a)	Leshka HEP (b)	New Umtru HEP (c)	Old Plants + Sonapani (a-b-c)	Approved
Equity considered for true up (1) (INR Cr)	789.78	386.71	161.03	242.04	**Total AFC 51.74Cr. (Out of which only INR 24.99 Cr was given to Old Stations & Sonapani (ref.Table 5.47, pg 87 of Tariff Order)**
RoE (%) (2)	14%	14%	14%	14%	
Return on Equity (INR Cr.) (3=1*2)	**110.57**	**54.14**	**22.54**	**33.89**	

MePGCL would like to submit that the issue of Return on Equity of MeECL& its subsidiaries vs. methodology of MSERC (APTEL Case no 46 of 2015& 367 of 2017) is still subjudice. The utility is reiterating the fact that the claim of MePGCL is in line with the MSERC MYT Regulations. For the sake of brevity, MePGCL is not reiterating the grounds and the justification for the claim here since the matter is subjudice. Hence, the utility would like to retain its methodology as per the past petitions & stand on equity base determination which is in line with MSERC Regulations and the Transfer Notification Scheme of the State Government.

It is, therefore, prayed before the Hon'ble Commission to kindly approve the Return on Equity of INR 33.89 Cr for true up of FY 2018-19 for Old plants including Sonapani as computed above.

13.3 Operation and Maintenance Expenses

The Hon'ble Commission had approved INR 30.14 Cr. towards O&M Expenses for AFC of FY 2018-19 for MePGCL's Old Plants and Sonapani. The O&M expenses of MePGCL as a whole based on the audited statement of Accounts for FY 2018-19 are shown in the tables below:

Table64: O&M Expense for MePGCL as a whole for FY 2018-19

Particulars	Employee Cost	A&G Expenses	R&M Expenses	Total
MePGCL (a)	89.54	4.65	6.22	100.41
Apportionment MeECL (b)	5.07 (i.e15.21/3)	0.98 (i.e 2.93/3)	0.10 (i.e., 0.31/3)	6.15
Total MePGCL Claim in True Up (a + b/3)	**94.61**	**5.63**	**6.32**	**106.56**

Based on the total MePGCL's O&M expenses, the O&M expenses for Old Plants including Sonapani is arrived at by adjusting the O&M expenses for NUHEP and MLHEP as shown in the table below:

Table 65: O&M Expenses for Old Plants including Sonapani (INR Cr) for FY 2018-19

Particulars (a)	**MePGCL + MeECL Apportioned **** (b)	**For Leshka (c)**	**For NUHEP (d)**	**Total Old Plants (e=a-c-d)**	**Approved by MSERC**
Employee Cost	94.61	**27.97**	**10.85**	**67.74**	**Total AFC 51.74Cr. (Out of which only INR 24.99 Cr was given to Old Stations & Sonapani (ref.Table 5.47, pg 87 of Tariff Order dated.31.03.2018)**
A&G Expenses	5.63				
R&M Expenses	6.32				
Total	**106.56**				

** From Table 62 above

MePGCL humbly prays before the Hon'ble Commission to allow INR 67.74 Cr of O&M expenses for Old Plants including Sonapani as shown in the table above in the true up of FY 2018-19.

13.4 Interest & Finance Charges

Based on the MePGCL's Statement of Accounts for FY 2018-19 (Note 12.60) and MeECL's Statement of Accounts for FY 2018-19 (Note 19 & 19.1), **MePGCL humbly prays before the Hon'ble Commission to allow INR 8.46 Cr. towards Interest & Finance Charges** as shown below:

Table 66: Interest and Finance Charges for Old Plants including Sonapani

Figures in INR Cr.

Particulars	**MePGCL SOA (a)**	**MeECL SOA (b)**	**Total Old Plants c =(a+b)**	**Approved**
Amount of interest paid	1.42	7.05 (1/3 of 21.14)	**8.47**	**Total AFC 51.74Cr. (Out of which only INR 24.99 Cr was given to Old Stations & Sonapani (ref.Table 5.47,pg 87 of Tariff Order for FY 2018-19 dated.31.03.2021)**

Detailed Statement of all the Loans along with the purpose of loans is given in Note 12.6 of MePGCL 's SOA and Note 19 & 19.1 of MeECL's SOA for FY 2018-19.

13.5 Interest on Working Capital (IWC)

The Hon'ble Commission had allowed INR 2.49 Cr. for MePGCL's Old Plants & Sonapani towards Interest on Working Capital for AFC of FY 2018-19. As per the relevant norms for working capital provided in MSERC MYT Regulations 2014, **MePGCL humbly prays before the Hon'ble Commission to allow Rs.5.16 Cr. as Interest on Working Capital for true up of FY 2018-19 for old plants & Sonapani**.

Table 67: Interest on Working Capital (INR Cr.) FY 2018-19

Sl. No.	Particulars	MePGCL	Approved by MSERC
1	O&M Expense for 1 month (A)	5.65	**Total AFC INR 51.74Cr. (Out of which only INR 24.99 Cr was given to Old Stations &Sonapani (ref.Table 5.47, pg 87 of Tariff Order, dated.31-03-2018)**
2	Maintenance Spare at 15% O&M (B)	10.77	
3	Receivables for 2 months ©	21.96	
4	Total Working Capital (A+B+C)	38.39	
5	SBI short term PLR as on 01 April 2018	13.45%	
6	**Interest on Working Capital**	**5.16**	

13.6 SLDC and Connectivity Charges

As per the Audited Statement of Accounts (Note 21) of MePGCL for FY 2018-19, SLDC's charge is INR 1.20 Cr. Hence, **MePGCL prays before the Hon'ble Commission to kindly consider INR 1.20 Cr for True up of FY 2018-19** as SLDC's charges.

13.7 Prior Period Items

As per the Audited Statement of Accounts, MePGCL the Prior Period Expense for MePGCL's old plants & Sonapani is NIL

13.8 Non-Tariff Income

Based on the Statements of Accounts for **MePGCL, the utility humbly prays before the Hon'ble Commission to approve Rs.15.98 Cr.** as Non tariff income for true up of FY 2018-19 for Old Plants & Sonapani as shown below:

Table 68: Non Tariff Income (INR Cr.) FY 2018-19

Particulars	MePGCL (a)	Leshka (b)	New Umtru (c)	Lakroh (d)	Old Plants + Sonapani (e=a-b-c-d)
Non tariff income	16.04	0.023	0.0369	-	**15.98**

13.9 Revenue from Operations

As per the Audited Statement of Accounts of MePGCL for FY 2018-19, MePGCL had received Revenue of INR358.56 Cr. (i.e., Rs. 82.52 Cr revenue of FY 2017-18 which is recognized in FY 2018-19 including INR 81.5 Cr true up of FY 2013-14 for MLHEP) from MePDCL towards sale of power for FY 2018-19 (Ref Note 18 of MePGCL's SOA for FY 2018-19 and segregated account 1(v)). The Hon'ble Commission had recognized a revenue of INR 352.65 Cr for FY 2017-18 against the revenue of INR 191.35 Cr as per MePGCL's SOA for FY 2017-18 in its Review order for FY 2017-18. The net revenue of MePGCL for FY 2018-19 (excluding INR 82.52 Cr. revenue of FY 2017-18 which is recognized in FY 2018-19 and INR 81.50 Cr True up gap for FY 2013-14) is INR 194.34 Cr. Out of this total revenue of INR 194.34 Cr., the revenue of Old Stations including Sonapani is INR 22.53 Cr. as shown in the table below, based on the ARR and tariff approved by the Hon'ble Commission vide its order dated 31-03-2018.

Table 69: Revenue from Operations for Old Plants including Sonapani (Rs in INR crore)

Particulars	**MePGCL (a)**	**Leshka (b)**	**New Umtru (c)**	**Old Plants + Sonapani (a-b-c)**
Revenue from Operations for True Up(INR Cr)	194.34 (276.86-82.517)	145.37	26.44	22.53

13.10 Annual Fixed Cost and Revenue Gap/Surplus for FY 2018-19

Table 70: Summary of Annual Fixed Cost (Approved vis-à-vis Actual) FY 2018-19

Particulars	**True Up of MePGCL (Old + Plants)**	**Approved AFC 2018-19 (Old Plants + Sonapani)**	**GAP / SURPLUS (+)/(-)**
Depreciation	16.55		
Return on Equity	33.89		
O&M Expenses	67.74		
Interest and Finance Charges	8.47		
Interest on working capital	5.16		
SLDC Charges	1.20		
Net Prior Period Items: Income (-)/ Expense	-		
Total Annual Fixed Cost (AFC)	**133.01**		
Less: Non-Tariff Income	15.98		
Net AFC	**117.03**	**24.99**	92.04
Revenue from operations	22.53		2.46
Revenue Gap/ (Surplus)			**94.5**

MePGCL humbly prays before the Hon'ble Commission to kindly pass through the **additional gap of INR 94.5 Cr**. under the truing up of FY 2018-19for Old Plants including Sonapani to be adjusted in the ARR of FY 2022-23.

B TRUE UP OF ARR FOR OLD STATIONS &SONAPANI FOR FY 2019-20

14.0 Gross Fixed Assets of old plants and Sonapani for FY 2019-20

The opening and closing GFA of Old Plants including Sonapani for FY 2019-20, as per the Audited Statement of Accounts of MePGCL is shown in the table below:

Table 71: Gross Fixed Asset of MePGCL Old Plants (Including Sonapani)

Particulars	FY 2019-20 (INR Cr.)				
	MePGCL as a whole	MLHEP	NUHEP	Lakroh	MePGCLOld Plants (including Sonapani)
	(a)	(b)	(c)	(d)	(d=a-b-c-d)
Opening GFA	2313.79	1285.51	601.88	22.33	404.07
Additions during the year	25.85	0.00	2.25	2.01	21.59
Retirements during the year	0.47	0.0	-	-	-
Closing GFA	2339.17	1,285.51	604.13	24.34	425.19
Average GFA	**2326.48**	**1,285.51**	**603.00**	**23.34**	**414.63**

a: As per abstract from MePGCL's SoA for FY 2019-20 without Ind AS adjustment
b:MLHEP asset as per section 6.2 of the petition
c: NUHEP asset as per Section 9.3 of the petition
d. Lakroh MHP asset Section 11.0 of the petition

14.1 Depreciation

Based on the actual figures and assets capitalized, **MePGCL humbly prays before the Hon'ble Commission to allow the depreciation of INR 15.39 Cr. for true up of FY 2019-20 for Old Plants & Sonapani.**

Table 72: Depreciation of Assets for FY 2019-20 (INR Cr.)

Particulars	MePGCL (a)	Leshka (b)	New Umtru (c)	Lakroh MHP (d)	Old Plants + Sonapani e = (a-b-c-d)	Approved by MSERC
Depreciation on Land and land rights	-	-	-	-	-	**Total AFC approved was INR 56.20 Cr. (Out of which only INR 29.86 Cr was given to Old Stations & Sonapani (ref.Table 5.47, pg 87 of Tariff Order, DATED31-03-2018)**
Depreciation on Buildings	8.35	4.9	3.17	0.075	0.205	
Depreciation on Hydraulic Works	51.55	32.89	16.40	0.49	1.77	
Depreciation on Others Civil Works	5.99	4.1	1.08	0.06	0.75	
Depreciation on Plant and Machinery	39.18	19.23	8.44	0.48	11.03	
Depreciation on Lines and Cable Network	0.51	0.24	0.19	0.006	0.07	
Depreciation on Vehicles	0.11	0.044	0.004	-	0.062	
Depreciation on Furniture and Fixtures	0.14	0.005	0.007	0.0001	0.127	
Depreciation on Office Equipment	0.12	0.01	0.0012	0.001	0.107	
Apportioned Depreciation from MeECL	0.15			-	0.15	
Total	**106.10**	**61.41**	**29.29**	**1.17**	**14.27**	

Depreciation schedule for the MePGCL's assets is as per audited accounts. Depreciation for Old plants including Sonapani is arrived at after adjusting depreciation of MLHEP, NUHEP and Lakroh MHP in MePGCL's total Depreciation.

14.2 Return on Equity

As per Audited Statement of Accounts for MePGCL for FY 2019-20, the average equity base has been considered as INR 797.85 Cr. (average of opening and closing balance of equity for FY 2019-20). Based on this Equity base, the RoE for Old Plants and Sonapani is INR 33.80 Cr as shown in the table 71 & 72 below:

Table 73: Return on Equity for MePGCL

Particulars	MePGCL
Equity Share Capital at 31st March 2019 (a) (INR Cr) (MePGCL Accounts)	796.78
Equity Share Capital at 31st March 2020 (b) (INR Cr) (MePGCL Accounts)	798.91
Equity considered for true up [c= ((a+b)/2] (INR Cr)	797.85
RoE (%) (d)	14%
Return on Equity (in INR Cr.) (e=c*d) (INR Cr)	**111.69**

Table 74: Return on Equity for Old Plants &Sonapani (In Rs Cr)

Particulars	MePGCL (a)	MLHEP (b)	New Umtru (c)	Lakroh (d)	Old Plants + Sonapani (a-b-c-d)	Approved
Equity considered for true up (1) (INR Cr)	797.85	386.71	162.71	7.0	241.43	**Total AFC approved was INR 56.20 Cr. (Out of which only INR 29.86 Cr was given to Old Stations &Sonapani (ref.Table 5.47, pg 87 of Tariff Order, DATED31-03-2018)**
RoE (%) (2)	14%	14%	14%	14%	14%	
Return on Equity (INR Cr.) (3=1*2)	**111.69**	**54.14**	**22.78**	**0.98**	**33.80**	

MePGCL would also like to submit that the issue of Return on Equity (methodology of MeECL& its subsidiaries vs. methodology of MSERC: APTEL Case no 46 of 2015& 367 of 2017) is still subjudice. The utility is reiterating the fact that the claim of MePGCL is in line with the MSERC MYT Regulations. For the sake of brevity, MePGCL is not reiterating the grounds and the justification for the claim here since the matter is subjudice. Hence, the utility would like to retain its methodology as per the past petitions & stand on equity base determination which is in line with MSERC Regulations and the Transfer Scheme Notification of the State Government.

It is therefore prayed before the Hon'ble Commission to kindly approve the Return on Equity of INR 33.80 Cr for true up of FY 2019-20 for Old plants including Sonapani as computed above.

14.3 Operation and Maintenance Expenses

The Hon'ble Commission had approved INR 31.87 Cr. towards O&M Expenses for AFC of FY 2019-20 for MePGCL's Old Plants and Sonapani. As per audited accounts, the O&M expenses for FY 2019-20 for MePGCL as a whole are shown in the table below:

Table 75: O&M Expense for MePGCL as a whole

Particulars	Employee Cost	A&G Expenses	R&M Expenses	Total
MePGCL (a)	59.38	10.30	9.82	79.51
Apportionment MeECL (b)	48.60	2.48 (7.44/3)	0.043 (0.13/3)	51.12
Less other expenses capitalized	9.64	0.60		10.24
Total MePGCL Claim in True Up **(a + b)**	**98.35**	**12.18**	**9.84**	**120.39**

Table 76: O&M Expenses for Old Plants including Sonapani (INR Cr) for FY 2019-20

Particulars	**MePGCL + MeECL Apportioned** (a)	**MLHEP (b)**	**NUHEP (c)**	**Lakroh MHP (d)**	**Total Old Plants (d=a-b-c-d)**	**Approved by MSERC**
Employee Cost	98.35	**34.86**	**10.27**	**0.40**	**74.84**	**Total AFC approved was INR 56.20 Cr. (Out of which only INR 29.86 Cr was given to Old Stations & Sonapani (ref.Table 5.47, pg 87 of Tariff Order, dated 31-03-2018)**
A&G Expenses	12.18					
R&M Expenses	9.84					
Total	**120.37**					

Note: Apportionment of MeECL's Employee Expenses (as per Note 27). Based on the total MePGCL's O&M expenses, the O&M expenses for Old Plants including Sonapani has been arrived at by adjusting the O&M expenses for MLHEP, NUHEP and Lakroh MHP as shown in the table above.

MePGCL humbly prays before the Hon'ble Commission to allow INR 74.84 Cr of O&M expenses for Old Plants including Sonapani as shown in the table above.

14.4 Interest & Finance Charges

MePGCL had received loans from the State Government for its Old Stations during FY 2019-20. As per SOA s' of MePGCL (Note 16.7) and MeECL (Note 22&22.1), **MePGCL humbly prays before the Hon'ble Commission to allow INR10.24 Cr. towards Interest & Finance Charges for FY 2019-20 as shown in the table below:**

Table 77: Interest and Finance Charges Expense for Old Plants including Sonapani

Figures in INR Cr.

Particulars	**MePGCL (a)**	**MeECL (b)**	**Total Old Plants c =(a+b)**	**Approved**
Amount of interest paid	1.39	8.85 (1/3rd of INR 26.54 Cr)	**10.24**	**Total AFC approved was INR 56.20 Cr. (Out of which only INR 29.86 Cr was given to Old Stations & Sonapani (ref.Table 5.47, pg 87 of Tariff Order, dated 31-03-2018)**

Statement of all the loans for old stations along with the purpose of loans are as shown in Note 16.7 of MePGCL's SOA and Note 22 & 22.1 of MeECL's SOA for FY 2019-20.

14.5 Interest on Working Capital (IWC)

Based on the relevant norms for working capital provided in MSERC MYT Regulations 2014, **MePGCL humbly prays before the Hon'ble Commission to kindly allow INR 5.65 Cr. as Interest on Working Capital for true up of FY 2019-20 for old plants & Sonapani**.

Table 78: Interest on Working Capital (INR Cr.)

Sl. No.	**Particulars**	**MePGCL (a)**	**Approved by MSERC**
1	O&M Expense for 1 month (a)	6.24	**Total AFC approved was INR 56.20 Cr. (Out of which only INR 29.86 Cr was given to Old Stations & Sonapani (ref.Table 5.47, pg 87 of Tariff Order, dated 31-03-2018)**
2	Maintenance Spare at 15% O&Mescalated @ 15% from the CoD (b)	11.90	
3	Receivables for 2 months |(c)	23.14	
4	Total Working Capital (a+b+c)	41.28	
5	SBI short term PLR as on 01 April 2019	13.70%	
6	**Interest on Working Capital**	**5.65**	

14.6 SLDC and Connectivity Charges

As per the Audited Statement of Accounts (Note 26) of MePGCL's for FY 2019-20, SLDC's charge is INR 1.68Cr. Hence, **MePGCL prays before the Hon'ble Commission to kindly consider INR 1.68 Cr for True up of FY 2019-20** towards SLDC charges.

14.7Prior Period Items

As per the Audited Statement of Accounts of MePGCL for FY 2019-20, the Prior Period Expense for MePGCL is NIL

14.8 Non-Tariff Income

Based on the segregated Statements of Accounts for **MePGCL, the utility humbly prays before the Hon'ble Commission to kindly approve INR 16.09 Cr**. as other income for true up of FY 2019-20 for Old Plants & Sonapani as shown in the table below:

Table 79: Non-Tariff Income (INR cr.)

Particulars	MePGCL (a)	Leshka (b)	New Umtru (c)	Lakroh (d)	Old Plants + Sonapani (e=a-b-c-d)
Non tariff income	16.10	0.0029	0.0046	-	**16.09**

14.9 Revenue from Operations

As per the Audited Statement of Accounts (Note 24), MePGCL had received Revenue of INR 287.40 Cr. (including INR 81.5 Cr true up gap for MLHEP for FY 2014-15) from MePDCL towards sale of power for FY 2019-20. The revenue from old plants is INR 27.96 crore as shown in the table below:

Table 80: Revenue from Operations for Old Plants including Sonapani (Rs in INR crore)

Particulars	MePGCL (a)	Leshka (b)	New Umtru (c)	Lakroh (d)	Old Plants + Sonapani (a-b-c)
Revenue from Operations for True Up(INR Cr)	287.40(including INR 81.5 Cr Prov. True up gap of MLHEP for FY 2014-15)	233.29 (inc.81.5 Cr true up gap for FY 2014-15)	25.95	0.2 0	27.96

14.10 Annual Fixed Cost and Revenue Gap/Surplus for FY 2019-20

Table 81: Summary of Annual Fixed Cost (Approved vis-à-vis Actual) FY 2019-20

Particulars	True Up of MePGCL (Old + Plants)	Approved AFC 2019-20 (Old Plants + Sonapani)	Gap / Surplus
Depreciation	14.27		
Return on Equity	33.80		
O&M Expenses	74.84		
Interest and Finance Charges	10.24		
Interest on working capital	5.65		
SLDC Charges	1.68		
Net Prior Period Items: Income (-)/ Expense	-		
Total Annual Fixed Cost (AFC)	**140.49**		
Less: Non-Tariff Income	16.09		
Net AFC	**124.40**	**29.86**	**94.54**
Revenue from operations	27.96		1.9
Gap/ (Surplus)			**96.44**

MePGCL humbly prays before the Hon'ble Commission to kindly consider the **additional gap of INR 96.44 Cr**. under the truing up of FY 2019-20for Old Plants including Sonapani to be adjusted in the ARR of FY 2022-23.

C REVISION OF TARIFF FOR OLD STATIONS INCLUDING SONAPANI FOR FY 2022-23

15.0 Regulatory Provisions

MePGCL submits that based on the Annual Fixed Cost approved by the Hon'ble Commission, it will calculate the capacity charge and energy charge based on the following provisions of the MYT Regulations, 2014:

"57 Computation and payment of capacity charge and energy charge for Hydro generating stations.

57.1 Capacity Charges:

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

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

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

= AFC x 0.5 x NDM / NDY x (PAFM / NAPAF) (in Rupees)

Where,

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

NAPAF= Normative plant availability factor in percentage

NDM = Number of days in the month

NDY = Number of days in the year

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

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

PAFM =10000 x Σ DCi / { N x IC x (100 - AUX) } %

i=1

Where,

AUX = Normative auxiliary energy consumption in percentage

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

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

N = Number of days in the month

57.2 Energy Charges:

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

= (Energy charge rate in Rs. / kWh) x {Scheduled energy (ex-bus) for the month in kWh} x (100 – FEHS) / 100.

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

ECR = AFC x 0.5 x 10 / { DE x (100 – AUX) x (100 – FEHS)}

Where,

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

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

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

(i) in case the energy shortfall occurs within ten years from the date of commercial operation of a generating station, the ECR for the year following the year of energy shortfall shall be computed based on the formula specified in clause (2) with the modification that the DE for the year shall be considered as equal to the actual energy generated during the year of the shortfall, till the energy charge shortfall of the previous year has been made up, after which normal ECR shall be applicable;

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

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

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

(4) In case the energy charge rate (ECR) for a hydro generating station, as computed in clause (5) above, exceeds eighty paise per kWh, and the actual saleable energy in a

year exceeds { DE x (100 – AUX) x (100 – FEHS) / 10000} MWh, the Energy charge for the energy in excess of the above shall be billed at eighty paise per kWh only:

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

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

15.1 Capacity Charge and Energy Charge for Old Station including Sonapani

The Hon'ble Commission in its order dated 25th March, 2021 had approved the ARR for MYT of FY 2021-22 to FY 2023-24 and Generation Tariff for FY 2022-23 at INR 65.36 Cr. for Old Station including Sonapani.

The true up gap and additional claim as per the true up petitions will have an impact on the ARR requirement for FY 2022-23, and, therefore, the utility prays before the Hon'ble Commission to allow the revised ARR for FY 2022-23 for Old Stations including Sonapani, which comes to INR 219.42 crores as shown below:

Table 82: Annual Fixed Cost for old plants & Sonapani FY 2022-23 (Rs. Cr.)

Particulars	**FY 2022-23**
Annual Fixed Cost Approved by MSERC for FY 2022-23 (Rs. Cr.) (a)	65.36
Add: Additional Claim as per review petition for True up of FY 2018-19 (b)	94.50
Add: Additional Claim as per review petition for True up of FY 2019-20 (c)	96.44
Less: Net gap as per review order for FY 2017-18 (177.5MW/303.5 * INR 8.67Cr) (d)	(-) 5.07
Net AFC for Computation of Tariff (d=a+b+c-d)	**251.23**

Now, based on the Regulations, 50% of the Annual Fixed Cost is to be recovered as capacity charge and the balance is to be recovered as energy charge from the beneficiary. Therefore, the capacity and energy charges for Old Stations including Sonapani for FY 2022-23 are computed below:

Table 83: Plant wise Annual Fixed Cost of Old Stations including Sonapani for FY 2022-23

Particulars	**Installed Capacity (MW)**	**Design Energy (MU)**	**AFC for FY 2022-23 (INR Crore)**	**50% of Capacity Charges (INR Cr)**	**Energy charge (Rs./kwh)**
Umiam Stage-I	36	116	56.81	28.40	2.45
Umaiam Stage II	20	46	22.53	11.26	2.45
Umiam-Umtru Stage III	60	139	68.07	34.03	2.45
Umiam-Umtru Stage IV	60	207	101.37	50.69	2.45
Umtru	11.2*	-	-	-	-
Sonapani	5	5	2.45	1.23	2.45
Total	**177.50**	**513**	**251.23**		**2.45**

* Umtru Power Station is under shut down and is not generating.

Based on all the above submissions, the petitioner humbly prays before the Hon'ble Commission to kindly approve the tariff of Old Stations including Sonapani for FY 2022-23 as computed in the above table.