



Meghalaya State Electricity Regulatory Commission

TARIFF ORDER

Case No. 28 of 2021

Aggregate Revenue Requirement

and

Transmission Tariff and Open Access Charges

for FY 2022-23

For

Meghalaya Power Transmission Corporation Limited

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

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

Lower Lachumiere, Shillong-793001

East Khasi Hills District, Meghalaya

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ABBREVIATIONS

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

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

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

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East Khasi Hills District, Meghalaya

Case No. 28/2021

In the matter of,

Petition for determination of Aggregate Revenue Requirement (ARR) and Transmission Tariff and open access charges for FY 2022-23 in the State of Meghalaya.

AND

Meghalaya Power Transmission Corporation Limitedthe Petitioner
(herein after referred to as MePTCL or Petitioner)

Coram

Shri P W Ingty, IAS (Retd.)

Chairman

Shri R. Keishing

Member

ORDER

(Date: 25.03.2022)

1. The Meghalaya Power Transmission Corporation Limited (herein after referred to as MePTCL) is a deemed licensee in terms of section 14 of the Electricity Act 2003 (herein after referred to as Act), engaged in the business of transmission of electricity in the state of Meghalaya.
2. MSERC had notified the ARR for 3rd MYT Control period FY 2021-22 to FY 2023-24 on 25.03.2021 in which the ARR for FY 2022-23 was notified.
3. As per the Regulation 6.3 of MYT Regulations 2014, the licensee shall file the petition for approval of truing up of previous years and tariff petition for ensuing financial year on or before 30th November of each year.

4. MePTCL has filed petition on 30.11.2021 for determination ARR and Transmission Tariff and Open Access Charges for FY 2022-23 along with True up petition for FY 2018-19 and FY 2019-20 with Audited Statement of Accounts.
Commission has provisionally admitted the petition on 06.12.2021.
5. The ARR for FY 2022-23 scrutinized considering the audited SOA FY 2018-19 and FY 2019-20 and also assumptions for FY 2020-21 and FY 2021-22 estimated based on the inflation rates. wherever necessary for computation of ARR for FY 2022-23 as per MSERC MYT Regulations 2014.
6. In exercise of the powers vested under section 61 and section 64 of the Electricity Act 2003 and MSERC MYT Regulations, 2014 (herein after referred to as Tariff Regulations) and other enabling provisions in this behalf, the Commission finalizes this order for approval of the ARR for FY 2022-23 and determination of Transmission Tariff & Open Access charges for Transmission of electricity in the state of Meghalaya for FY 2022-23.
7. Regulation 19 of the Tariff Regulations, 2014 provides for giving adequate opportunity to all stake holders and general public for making suggestions/ objections on the ARR and Tariff Petition. Accordingly the Commission directed MePTCL to publish the ARR and Tariff Petition for FY 2022-23 in an abridged form as public notice in the news papers having wide circulation in the state inviting suggestions/objections on the Tariff Petition.
8. MePTCL has published the Tariff Petition in the abridged form as public notice in various news papers and the Tariff petition was also placed on the website of MePTCL calling for the suggestions/objections within 30 days from the date of publication of notice.
9. The Commission in order to ensure transparency in the process of Tariff determination and for providing proper opportunity to all stake holders and general public inviting suggestions/objections on the Tariff petition and for convenience of the consumers and general public across the state, decided to hold a public hearing on 14.03.2022.

Accordingly, the Commission held public hearing at Shillong as scheduled.

10. The Petition of MePTCL was also placed before the state advisory committee in its meeting held on 17.03.2022 and various aspects of the Petition were discussed by the committee. The Commission took the views/advice of the State advisory committee on the ARR and Tariff Petition for FY 2022-23.
11. The Commission took into consideration of the business plan and ARR approved for 3rd MYT control period for FY 2021-22 to FY 2023-24 and the facts presented by the MePTCL in its present petition for revision of ARR and Transmission Tariff for FY 2022-23 and subsequent additional data, the suggestions/objections received from stakeholders, consumer organizations, general public and the State Advisory Committee and the response of MePTCL to those suggestions/objections.
12. The Commission taking into consideration of all the facts which came up during the public hearing and minutes of the meeting of the State Advisory Committee, approves ARR and Transmission Tariff and open access charges for FY 2022-23 as per the MSERC MYT Regulations 2014.
13. The Commission has reviewed the Directives issued earlier in the Tariff Orders for FY 2013-14 to FY 2020-21 and noted that some of the Directives are complied and some are partially attended. The Commission has dropped the Directives complied with and the remaining Directives are consolidated and fresh Directives are issued.
14. This Order has been divided into 7 chapters as detailed below.
 - Chapter 1** : Introduction
 - Chapter 2** : Summary of petition for ARR & and Determination of Transmission Tariff and Open Access charges for FY 2022-23.
 - Chapter 3** : Public Hearing process
 - Chapter 4** : Commission's Approach
 - Chapter 5** : Analysis and approval of ARR for FY 2022-23
 - Chapter 6** : Determination of Transmission Tariff and Open Access Charges for FY 2022-23
 - Chapter 7** : Directives

15. The MePTCL shall ensure implementation of the order from the effective date after issuance of a public notice in such a font size which is clearly visible in two daily news papers having wide circulation in the state within a week and compliance of the same shall be submitted to the Commission.

This order shall be effective from 1st April, 2022 and shall remain in force till 31st March, 2023 or till the next Tariff Order of the Commission.

**Sd/-
Member
MSERC**

**Sd/-
Chairman
MSERC**

1. Introduction

1.0 Background

1.1 Meghalaya Power Transmission Corporation Limited

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

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

The Government of Meghalaya issued further notification on 16th September, 2013 notifying the revised statement of assets and liabilities as on 1st April, 2010 to be vested in Meghalaya Energy Corporation Limited.

As per the said notification a separate corporation “Meghalaya Power Transmission Corporation Limited” (MePTCL) was incorporated for undertaking Transmission Business.

The Government of Meghalaya issued further amendment on 29.04.2015 notifying the revised statement of Assets & Liabilities as on 31.03.2012 to be vested in the MeECL and re-vested in unbundled successor entities viz MePGCL, MePTCL, MePDCL and MeECL (The Holding Company). The new entities have been functionalized with effect from 01.04.2013.

1.2 Meghalaya State Electricity Regulatory Commission

Meghalaya State Electricity Regulatory Commission (here in after referred to as “MSERC” or the Commission) is an independent statutory body constituted under the provisions of the Electricity Regulatory Commission (ERC) Act, 1998, which was superseded by Electricity Act (EA), 2003. The Commission is vested with the authority of regulating the power sector in the state inter alia including determination of tariff for electricity consumers.

1.3 Performance Highlights

MePTCL has inherited an ageing network from MeSEB, which itself had inherited the network from Assam State Electricity Board (ASEB) in 1975. However, both the erstwhile MeSEB and MePTCL have added significant network assets in previous few years in order to sustain the load growth and to provide reliable power transmission corridor to the state of Meghalaya.

The key physical achievements of MePTCL are highlighted below:

Table 1.1 : Transmission Network Data

Description of the Network	Network Quantity as for FY 2020-21	Now filed for FY 2021-22
400 KV	2	2
220 KV	4	4
132 Kv& below	32	32
Total Sub Station bays	38	38
Transmission Lines		
A. Single Circuit		
(i) Multi Circuit (Bundled conductor with Six or more Sub Conductors)	21.746	21.746
Line with Conductor Six or more Sub conductors	-	-
(ii) With four Sub Conductors	32.77	32.77
(iii) With Twin Triple Conductors	5.28	5.28
(iv) With Single Sub Conductor	13.49	13.49
B. Double Circuit lines		
(i) With four or more conductors	4.428	4.428
(ii) Twin Triple Conductors	226.84	226.84
(iii) Single Conductor	558.362	527.8946
(iv) 132 KV Double Circuit	428.428	448.155
Total Length of Lines A+B	1291.344	1280.603
Transformation Capacity (MVA)		
400/220 KV	630 MVA	630 MVA
220/132 KV	520 MVA	520 MVA
132/33 KV below	595 MVA	617.50 MVA
Total Transformer Capacity	1745 MVA	1767.50 MVA

Energy Handled in the Transmission System for FY 2017-18 to FY 2019-20 as per Format T 4 (C)

Table 1. 2 : Energy Handled in the Transmission System

Sl.no	Particulars	FY 2017-18	FY 2018-19	FY 2019-20
1	Total Energy Received (MU)	1909986657.64	2023240793.92	2073297534.64
2	Total Energy Sent Out (MU)	1833587190.91	1941328133.76	1990367133.15
3	Transmission Losses (4%)	76399466.31	80929631.76	82931901.39
4	% of Transmission Losses (3/1)x100	4%	4%	4%

1.4 Filing of the Petition

The Meghalaya Power Transmission Corporation Limited (herein after referred to as MePTCL or Petitioner) has filed its petition on 30.11.2021 as per the Meghalaya State Electricity Regulatory Commission (MYT) Regulations, 2014 for approval of Aggregate Revenue Requirement and determination of Transmission tariff and open access charges for FY 2022-23.

1.5 Admission of the Petition

The Commission undertook the technical validation of the Petition and provisionally admitted on 06.12.2021.

1.6 Public Hearing on the application

In accordance with Regulation 19 of the MSERC Regulations, 2014, the Commission directed the MePTCL to publish the petition in an abridged form to ensure public participation.

MePTCL has issued the public notice, inviting objections/suggestions from the stakeholders and general public on the ARR and tariff petition filed by the licensee. The Notification has been published in the following news papers on the dates noted against each.

Sl. No	Name of News paper	Language	Date of Publication
1	The Shillong Times	English	09.12.2021 & 10.12.2021
2	Mawphor	Khasi	09.12.2021 & 10.12.2021
3	Salantini Janera, Tura Edition	Garo	09.12.2021 & 10.12.2021

The Petitioner has also placed the public notice in the website (www.meecl.nic.in). The interested parties/stakeholders were asked to file their objections/suggestions on the petition within 30 days.

MePTCL/Commission received some objections/suggestions from Consumers/ consumer organizations. The Commission examined the objections/ suggestions received and sent to MePTCL for their response.

Communication was also sent to the objectors to take part in the public hearing session on 14.03.2022 for presenting their views in person before the Commission.

The Public hearing was conducted at Shillong as scheduled.

- 1.7** The Objections/Suggestions on the main issues raised by the objectors in the written submission and also in the public hearing along with response of MePTCL and the Commission's views in brief are annexed in the chapter-3.
- 1.8** The names of consumers/consumer organizations those who filed their objections and the objectors who participated in the public hearing for presenting their views are annexed in the Annexure II.
- 1.9** The Commission also held meeting with State Advisory committee on 17.03.2022. Minutes of the SAC meeting are annexed in Annexure-I

2. Summary of the petition for ARR and Transmission Tariff and Open Access charges for FY 2022-23

2.1. Aggregate Revenue Requirement (ARR) for FY 2022-23

The Meghalaya Power Transmission Corporation Limited (MePTCL) has submitted the Petition on 30.11.2021 seeking approval for revised Aggregate Revenue Requirement and Determination of Transmission Tariff and Open Access Charges for FY 2022-23.

2.2. Revision of ARR and Tariff for FY 2022-23

The Commission has approved ARR of Rs 85.17 Cr for FY 2022-23 in its MYT order dated 25th March 2021. The Commission has not considered review of ARR. Therefore, the petition for review of Net ARR for FY 2022-23 for determination of transmission tariff will be based on the approved ARR of FY2022-23 including the previous years truing up for FY 2018-19 and FY 2019-20.

The Licensee submitted that the issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC) is pending adjudication before the Hon'ble APTEL bearing Case no 46 of 2016. In case of a favourable order to the licensee with respect to the methodology adopted for return on equity, the licensee will reclaim/adjust the additional claim of return on equity in the subsequent tariff petitions. However, the petitioner in its Tariff petition has claimed return based on the methodology adopted by the Commission in its past orders to avoid ambiguities in figures/calculation resulting in variation in calculation and lower amount of RoE being approved by the Commission.

On the matter of apportionment of employee cost of holding company in the truing up for FY 2021-22, the Commission has stated that appropriate decision shall be taken considering the outcome of the appeal pending before the Hon'ble APTEL on the issue.

The apportionment of employee cost of holding company for FY 2022-23 was estimated to be Rs.71.76 Crores in the MYT petition as well as the review petition of MYT. This expense was disallowed in totality by the Commission in its order dated 25th March 2021. In the review petition order dated 18th August 2021. Commission

has stated that it shall consider the other components/items of employee cost while truing up and accordingly the variation in the employee cost/O&M expenses shall be allowed. Based on this the estimated apportionment of the holding company expenses is as depicted below.

Table 2.1: Apportionment of employee cost of Holding Company for FY 2022-23 (projected)

(Rs Cr)

Particulars	A	B	C	D (A+B+C)	E	F (D+E)
	MePGCL	MePTCL	MePDCL	Sub Total	MeECL	Grand Total
Pay & Allowances expenses	20.75	20.75	20.75	62.24	6.92	69.15
Staff Welfare expenses	0.01	0.01	0.01	0.04	0.00	0.05
Corporation Contribution to CPS Fund	0.12	0.12	0.12	0.35	0.04	0.39
Ex-Gratia payment	0.00	0.00	0.00	0.00	0.00	0.00
Pension & pension related expenses	50.88	50.88	50.88	152.65	16.96	169.61
TOTAL	71.76	71.76	71.76	215.28	23.92	239.20

2.3. Total Gap to be recovered through Tariff in FY2022-23.

MePTCL submitted that the approved ARR as well as the gaps/(surplus) of previous years due to true up and review petition on true up order is to be cumulatively recovered through the tariff order of FY 2022-23.

The Licensee has filed the Review Petition on True Up order for FY 2016-17 & FY 2017-18 against which, the Commission on 31.03.2021 issued the Review True Up Order for FY 2016-17. Subsequently, on 06.08.2021 the Commission has issued an order dated 06.08.2021 clarifying/modifying the True up Order of FY 2017-18, wherein the Revenue Surplus of Rs.20.08 Crore shall be appropriated in totality in the Net ARR of FY2022-23.

That, since the MePTCL has filed a petition on True Up for FY 2018-19 and FY 2019-20, this will have an impact on the ARR requirement for FY 2022-23 and thereby the utility requests the Commission to allow the gap in the True up of the Transmission ARR for FY 2018-19 and FY 2019-20 which amounts to Rs 88.87 crores and Rs.85.68 crores respectively as shown below:

Table 2.2 : True Up Gap Claimed by MePTCL for FY 2018-19

(Rs. Cr)

Particulars	Approved for FY 2018-19 in Tariff Order	Claimed by MePTCL in Truing up of FY 2018-19	Revenue Gap/ (Surplus)
Aggregate Revenue Requirement	66.86	169.41	102.54
Revenue from Tariff/Operations approved/recovered	99.79	113.46	(13.67)
True Up Gap / (Surplus)			88.87

Table 2.3 : True Up Gap claimed by MePTCL for FY 2019-20

(Rs. Cr)

Particulars	Approved for FY 2019-20 in Tariff Order	Claimed by MePTCL in Truing up of FY 2019-20	Revenue Gap/ (Surplus)
Aggregate Revenue Requirement	134.74	200.48	65.74
Revenue from Tariff/Operations approved/recovered	33.56	13.62	(19.94)
True Up Gap / (Surplus)			85.68

2.4. Net ARR for FY 2022-23

The Petitioner has stated that based on the above submissions for approval of ARR and gaps/(surplus) of past years, the net Revenue Requirement for FY 2022-23 would be as shown below:

Table 2.4 : Net ARR for FY 2022-23

(Rs. Cr)

Sl No	Particulars	Amount
1a	Approved ARR of FY 2022-23	85.17
1b	Apportionment of Employee expenses of Holding Company	71.76
	Total ARR	156.93
2	Correction on the true up of FY 2017-18 vide order dated 06.08.2021	20.08
3	Gap/(Surplus) from True up of FY 2016-17 (Review) of MePTCL vide order dated 31.03.2021	(0.10)
4	Gap/(Surplus) from True up of FY 2018-19 as claimed by MePTCL	88.87
5	Gap/(Surplus) from True up of FY 2019-20 as claimed by MePTCL	85.68
	Net Revenue Requirement for FY 2022-23	351.46

It is further submitted that before the issue of next tariff order, any further orders from Commission on the above gap against the True-up of FY 2018-19 and FY 2019-20 for MePTCL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2022-23.

2.5. Average Load to be served by the State Transmission System (ALST)

The Petitioner has submitted that the Transmission charges for Short Term Open Access consumers is to be considered on the ALST in Rs/MW for the concerned year. The State Load Despatch Centre (SLDC) has computed the average load of MePTCL for the period from FY 2018-19 to FY 2020-21 based on the actual State Energy Accounts and estimation for FY 2021-22 to FY 2022-23 is shown as follows:

Table 2.5 : Average Load

Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Average Load (MW)	230.92	236.05	230.90	237.00 (projected)	244.00 (projected)

It may be noted that the Commission in its order dated 18.08.2021 stated that *“Average Load to be served by the State Transmission System (ALST) was not provided earlier in the Tariff Petition for FY 2021-22. Further, the transmission tariff for open access consumers cannot be abruptly increased to 104 paise/unit for FY 2021-22 as claimed by the Petitioner vide Table no. 11 above which was earlier approved at 63 paise/unit for FY 2017-18, 21 paise / unit for FY 2018-19 and 43 paise / unit for FY 2020-21.”*

This contradicts the Commission’s ruling at SI 6.0 of the same order which states that “An application for review of an order may be made on any of the following grounds:

- a) Discovery of new and important matter or material evidence or
- b) Mistake or error apparent on the face of the record or
- c) Any other sufficient reason.”

Even though the Average Load (ALST) was not provided earlier in the Tariff petitions, however, in the instant case there has been a discovery of a new and important matter and material evidence requiring the Commission to consider the same judiciously to avoid continuous under projection of transmission tariff, which will aggravate the situation unless it is rectified at the earliest. Further, it is worth mentioning that the increase in Transmission Tariff as prayed for is on the basis of facts and figures.

2.6. Transmission Tariff for 2022-23

Based on the above, the petitioner requested the Commission to allow the transmission tariff for FY 2022-23 as given below:

Table 2.6 : Transmission Tariff for FY 2022-23

Sl.No	Particulars	FY2022-23
1	Annual Transmission Charges (Rs.Crores)	351.46
2	Average Load (MW)	244
3	Energy Transfer(MU) *	1547.38
4	Transmission Tariff (1/3) Rs per unit	Rs.2.27 per unit
5	Open Access Charge (1/2/365)	Rs. 39463.28/ MW per day

***Energy Transfer (MU):** *As per the approved Energy Balance in the DISCOM MYT for FY2021-22 to FY 2023-24 vide Order dated 25.03.2021, the net power to be sold to consumers within the state (including ASEB) is 1547.38 MU.*

2.7. Request of the Petitioner

The Meghalaya Power Transmission Corporation Limited (MePTCL) requested before the Commission to approve the proposed tariff for implementation from 01.04.2022, based on the facts and circumstances as submitted above.

3. Public Hearing Process

3.1. General

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

In pursuance of the publication of the Tariff petition in the leading newspapers, M/s Byrnihat Industries Association (BIA) has filed written suggestions/objections on the petition filed by the MePDCL seeking approval of ARR and Determination of Retail Tariff for FY 2022-23. The objections/suggestions filed by M/s. Byrnihat Industries Association (BIA) and the response of the licensee and the Commission's views have been summarized for various ARR elements and claims included in the True up of FY 2018-19 and FY 2019-20.

3.2. Objections / Suggestions of Stake Holders

Objections by Byrnihat Industries Association (BIA)

1. True up of FY 2018-19 and FY 2019-20

- (1-8) BIA has pleaded the licensee has filed true up petition for FY 2018-19 and FY 2019-20 belatedly in deviation of MSERC MYT Regulations. The audit of the books was completed on 13.11.2020 and 01.12.2020, the licensee has filed petition after a year delay in deviation of Regulations. Despite commission had issued directive to file the true up petition in time.

Hon'ble APTEL also in its judgement dated 11.11.2011 had directed, the state commissions shall do suo-moto True up if there was a delay in filing the petition by the licensee and Tariff order shall be issued on time every year.

Further stated that, it is a settled position of law that the principles of the main tariff order cannot be altered by the state commission while conducting the true up exercise.

BIA also claimed that Hon'ble commission may take this into account while truing up of MePTCL's ARR for FY 2018-19 and FY 2019-20 referring the Hon'ble APTEL judgement dated 10.08.2010 in Appeal no. 37/2010.

(9-10) Return on Equity

BIA suggested that RoE claimed by the licensee for Rs.59.46 Crore and Rs.59.58 Crore for True up of FY 2018-19 and FY 2019-20 shall be limited to allowable sum as shown in the table below.

Particulars	FY 2018-19		FY 2019-20	
	Claimed	Allowable	Claimed	Allowable
Additions during the FY 2017-18		21.23		0.05
Closing GFA as on 31.03.2018		461.24		461.29
Average GFA		450.63		461.27
Less: Grants & Subsidies available		50.67		80.75
Net Asset Cost		399.95		380.52
70% considered Debt		279.97		266.36
30% Considered Equity		119.99		114.16
Average Equity		119.99		114.16
Rate of return on equity		14%		14%
Return on Equity	59.46	16.80	59.58	15.98

(11-14) O&M Expenses

BIA also suggested that allowable O&M expenses may be considered against the claims made by the MePTCL in the absence of O&M norms for true up of FY 2018-19 and FY 2019-20.

(15-16) Interest and Finance charges

BIA has suggested that Interest and Finance charges as per the Regulations may be considered against the higher claim filed by the licensee for True up of FY 2018-19 & FY 2019-20.

(17-18) Interest on working capital

BIA has pleaded that Interest on working capital may be considered as per the Regulations against the higher claim filed for True up of FY 2018-19 & FY 2019-20.

(19-21) Depreciation

BIA pleaded that the Depreciation as allowable as per the Regulations may be approved against higher claim filed for True up of FY 2018-19 & FY 2019-20.

(22) Other Income

BIA claimed that other income at actual may be considered as against short projection of other income for true up of FY 2018-19 and FY 2019-20.

(23) Expenses of Holding Company

BIA pleaded that the Holding company expenses towards O&M expenses, Interest expenses etc, are not part of Transmission business and does not merit consideration for True up of FY 2018-19 and FY 2019-20 and accordingly may be disallowed.

(24-25) True up of ARR and Revenue Surplus for FY 2018-19 and FY 2019-20

BIA suggested that allowable ARR may be considered against the claim of MePTCL to be adjusted for ARR of FY 2022-23.

MePTCL Reply for 1 to 25

In light of the submissions made in Paragraph-3 above, the paragraphs 1-25 of objections of the BIA pertains exclusively to True-Up Petitions filed by the Petitioner-MePTCL for FY 2018-19 and 2019-20 and as such have lost their significance and cannot be considered by this Hon'ble Commission in view of order dated 22.02.2022 passed by this Commission and hence, paragraph-wise reply is being limited to paragraph 26 onwards of the objections which pertain to Revision of Tariff Petition filed by MePTCL.

Commission's Views

Commission has noted the reply of the utility.

2. Revision of Tariff for FY 2022-23

- (26) BIA has stated that MePTCL has filed Tariff petition for FY 2022-23 re computing the provisions in contravention of MYT Regulations 2014.

It is also mentioned that True up petition for FY 2020-21 is not filed along with Tariff petition for FY 2022-23 in contravention of Regulation 18 and stated such approach is unfair to the end consumers.

MePTCL Reply

That paragraph 26 of the objections of BIA are denied as misconceived and incorrect in law as well as on facts. The petition filed by the MePTCL for revision of tariff for FY 2022-2023 has been filed within the confines of the provisions of the Electricity Act, 2003 and on the basis of the Regulations framed by the Hon'ble Central Electricity Regulatory Commission (CERC) and this Hon'ble Commission. For re computing the ARR, the MePTCL had already filed Review Petitions which came to be disposed of by this Hon'ble Commission vide order dated 18.08.2021 and wherein this Hon'ble Commission has been pleased to note that the issues raised in the Review shall be dealt with while considering the True-Up Petitions for the relevant point of time.

It is further submitted that clause 11 of the MSERC MYT Regulations 2014 provides as under:

"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.”*

Therefore, it is seen from the above that the a request for truing up can be filed only along with the Audited Accounts including audit report by CA&G. The Audit of accounts by C&AG is not within the control of the Licensee and due to the pandemic conditions, the auditing took longer than expected. Anyways, as per the Supreme Court orders passed from time to time it has been directed that at the time of calculating the limitation Period for filing any petition/appeal etc. before any authority in the country the period between 24.03.2020 till 28.02.2022 shall be excluded and as such there is no delay whatsoever in filing the True-Up Petitions or this Revision of Tariff Petition before this Hon’ble Commission. There is no prejudice caused to any consumer as alleged by the BIA without any basis.

Commission’s Views

Commission has noted the reply of the utility.

A. Employee Expenses

- (27) BIA has pointed out that only certain components of ARR filed in the petition for FY 2022-23 instead of all components approved in the MYT order as per the Regulation 65.

MePTCL Reply

That the paragraph 27 of the objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that BIA is raising objections without any credible justification or legal backing. The Electricity Act, 2003 and the Rules and Regulations framed there under nowhere mandate that the Licensee has to seek Revision of the whole Tariff order and not a part of it. In fact the objection of BIA is unknown to any jurisprudence and it is for the Licensee to seek revision on

tariff limited on the grounds which the licensee thinks it is aggrieved of. The Petition contains all components as provided by the statutory provisions and the Revision is limited to the extent where it is required. The details of claim made qua employee's expenses is as provided in the Petition and as detailed in submissions made by the Petitioner in this reply in succeeding paragraphs under the heading 'supplementary submissions'.

Commission's Views

Commission has noted the reply of the utility.

- (28) BIA suggested that Holding company employee expenses are not allowed under the MYT Regulations. Hon'ble Commission may consider the approach adopted by UPERC in its order dated 29.07.2021.

MePTCL Reply

That the paragraph 28 of the objections of BIA are denied as misconceived and incorrect in law as well as on facts. Insofar as the merits of the claim of Petitioner towards claim of expenses of holding company is considered the same are reiterated from the petition filed by MePTCL for revision of tariff for FY 2022-2023 and the submissions made by the Petitioner in this reply in succeeding paragraphs under the heading 'supplementary submissions' in light of the order dated 18.08.2021 passed by this Hon'ble Commission in Review Petition filed by the MePTCL wherein it is observed by the Commission that the same are beyond Review jurisdiction and to be decided in appropriate petition and at appropriate stage.

Further, The BIA's objection is found wanting of the relevant clause in which the expenses pertaining to the holding company towards its employee expenses can be disallowed. The Commission has considered this expenditure in earlier orders also. It was also explained to the Commission in earlier hearings that this expenditure accounts for the pay and allowances of existing employees who are engaged for common services to the three subsidiaries and the holding company in addition to the pension and pension related expenses. The apportionment of employee cost of holding company for FY 2022-23 was estimated to be Rs.71.76 Crores in the MYT petition as well as the review petition of MYT. This expense was disallowed in

totality by the Commission in its order dated 25th March 2021. In the review petition order dated 18th August 2021, the Commission has stated that it shall consider the other components/items of employee cost while truing up and accordingly the variation in the employee cost/O&M expenses shall be allowed. Based on this the estimated apportionment of the Holding company expenses is petitioned and the same is reproduced below:

**Apportionment of employee cost of Holding Company for
FY 2022-23 (projected)**

(In Rs. Crores)

Particulars	A	B	C	D (A+B+ C)	E	F (D+E)
	MePGCL	MePTCL	MePDCL	Sub Total	MeECL	Grand Total
Pay & Allowances expenses	20.75	20.75	20.75	62.24	6.92	69.15
Staff Welfare expenses	0.01	0.01	0.01	0.04	0.00	0.05
Corporation Contribution to CPS Fund	0.12	0.12	0.12	0.35	0.04	0.39
Ex-Gratia payment	0.00	0.00	0.00	0.00	0.00	0.00
Pension & pension related expenses	50.88	50.88	50.88	152.65	16.96	169.61
TOTAL	71.76	71.76	71.76	215.28	23.92	239.20

Of this the following is the further break-up of the projected holding company employee expenditure:

(In Rs. Crores)

Particulars	Existing employees	Retired employees	Total
Pay & Allowances expenses	20.75		20.75
Staff Welfare expenses	0.01		0.01
Corporation Contribution to CPS Fund	0.12		0.12
Ex-Gratia payment	0.00	0.00	0.00
Pension & pension related expenses		50.88	50.88
TOTAL	20.88	50.88	71.76

The justification of the above expenses can be seen from the submissions made by the Petitioner in this reply in succeeding paragraphs under the heading 'supplementary submissions.'

Commission's Views

Commission has noted the reply of the utility.

B. Net ARR for FY 2022-23

- (29) BIA has suggested that allowable ARR components may be considered against claim of MePTCL for ARR of FY 2022-23 and Net AFC may be approved.

Sr. No	Particulars	Claimed	Allowable
1a	Approved ARR of FY 2022-23	85.17	85.17
1b	Apportionment of Employee expenses of Holding Company	71.76	-
	Total ARR	156.93	85.17
2	Correction on the true up of FY 2017-18 vide order dated 06.08.2021	20.08	20.08
3	Gap/(Surplus) from True up of FY 2016-17 (Review) of MePTCL vide order dated 31.03.2021	-0.1	-0.10
4	Gap/(Surplus) from True up of FY 2018-19 as claimed by MePTCL	88.87	-91.94
5	Gap/(Surplus) from True up of FY 2019-20 as claimed by MePTCL	85.68	
	Net Revenue Requirement for FY 2022-23	351.46	13.21

MePTCL Reply

As explained in the preceding paragraphs, the MePTCL submits that calculations made by BIA in Paragraph 29 of their objections, are liable to be rejected as incorrect and misconceived. The MePTCL requests the Hon'ble Commission to approve Rs.351.46 Crore as the ARR for FY 2022-23 as claimed in Table 4 of the petition. Without prejudice to the remedies of MePTCL to assail the correctness of orders passed by this Hon'ble Commission on 22.02.2022 in True-Up petitions filed by MePTCL for FY 2018-19 and 2019-20; the ARR computation as permitted in these orders is as follows:

SI No	Particulars	Amount (in Rs. Cr)
1a	Approved ARR of FY 2022-23	85.17
1b	Apportionment of Employee expenses of Holding Company	71.76
	Total ARR	156.93
2	Correction on the true up of FY 2017-18 vide order dated 06.08.2021	20.08
4	Gap/(Surplus) from True up of FY 2018-19 as per true up order dated 22.02.2022	(31.39)
5	Gap/(Surplus) from True up of FY 2019-20 as per true up order dated 22.02.2022	(20.98)
	Net Revenue Requirement for FY 2022-23	124.64

Commission's Views

Commission has noted the reply of the utility

- (30) BIA has suggested that allowable ARR components may be considered against claim of MePTCL for ARR of FY 2022-23 and Net AFC may be approved.

MePTCL Reply

That as per the preceding paragraphs, the calculations made by BIA in Paragraph 30 of their objections, are liable to be rejected as incorrect and misconceived. Accordingly, the Transmission Tariff is required to be revised for FY 2022-2023 as per the calculations made in the accompanying petitioner for revision of tariff for the said period, in accordance with law.

Commission's View

Commission has noted the reply of the utility

- (31) BIA has pointed out that MePTCL has not submitted the data on grants and contributions and compliance of directives along with the True up petitions for FY 2018-19 to FY 2020-21 and suggested Hon'ble commission to ensure compliance by MePTCL.

MePTCL Reply

That paragraph 31 of the objections filed by the BIA are incorrect and false and liable to be rejected for the same reason. The Petitioner has already filed the True-up petitions before this Hon'ble Commission in accordance with law for FY 2018-19 and 2019-2020. The same came to be disposed of by this Hon'ble Commission vide orders dated 22.02.2022 qua which the MePTCL reserves its right to avail appropriate legal remedy.

Commission's View

Commission has noted the reply of the utility

- (32) BIA pleaded that Hon'ble Commission may please consider written submissions and oral submissions made in the public hearing in the truing up process.

MePTCL Reply

That in light of the submissions made above, the objections of the BIA and any prayer for further submissions deserves to be rejected by this Hon'ble Commission

and any report of some independent agency submitted without direction or permission of this Hon'ble Commission in accordance with law cannot be taken on record.

Commission's View

Commission has noted the reply of the utility

The list of Participants in the Public hearing held on 14.03.2022 on the petition filed by MePTCL for ARR and Transmission Tariff and open access charges for FY 2022-23 is attached as Annexure II.

4. Commission's Approach

4.1. Introduction

Meghalaya State Electricity Regulatory Commission has approved the MYT Aggregate Revenue Requirement (ARR) for the control period FY 2021-22 to FY 2023-24 in its order dated 25.03.2021 in which the ARR for FY 2022-23 was notified.

MePTCL has now submitted the petition on 30.11.2021 seeking approval of revised Aggregate Revenue Requirement and revised Transmission Tariff for FY 2022-23 considering the True up gap/surplus for FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20.

4.2. ARR and Transmission Tariff for FY 2022-23

MePTCL has requested to include Apportionment of Employee Expenses of holding Company for Rs.71.76 Crore to the already approved ARR for FY 2022-23 for Rs.85.17 Crore.

Commission has examined the apportionment of employee expenses from holding company. The ARR for FY 2022-23 has been computed including apportionable employee expenses and the True up Gap/surplus approved for FY 2018-19 and FY 2019-20 and determined Transmission Tariff and Open access charges for FY 2022-23.

5. Analysis of ARR and Transmission Tariff and Open Access charges for FY 2022-23

5.1. Revision of ARR for FY 2022-23

Petitioner's Submission

The Commission has approved ARR of Rs 85.17 Cr for FY 2022-23 in its MYT order dated 25th March 2021. Therefore, the petition for review of ARR for FY 2022-23 and determination of transmission tariff for FY 2022-23 will be based on the approved ARR of FY2022-23 in the MYT order including gaps of previous years in the True up.

The issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC) is pending adjudication before the Hon'ble APTEL bearing Case no 46 of 2016. In case of a favourable order to the licensee with respect to the methodology adopted for return on equity, the licensee will reclaim/adjust the additional claim of return on equity in the subsequent tariff petitions. However, the petitioner in this petition has claimed return based on the methodology adopted by the Commission in its past orders to avoid ambiguities in figures/calculation resulting in variation in calculation and lower amount of RoE being approved by the Commission.

Commission's Analysis

Commission had approved ARR for MYT Control period FY 2021-22 to FY 2023-24 on 25.03.2021 wherein the ARR for FY 2022-23 was notified as depicted in the table below.

Table 5.1 : Approved ARR for FY 2022-23

(Rs.Cr)

Sl. No	Particulars	FY 2022-23 (Estimated)
1	Return on Equity (RoE)	15.67
2	Interest and Other Finance Charges	5.56
3	Operation and Maintenance expenses incl. of MeECL Cost	56.36
4	Interest on Working Capital	2.98
5	Depreciation as may be allowed	24.66
6	SLDC Charges	1.47
7	Prior Period Expenses	0.00
8	Total Annual Expenditure	106.70
9	Less: SLDC ARR	2.94
10	Net Annual Expenditure	103.76
11	Less: Other Income	18.59
12	Net Annual Revenue Requirement	85.17

MePTCL has claimed Rs.71.76 Crore towards apportionment of Employee expenses of Holding Company in addition to the approved ARR of Rs.85.17 Crore for FY 2022-23.

The issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC) Stated to be pending adjudication before the Hon'ble APTEL shall be considered as per the judgement of the pending appeal.

5.2. Employee Cost

Petitioner's Submission

On the matter of apportionment of employee cost of holding company in the ARR for FY 2021-22, the Commission has stated that appropriate decision shall be taken considering the outcome of the appeal pending before the Hon'ble APTEL on the issue.

The apportionment of employee cost of holding company for FY 2022-23 was estimated to be Rs.71.76 Crores in the MYT petition as well as the review petition of MYT order. This expense was disallowed in totality by the Commission in its order dated 25th March 2021. In the review petition order dated 18th August 2021, the Commission has stated that it shall consider the other components/items of employee cost while truing up and accordingly the variation in the employee cost/O&M expenses shall be allowed. Based on this the estimated apportionment of the Holding company expenses is as depicted below.

Table 5.2 : Apportionment of employee cost of Holding Company for FY 2022-23 (projected)

(Rs Cr)						
Particulars	A	B	C	D (A+B+C)	E	F (D+E)
	MePGCL	MePTCL	MePDCL	Sub Total	MeECL	Grand Total
Pay & Allowances expenses	20.75	20.75	20.75	62.24	6.92	69.15
Staff Welfare expenses	0.01	0.01	0.01	0.04	0.00	0.05
Corporation Contribution to CPS Fund	0.12	0.12	0.12	0.35	0.04	0.39
Ex-Gratia payment	0.00	0.00	0.00	0.00	0.00	0.00
Pension & pension related expenses	50.88	50.88	50.88	152.65	16.96	169.61
TOTAL	71.76	71.76	71.76	215.28	23.92	239.20

It is requested that the Commission consider the apportionment of employee cost of the Holding Company for FY 2022-23 amounting to Rs.71.76Cr as claimed above in addition to the approved O&M expenses.

Commission's Analysis

The licensee was asked to submit nature of apportionable expense and breakup with serving employees and retired employees for the apportionment of employee benefit expenses in the commission's letter dated 15.12.2021.

MePTCL has submitted the breakup figures in their letter dated 20.12.2021 as detailed below for the apportionment of employee benefit expenses from holding company for Rs.71.76 Crore.

FY 2022-23	Serving Employees	Retired Employees	Total
Monthly Salary of Serving Employees (Rs.Cr)	20.75	-	20.75
Staff Welfare Expenses (Rs.Cr)	0.01		0.01
Contribution to NPS (Rs.Cr)	0.12	-	0.12
Monthly pension and terminal benefits payable (Rs.Cr)		50.88	50.88
Total (Rs.Cr)	20.88	50.88	71.76

Commission had held discussions in connection with apportionable employee benefit expenses of holding company in the True up petitions submitted by the power utilities. The following are the observations of the discussions.

“The Meghalaya Power Sector Reforms and Transfer Scheme, 2010, in its provisions laid down in clause 9, state that the Holding company, MeECL will be responsible for setting up a pension Trust Fund and it will also take necessary action to operate it, maintain it and ensure progressive funding of the pension Trust Fund. All benefits of retired MeECL employees relating to pension and all other terminal benefits of retired employees are to be met from this Trust Fund. This is a statutory provision.

The basic principle of any trust fund is that it will have multiple sources of funding, such as a percentage which will come from the salary of the employee, the employer/holding company will contribute a matching share and the contribution from Government will come in as gap funding. Keeping this principle in view, the holding company, MeECL should have initiated progressive funding of the pension Trust Fund, without waiting for the Government contribution.

The state commission must keep in mind the Consumer's interests and is therefore of the firm view that the entire burden for the pension and other terminal benefits cannot be passed on to tariff. MeECL must initiate operationalizing of the Pension Trust Fund and progressive funding of the pension Trust Fund must be done without further delay. The state commission on its part and in keeping with existing regulatory provisions will be willing to allow not the entire amount but some part of the claimed amount in the true up petition to be included in the ARR. This will be strictly subject to immediate action on progressive funding of the Pension Trust Fund."

Commission considers that the pension and terminal benefits included in the apportionment expenses from Holding company for Rs.50.88 Crore shall be met from the **Trust funds** as notified by the Govt. of Meghalaya in the reforms notification transfer scheme 2010.

MeECL shall henceforth initiate action to functionalise pension Trust with the available funds in the account and ensure progressive funding into the Trust account, in order to discharge the liability of retired personnel from time to time.

The monthly salaries and contribution to NPS for Rs.20.88 Crore shall however be apportioned to employee expenses of MePTCL for ARR of FY 2022-23.

There is no change in R&M and A&G expenses approved and the total O&M expenses for ARR of FY 2022-23 are given in the table below.

Table 5.3 : Approved O&M expenses for ARR of FY 2022-23

(Rs. Cr)

Particulars	MePTCL	1/3 rd MeECL	Total
Employee expenses	38.47	6.37	44.84
Apportionment of employee benefit expenses from holding company	-	20.88	20.88
R&M and A&G exp	8.60	2.92	11.52
Total	47.07	30.17	77.24

Commission considers O&M expenses at Rs.77.24 Crore for ARR of FY 2022-23.

5.3. Interest on Working Capital

Consequent to Revision of O&M expenses, the receivables for two months got changed and accordingly the interest on working capital is reworked as detailed in the table below.

Table 5.4 : Revised Computation of Interest on Working Capital for ARR of FY 2022-23

Sl. No.	Particulars	Amount in Rs.Cr
1	O&M expenses for 1 month (Excl. MeECL) (47.07/12)	3.92
2	1% Maintenance spares on opening GFA escalated at 6%	6.12
3	Receivables for 2 months (72.90*2/12)	12.15
4	Total working capital (1+2+3)	22.19
5	SBI PLR as on 15.09.2021	12.20 %
6	Interest on working capital (4*5)	2.71

Commission Considers interest on working capital at Rs.2.71 Crore for ARR of FY 2022-23.

5.4. Total Gap to be recovered through Tariff in FY 2022-23**Petitioner's Submission**

MePTCL has submitted that the approved ARR as well as the gaps/(surplus) of previous years due to true up and review petition on true up order is to be appropriated through the tariff order of FY 2022-23.

The Licensee has filed the Review Petition on True Up order for FY 2016-17 & FY 2017-18 against which, the Commission on 31.03.2021 issued the Review True Up Order for FY 2016-17. Subsequently, on 06.08.2021 the Commission has issued an order dated 06.08.2021 clarifying/modifying the True up Order of FY 2017-18, wherein the Revenue Surplus of Rs.20.08 Crore shall be appropriated in totality in the Net ARR of FY2022-23.

Since the MePTCL has filed a petition on True Up for FY 2018-19 and FY 2019-20, this will have an impact on the ARR for FY 2022-23 and thereby the utility requests the Commission to allow the gap in the True up of the Transmission ARR for FY 2018-19 and FY 2019-20 which amounts to Rs 88.87 crore and Rs.85.68 crore respectively as shown below:

Table 5.5 : True Up Gap Claimed by MePTCL for FY 2018-19

(Rs. Cr)			
Particulars	Approved for FY 2018-19 in Tariff Order	Claimed by MePTCL in Truing up of FY 2018-19	Revenue Gap/ (Surplus)
Aggregate Revenue Requirement	66.86	169.41	102.54
Revenue from Tariff/Operations approved/recovered	99.79	113.46	(13.67)
True Up Gap / (Surplus)			88.87

Table 5.6 : True Up Gap claimed by MePTCL for FY 2019-20

(Rs. Cr)			
Particulars	Approved for FY 2019-20 in Tariff Order	Claimed by MePTCL in Truing up of FY 2019-20	Revenue Gap/ (Surplus)
Aggregate Revenue Requirement	134.74	200.48	65.74
Revenue from Tariff/Operations approved/recovered	33.56	13.62	(19.94)
True Up Gap / (Surplus)			85.68

Commission Analysis

The Gap/Surplus claimed from True up of FY 2016-17 (Review) of MePTCL Order dated 31.03.2021

Commission has considered adjustment of the Surplus of the Revenue for Rs.0.10 Crore determined in Review True up orders dated 31.03.2021, and the same has been given effect in the True up orders of FY 2018-19.

Correction of the True up of FY 2017-18 vide order dated 06.08.2021

Commission had approved True up ARR of FY 2017-18 and determined a surplus of Revenue for Rs.27.63 Crore. The surplus Revenue has been adjusted from the Net ARR for FY 2021-22 (Rs.77.87 Cr – Rs.27.63 Cr = Rs.50.24 Cr).

Commission considered Revenue Surplus at Rs.7.55 Crore as against Rs.27.63 Crore and issued a Corrigendum rectifying the omission vide order dated 06.08.2021 for True up order dated 28.09.2020, thus making the True up ARR approved for Rs.62.02 Crore for FY 2017-18 instead of Rs.41.94 Crore.

Commission accordingly has approved Revenue Gap/(Surplus) at Rs.(7.55) Crore for FY 2017-18 as detailed in the table annexed to the corrigendum order dated 06.08.2021 as 21 (A).

Following the corrigendum order dated 06.08.2021, Commission notified the excess surplus Revenue adjusted for Rs.20.08 Crore shall be re-appropriated in the next tariff order to be issued.

Accordingly the claim of the petitioner for Rs.20.08 Crore is appropriated in the ARR of FY 2022-23.

Gap/Surplus from True up of FY 2018-19

Commission had approved ARR for True up of FY 2018-19 and determined surplus of Revenue of Rs. (-) 31.39 Crore to be appropriated in the ARR of FY 2022-23.

The Revenue Gap projected by the licensee for Rs.88.87 Crore was due to higher claim of RoE, Depreciation, Interest and finance charges, O&M expenses than admissible expenses as per Regulations. The Gap projected was also as a result of understatement of Non Tariff income than the actual received as per the audited Statement of Accounts for FY 2018-19.

Gap/Surplus from True up of FY 2019-20

Commission had approved ARR for True up of FY 2019-20 and determined surplus of Revenue of Rs. (-) 20.98 Crore to be appropriated in the ARR of FY 2022-23.

The Revenue Gap projected by the licensee for Rs.85.68 Crore was due to higher claim of RoE, Depreciation, Interest and finance charges and O&M expenses than admissible allowance as per Regulations. The Gap projected was also on account of understatement of Non Tariff income than the actual received as per the audited Statement of Accounts for FY 2019-20.

5.5. Net ARR for FY 2022-23

Petitioner's Submission

MePTCL has submitted that based on the above submissions for approval of ARR and gaps/(surplus) of past years, the net Revenue Requirement for FY 2022-23 would be as shown below:

Table 5.7 : Net ARR for FY 2022-23

		(Rs. Cr)
SI No	Particulars	Amount
1a	Approved ARR of FY 2022-23	85.17
1b	Apportionment of Employee expenses of Holding Company	71.76
	Total ARR	156.93
2	Correction on the true up of FY 2017-18 vide order dated 06.08.2021	20.08
3	Gap/(Surplus) from True up of FY 2016-17 (Review) of MePTCL vide order dated 31.03.2021	(0.10)
4	Gap/(Surplus) from True up of FY 2018-19 as claimed by MePTCL	88.87
5	Gap/(Surplus) from True up of FY 2019-20 as claimed by MePTCL	85.68
	Total Revenue Requirement for FY 2022-23	351.46

MePTCL has further submitted that before the issue of next tariff order, any further orders from Commission on the above gap against the True-up of FY 2018-19 and FY 2019-20 for MePTCL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2022-23.

Commission's Analysis

Commission had approved MYT ARR for the control period FY 2021-22 to FY 2023-24 wherein the ARR for FY 2022-23 was notified and the same is considered including apportionment of employee expenses of Holding company for ARR of FY 2022-23.

The Surplus / gaps computed in the True up for FY 2018-19 and FY 2019-20 are also included in the revised ARR for FY 2022-23 as shown in the table below.

Table 5.8 : Approved Aggregate Revenue Requirement for FY 2022-23

(Rs. Crore)

Sl. No.	Particulars	Filed by Petitioner	Approved by MSERC FY 2022-23
1	Return on Equity (RoE)	15.67	15.67
2	Interest and Other Finance Charges	5.56	5.56
3	Operation and Maintenance expenses incl. of MeECL Cost	56.36	77.24
4	Interest on Working Capital	2.98	2.71
5	Depreciation as may be allowed	24.66	24.66
6	SLDC Charges	1.47	1.47
7	Prior Period Expenses	0.00	0.00
8	Total Annual Expenditure	106.70	127.31
9	Less: SLDC ARR	2.94	2.94
10	Less: Non Tariff and Other Income	18.59	18.59
11	Net Annual Revenue Requirement	85.17	105.78
12	Add: Apportionment of Employee exp of Holding Company	71.76*	-
13	Add: Gap/(Surplus) from True up of FY 2016-17 (Review) vide order dated 31.03.2021	(0.10)**	-
14	Add: Correction of True up of FY 2017-18 vide corrigendum order dated 06.08.2021.	20.08	20.08
15	Add: Revenue Gap/(Surplus) for FY 2018-19 True up	88.87	(31.39)
16	Add: Revenue Gap/(Surplus) for FY 2019-20 True up	85.68	(20.98)
17	Total ARR for FY 2022-23	351.46	73.49

*Part Amount of Rs.20.88 Crore is admitted in the O&M expenses for FY 2022-23.

** The Transaction has been given effect in the True up orders of FY 2018-19

**Commission considers Annual Revenue Requirement at Rs.73.49 Crore
for FY 2022-23.**

6. Transmission Tariff and Open Access Charges

6.1. Average Load to be served by the State Transmission System (ALST)

Petitioner's Submission

The Transmission charges for Short Term Open Access consumers is to be considered on the ALST in Rs/MW for the concerned year. The State Load Despatch Centre (SLDC) has computed the average load of MePTCL for the period from FY2018-19 to FY 2020-21 based on the actual State Energy Accounts and estimation for FY 2021-22 to FY 2022-23 is shown as follows:

Table 6.1 : Average Load (MW)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Average Load (MW)	230.92	236.05	230.90	237.00 (projected)	244.00 (projected)

It may be noted that the Commission in its order dated 18.08.2021 stated that *“Average Load to be served by the State Transmission System (ALST) was not provided earlier in the Tariff Petition for FY 2021-22. Further, the transmission tariff for open access consumers cannot be abruptly increased to 104 paise/unit for FY 2021-22 as claimed by the Petitioner vide Table no. 11 above which was earlier approved at 63 paise/unit for FY 2017-18, 21 paise / unit for FY 2018-19 and 43 paise / unit for FY 2020-21.”*

This contradicts the Commission's ruling at Sl 6.0 of the same order which states that *“An application for review of an order may be made on any of the following grounds:*

- a) Discovery of new and important matter or material evidence or
- b) Mistake or error apparent on the face of the record or
- c) Any other sufficient reason.”

Even though the Average Load (ALST) was not provided earlier in the Tariff petitions, however, in the instant case there has been a discovery of a new and important matter and material evidence requiring the Commission to consider the same judiciously to avoid continuous under projection of transmission tariff,

which will aggravate the situation unless it is rectified at the earliest. Further, it is worth mentioning that the increase in Transmission Tariff as prayed for is on the basis of facts and figures.

Commission's Analysis

The Open access charges for the Tariff year FY 2021-22 was determined based on the MW allocation projected as 393.18 MW in the table no. 28 of the petition for FY 2021-22.

There was no mistake or error crept in apparent on the face of the record for FY 2021-22.

The average load ALST MW now furnished from the Tariff year FY 2018-19 to FY 2021-22 shall not be considered and open access beneficiaries shall not be made liable for the prior period charges.

The ALST MW now furnished at 244 MW as computed by the SLDC for FY 2022-23 is however considered for determination of Transmission and open access charges for FY 2022-23.

6.2. Computation of Transmission and Open Access Charges:

Petitioner's Submission

Based on the above, the petitioner requests the Commission to allow the transmission tariff for FY 2022-23 as given below:

Table 6.2 : Transmission Tariff projected for FY2022-23

Sl. No.	Particulars	FY2022-23
1	Annual Transmission Charges (Rs. Crores)	351.46
2	Average Load (MW)	244
3	Energy Transfer (MU) *	1547.38
4	Transmission Tariff(1/3) Rs per unit	Rs.2.27 per unit
5	Open Access Charge (1/2/365)	Rs.39463.28/MW per day

**Energy Transfer (MU): As per the approved Energy Balance in the DISCOM MYT for FY2021-22 to FY 2023-24 vide Order dated 25.03.2021, the net power to be sold to consumers within the state (including ASEB) is 1547.38 MU.*

Commission's Analysis

The recovery of charges from open access consumers shall be done strictly as per Regulation 21 of MSERC (Terms and Conditions of Open Access) Regulations, 2012. The transmission charges shall be payable on the basis of contracted Capacity/Scheduled Load or actual power flow whichever is higher, at the rate determined by the Commission. All other charges shall be as per the Regulations and the Commission's order issued from time to time. The Commission also directs MePTCL to recover the charges of previous period in the same manner as per the Orders and Regulations and show it in the final true up of the previous years.

Table 6.3 : Determination of Transmission Tariff for FY 2022-23

Sl.No	Particulars	Transmission ARR Projected	Approved by Commission
1	MePTCL ARR (Rs.Cr.)	351.46	73.49
2	Average Load in (MW)	244	244
3	Units to be Handled (MU)	1547.38	1547.38
4	Transmission Tariff (1/3)	2.27/kwh	0.47 ps/Kwh
5	Open Access Charges(1/2/365)	Rs.39463.28/MW per day	Rs.8251.74 ps/MW per day

**The Energy Transfer Values for FY 2022-23 refers to sale of power by MePDCL within the state and has been taken from the Approved Business Plan for FY 2022-23 (Table 3.28)*

Commission considers the Transmission Tariff at Rs. 0.47 ps/Kwh for FY 2022-23 and the open access charges shall be billed at Rs. 8251.74 ps/MW/per day.

MePTCL shall recover the transmission charges and open access charges as approved in the above table from the beneficiary. The open access charges approved above shall be applicable to the open access consumers.

7. Directives

7.1 Earlier Directives

1. Commission has dropped the Directive no. 1,3,5,6,7,8,9,10 and 11 of Tariff Order FY 2021-22.

2. Regulatory Accounts

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

Status:

MePTCL shall comply with the above directive.

Commission's Review:

The licensee has been claiming the ARR elements higher side than admissible as per the Regulations in every Tariff and True up petitions.

Commission has been limiting the claims based on either Audited accounts or the actual admissible as per the Regulatory implications.

In the above process, the regulatory accounts approved in the true up exercise only prevails for computation of subsequent years ARR and True up.

Thus the licensee shall maintain Regulatory books with reference to the trued up figures for future filings with the commission.

The licensee shall file a compliance report of maintaining Regulatory books by 30.06.2022.

3. The MePTCL is required to maintain separate Account Books for SLDC and file the expenditure and income along with Transmission ARR without fail.

Status:

All the accounting records and data till FY 2017-18 are maintained separately for SLDC under MePTCL and presentation of Accounts for SLDC and Consolidation of the same with MePTCL, is assured to be taken up at the earliest.

Commission's Review:

The SLDC is strategic business centre which will monitor the power flow through the intra state transmission network and also monitor open access account of interstate transmission through the interface metering point.

The licensee shall update the records of SLDC and file separate ARR from next filings.

4. The useful life of the Transmission lines is 35 years from the date of commissioning. The Fixed assets of the STU are in use for more than 35 years of its life for which the MePTCL is claiming Depreciation and Return on Equity. The Licensee shall ensure withdrawal from Gross fixed assets block whose life term has been completed. Licensee shall ensure reduction in the claim of depreciation and ROE for the assets completed lifetime for determination of tariff henceforth, so that the cost and tariff can be reduced.

MePTCL shall file the data as pointed out for commission's review by 30th June 2021.

Commission's Review

MePTCL has not filed status report as called for in the Tariff Order for FY 2021-22. The same shall be filed by 30.06.2022.

5. The O&M expenses for Transmission utility shall be determined based on the Network quantity and data as notified under Regulation 69.3.

The Network data filed with the petition for ARR of 3rd MYT control period and additional information/data filed on 03.02.2021 is contradicting/not matching each other by which the commission constrained to formulate a norm for computation of admissible O&M expense for Tariffs for FY 2021-22 as per the Regulations.

Status Report

MePTCL has submitted network data as on March 2022.

The norms for O&M expenses shall be formulated and communicated for adaptation in future filings.

Annexure-I

RECORD NOTE OF THE STATE ADVISORY COMMITTEE MEETING HELD ON 17.03.2022 at

State Convention Centre , SHILLONG .

Time: 13:00 Hours

Members Present in the Meeting

- 1 **Shri. P W Ingty, IAS (Retd.),**
Chairman Meghalaya State Electricity Regulatory Commission Shillong.
- 2 **Shri. Roland Keishing,**
Member (Law) Meghalaya State Electricity Regulatory Commission Shillong.
- 3 **Smti. M.S.N.Marak, Joint. Secretary,**
Civil Supplies and Consumer Affairs, Government of Meghalaya.
- 4 **Mr. Ronald Rikman Sangma,**
Circular Road, Tura Bazar, Tura- 794001, West Garo Hills, Meghalaya.
- 5 **Dr. Vanessa Kharmawphlang,**
'Vane Villa', Lumbasuk, Upper Nongthymmai, Shillong 793014..
- 6 **Shri. Shyam Sunder Agarwal,**
CMD (Pioneer Carbide Pvt. Ltd.), Byrnihat, Ri-Bhoi District, Meghalaya.
- 7 **Shri. O.R. Challam, (Rtd. Professor, Kiang Nongbah Government College),**
Panaliar, Jowai-793150, West Jaintia Hills District, Meghalaya.
- 8 **Mr. Gaurav Pal, IEX,**
4th Floor, TDI Centre, Jasela, IEX, New Delhi-110025.
- 9 **Shri. Eswoll Slong,**
Secretary MSERC, Convenor

Minutes

The Hon'ble Chairman MSERC, welcomed all members to the 24th meeting of State Advisory Committee meeting and thanked all members for their presence. Thereafter, Hon'ble Chairperson has briefly explained the purpose of the meeting as envisaged in the Electricity Act 2003.

Agenda: Power Point Presentation on the tariff proposal for FY 2022-23 by MePDCL.

A Power Point Presentation was made by SE (Regulatory Affairs) MePDCL, Shri. Synran Kharmih on the Tariff Petition filed by MePDCL for FY 2022-23.

Views and suggestions of the Members.

The Chairman invited suggestions from the participants on the ARR. Members of the SAC raised the following issues:

1. Mr. Ronald Rikman Sangma

The Member stated that the objective of SAUBHAGYA scheme is to provide electricity connections to all un-electrified households but till date some of the villages in Garo Hills namely Sanjanpara, Wadagre, Arakgitim, Naronggre Songgitcham of South West Garo Hills were not electrified. It was also raised that whether temporary connections may be given or not to the household till such time the new connection is being provided by the DISCOM.

The member further raised the issue regarding functioning of CGRF cell in Garo Hills, as most of the consumers had to go through the concerned SDO to file a complaint. In this regard it is suggested an Ombudsman may be appointed for a particular area in Garo Hills.

The Chairman briefed that as per the Regulations every state has to appoint only one Ombudsman. As far as CGRF is concerned till date there is only one CGRF cell in Shillong. Commission will take up the matter for setting up of CGRF cell in every region.

The member also raised that, online bill payment should be made functional for prepaid meter.

The member also suggests that MeECL should maintain the clearance of overhead HT lines from the residential area and also accurate meter is to be provided to the consumers.

It was also advised that MeECL should look into the regular transfer of officers as per the Meghalaya Service Rules.

2. Shri. Shyam Sunder Agarwal, CMD (Pioneer Carbide Pvt. Ltd.), Byrnihat, Ri-Bhoi District, Meghalaya.

The Member raised that audited account filed by MePDCL reveal that the revenue from sale of Surplus power is on a declining trend. The average sale price per unit during FY 2018-19, FY 2019-20 and FY 2020-21 was at Rs. 2.74/kWh, Rs. 1.66/kWh and Rs. 1.52/kWh respectively which is a matter of grave concern. In this regard, it is suggested that surplus power may be offered to the industries in Meghalaya well in advance to the highest bidder or can be sold in IEX at the market rates.

Further, the member suggested that monitoring of energy swapping should be done by the energy management department, along with details of the swapping arrangement to be made available to MSERC and on MeECL website. The surplus energy can be carried over to the next year swapping transactions and cost of surplus power should not be below average power purchase cost. The details of which should be provided at the time of truing up.

It is also suggested that Load Factor based Industrial consumers should be made compulsory to be equipped with ABT meters, as in case of Open Access Consumers for the purpose of proper monitoring of Load Factor based tariffs.

The Member also objected that the T&D losses of DISCOM is to a tune of 36.20%, 29.88% and 29.04% during FY 2018-19, FY 2019-20 and FY 2020-21 respectively instead of 16.56%, 12.19% and 12% as approved by the Commission in the respective tariff order. The MePDCL must come forward with a comprehensive execution plan to reduce the T&D losses. It is advised to publish in the local newspapers and MeECL website, area wise and substation wise losses data to increase awareness among the people of Meghalaya. It is also suggested that load shedding should be done only in those areas where T&D losses are high.

3. Dr. Vanessa Kharmawphlang.

The member raised an issue regarding ways and means of DISCOM to lighten the financial burden on the domestic consumers as most of the electricity bills received by domestic consumers keeps on increasing.

MePDCL informed the Committee that in Shillong area billing is done through SAP which is not a problem. The variation in the electricity bills depends on the consumption of electricity by the consumers.

4. Shri. O.R. Challam.

The member suggested that consumers should be informed in writing regarding increase of tariff. Also, an awareness should be given to the consumers on smart meter and prepaid meter before installing in their premises.

The member also proposed to submit a written comments to the Commission on the tariff proposed by MePDCL.

The Commission informed that once the tariff is notified by the Commission, DISCOM should find ways and means to reach the information to the consumers. MePDCL suggest that a direction may be given from the Commission for issuing a tariff leaflet to the consumers through meter readers.

5. Smti. M. S. N. Marak, Joint. Secretary Food Civil Supplies and Consumer Affairs, Government of Meghalaya.

The member raised whether the tariff hike will affect the BPL consumers. MePDCL informed that BPL consumers falls under the category of Kurtir Jyoti (KJ) which is being charged at the lowest tariff compared to other categories of consumers.

6. Mr. Gaurav Pal.

The member informed the Committee that a written comments/ suggestion on the Petition filed by MePDCL and MePTCL will be submitted to the Commission for consideration while computing the ARR. The Commission took note of the submission.

7. Shri. Roland Keishing, Member (Law) Meghalaya State Electricity Regulatory Commission Shillong.

The Member deliberated that all the suggestions and advices proposed by the Members/participants will be shared in the Tariff Orders. The Member also welcomed the corporation and good advices suggested for best welfare of the licensee and consumers at large.

The Member MSERC has conveyed thanks to the members/participants for their views and suggestions and declared State Advisory committee meeting concluded.

**Sd/-
Secretary
MSERC**

Annexure-II

**List of Participants in the Public Hearing on Transmission Petition for FY 2022-23 filed by
MePTCL**

Date: 14.03.2022 | Venue: State Convention Centre, Shillong | Time: 13:00 Hours

Present

1. Mr. P. W, Ingty, IAS (Retd.), Chairman, MSERC.
2. Mr. R. Keishing, Member (Law) MSERC.
3. Mr. E. Slong, Secretary, MSERC.

MePTCL

1. Shri. A. Kharpan, CE (T), MePTCL
2. Smti. P. Sun, SE, MePTCL
3. Smt. B.N. Marak, Asst. Ex. Engineer
4. Shri. R. Marbaniang, AAO.
5. Shri. I. Pyngrope, A.O
6. Shri. Adhitya Pandey, Advocate, MePTCL
7. Smti. Rekha Bakshi, Advocate, MePTCL

Meghalaya Pensioners Association (MPA)

1. Shri. O.L. Warjri ,Vice President.
2. Shri. Robin Diengdoh, Joint Secretary.
3. Shri. Elias Lyngdoh.

Byrnihat Industries Association (BIA)

1. Shri. Shyam Sundar Agarwal, Secretary, BIA.
2. Shri. S. Asati, Consultant, BIA.