

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG**

CASE NO. 22/2021

Petition In the matter of True-up of Distribution Business for FY 2019-20

AND

Meghalaya Power Distribution Corporation Limited (the Petitioner)

Coram

Shri P.W.Ingty, IAS (Retd), Chairman

Shri Roland Keishing, Member (Law)

ORDER

(Dated: 22 .02. 2022)

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

Commission in exercise of functions vested vide Regulation 16 of MSERC Multi Year Tariff Regulations 2014 had approved Aggregate Revenue Requirement (ARR) for 2nd MYT control period of FY 2018-19 to FY 2020-21 in its order dated 31.03.2018.

Tariff Order for FY 2019-20 was not issued, the licensee were to implement the ARR approved in the MYT Order dated 31.03.2018 and the petition for True up of FY 2019-20 were to be filed along with audited Statement of Accounts.

The Regulation- 11 of MYT Regulation 2014 dt.15.09.2014 stipulates that the Commission shall under take true-up of the previous year's expenses and revenue approved with reference to Audited Statement of Accounts made available subject to prudence check including pass through of impact of uncontrollable factors if any.

The Commission has amended the Regulation-11 of MYT Regulations, 2014 as below vide MSERC (Multi Year Tariff) (1st Amendment) Regulations, 2021.

Regulation 11.3 shall be substituted by the following:

"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 a Statutory Auditor appointed by C&AG, 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"

In compliance, MePDCL has filed petition for True-Up of Business for the FY 2019-20 along with audited statement of accounts on 25.11.2021.

Commission taking into consideration of all the facts, additional information/data and after prudence check of the claims as per the MYT Regulations, approves the true up order for FY 2019-20 in the detailed analysis attached to this order.

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

Sd/-
Shri. Roland Keishing
(Member)

Sd/-
Shri. P.W.Ingty, IAS (Retd)
(Chairman)

1. Truing Up for FY 2019-20

Petitioner's Submission

1.1 Background

MePDCL has submitted that while approving the ARR for FY 2019-20 in the MYT control period FY 2018-19 to FY 2020-21, and further in the review order on the same, the Hon'ble Commission had considered the pre-audited Statement of Accounts of FY 2016-17 and Audited Statement of Accounts of FY 2015-16. Now, since the audited Statement of Accounts for FY 2019-20 for MePDCL and MeECL are available, and as such, MePDCL is claiming the truing up of ARR of FY 2019-20 based on the actual figures as per the audited accounts statement with necessary justifications as required. Copy of the Audited Statement of Accounts and Statutory Audit Report of MePDCL and MeECL for FY 2019-20 are appended as Annexure-A and Annexure-B respectively.

1.2 Availability of Energy:

The power availability in the state of Meghalaya is primarily from three key sources- (A) from the generating stations of MePGCL, (B) from the allocated share of central power sector generating companies like NEEPCO, NHPC and NTPC etc. and (C) from short term power purchase from IEX/bilateral trade and banking etc. The comparison of actual source wise energy availability and the approved energy availability in FY 2019-20, is provided in the table below:

Table 1 : Energy Available to MePDCL from various sources in FY 2019-20

Sl. No.	Source	Approved availability (MUs)	Actual availability (MUs)
A	MePGCL	1164.55	1070.14
B	Outside purchase		
1	NTPC	976.15	0.00
2	NHPC Loktak HEP	-	
3	NEEPCO	601.32	597.82
4	OTPC Pallatana GPP	436.79	400.63
C	Short Term (Bilateral/ Banking/ UI etc.)		
	I. At NER periphery		
1	Kreate Energy (I) Pvt Ltd - Swapping		105.76
2	APPCL(Swap)		124.47
3	NTPC Vidyut Vyapar Nigan Ltd. (NVVN)		
4	Deviation Inter		59.93
	II. Within the State periphery		
1	Meghalaya Power Ltd. (MPL) – Banking		4.02
2	Dalmia Cement (Bharat) Ltd (Swapping)		12.64
3	Deviation Intra		5.04
D	Total Availability	3178.81	2380.45

It may be observed from the above table that the actual power availability from MePGCL, NEEPCO and OTPC Pallatana GPP was less than the approved figures. However, most of the long term generating sources for the discom are hydro in nature and as a result, MePDCL had to resort to short term power purchase on bilateral basis/banking/day ahead market etc. to meet the demand in lean seasons. Also, power regulation from NTPC resulted in lower availability of power from the allocated sources. Further, MePDCL would like to submit that under short term sources, MePDCL purchased most of the power under swapping arrangements during the lean season to meet the deficit by swapping power from the surplus monsoon season.

Commission's Analysis

The Licensee shall invariably submit source wise energy account of banking, swapping etc., duly reconciled from the vendors along with every True up petition.

1.3 Energy Sales: Petitioner's Submission

Energy sold to the consumers of MePDCL.

The comparison of actual category wise energy sold to consumers and the approved sales by the Commission is shown in the table below:

Table 2 : Comparison of Energy Sales to inside consumers in FY 2019-20 (in MU)

Sl. No.	Consumer Category	Approved in MYT Order	MePDCL Actual
	LT Category		
1	Domestic (DLT) (Including MeECL Establishments).	421.61	392.56
2	Commercial (CLT)	65.98	71.76
3	Industrial (ILT)	5.06	5.84
4	Agriculture (AP)	0.10	0.31
5	Public Lighting (PL)	1.02	0.12
6	Water Supply (WSLT)	13.07	10.02
7	General Purpose	27.51	17.52
8	BPL	31.39	48.50
9	Crematorium	0.21	0.19
	HT Category		
10	Industrial (HT)	141.65	160.74
11	Water Supply (WS HT)	24.07	31.84
12	Domestic (DHT)	20.62	24.13
13	Commercial (CHT)	30.02	27.43
14	Bulk Supply (HT) including ASEB	82.50	84.86
15	Ferro alloy		32.66
	EHT Category		
	EHT Category		
16	Industrial (EHT)	173.64	51.68
17	Ferro alloy		299.32
	Total	1038.45	1259.48

The overall actual sales in FY 2019-20 is more than the approved sales by about 221.03 MUs

Commission's Analysis

The licensee has reported category wise sales for FY 2019-20 which amounted to 1259.48 MU vide note no.24.1 of SOA which is found to be high compared with the approved sales for FY 2019-20.

Licensee has submitted the Revenue from interstate sale of power to Assam received at Rs.1.83 Crore vide note no.24 of audited SOA, but the Quantum of energy sold to ASEB is not segregated from the sales within the state. The energy sales shown at 84.86 MU

under bulk supply category includes ASEB, thus the energy sold to ASEB works out to 0.295 MU for the Revenue earned for Rs.1.83 Crore at the approved Tariff for bulk supply at Rs.6.20 Ps/Kwh.

The Energy Sales approved for FY 2019-20 is as depicted in the table below taking into account energy sold to ASEB at 0.30 MU.

Table 3 : Approved Energy Sales for FY 2019-20 (in MU)

Sl. No.	Consumer Category	MePDCL Actual	Approved
	LT Category		
1	Domestic (DLT) (Including MeECL Establishments).	392.56	392.56
2	Commercial (CLT)	71.76	71.76
3	Industrial (ILT)	5.84	5.84
4	Agriculture (AP)	0.31	0.31
5	Public Lighting (PL)	0.12	0.12
6	Water Supply (WSLT)	10.02	10.02
7	General Purpose	17.52	17.52
8	BPL	48.50	48.50
9	Crematorium	0.19	0.19
	HT Category		
10	Industrial (HT)	160.74	160.74
11	Water Supply (WS HT)	31.84	31.84
12	Domestic (DHT)	24.13	24.13
13	Commercial (CHT)	27.43	27.43
14	Bulk Supply (HT) including ASEB	84.86	84.56
15	Energy Sales to ASEB	0.00	0.30
16	Ferro alloy	32.66	32.66
	EHT Category		
	EHT Category		
17	Industrial (EHT)	51.68	51.68
18	Ferro alloy	299.32	299.32
	Total	1259.48	1259.48

Commission approves the Energy Sales as stated in the above table for True up of FY 2019-20.

1.4 T&D losses:

Petitioner's Submission

The Commission provided a target of 12.19% for overall T&D losses in FY 2019-20 and accordingly worked out the availability of the power and energy to be sold during the year. The figure of 12.19% is inclusive of the intra state transmission losses in the network of MePTCL and the sub- transmission and distribution losses in the network of MePDCL.

However, the actual T&D losses in FY 2019-20 is shown in the table below:

Table 4 : Computation of T&D Losses for FY 2019-20

Sl. No.	Particulars	Calculation	Amount
1	Power purchased from the Eastern Region (ER)	A	0
2	Inter-state transmission loss for ER	B	1.80%
3	Net power purchased from the ER	$C=A*(1-B)$	0
4	Power purchased from the North -Eastern Region(NER)	D	998.45
5	Inter-state transmission loss for NER	E	3.00%
6	Net power available at state bus from external sources on long term	$F=(C+D)*(1-E)$	968.50
7	Power purchased from generating stations within the state	G	1,070.14
8	Power purchased from other sources	H	311.86
	Total Energy Available in Meghalaya Periphery (Mu)		2380.46
9	Power sold to other states (including swapping/UI/bilateral)	I	554.26
10	Net power available at state bus for sale of power within the state	$J=F+G+H-I$	1,796.24
11	Power sold to consumers within the state	K	1,259.48
12	Transmission & Distribution Losses	$L=J-K$	536.76
13	Transmission & Distribution Losses (%)	$M=L/J$	29.88%

MePDCL requested the Commission to allow the actual T&D losses of 29.88% since the losses have increased on account of increased supply to rural areas and small LT domestic and Kutir Jyoti consumers and increase of LT:HT ratio. The HT sales are reducing on account of open access and the LT sales are increasing on account of rural electrification schemes and increased supply. The Utility is striving hard to improve the distribution infrastructure to deliver 24*7 reliable power supply to all its consumers and at the same time down its losses through efficiency measures, which will lead to financial improvement of the licensee.

MePDCL submits the Commission to reconsider the T&D losses and approve the actual T&D losses as shown above.

Commission's Analysis

Commission had approved T&D losses for FY 2019-20 at 12.19 % in the Tariff Order dated 31.03.2018 keeping in view of the fact that the utility had entered into a tripartite MOU for implementation of UDAY Scheme according to which the utility would be entitled to a debt servicing relief by transferring 75% outstanding loans to the state govt. account.

Whereas the performance of the utility has grounded with the increased T&D losses at 29.88 % during the FY 2019-20.

The proposed T&D losses 29.88% shall not be factored for the sales to ASEB for 0.30 MU.

Accordingly Energy balance has been computed for sales within the state at 1259.18 MU only considering the ASEB, energy sold outside state and accounted for as surplus energy sales.

Table 5 : Computation of Energy Balance for True up of FY 2019-20

Sl. No.	Particulars	Calculation	MU
1	Power purchased from the Eastern Region (ER)	A	0
2	Inter-state transmission loss for ER	B	1.80%
3	Net power purchased from the ER	$C=A*(1-B)$	0
4	Power purchased from the North -Eastern Region(NER)	D	998.45
5	Inter-state transmission loss for NER	E	3.00%
6	NER Regional Loss	$(998.45*3\%)$	29.95
7	Net power available at state bus from externalsources on long term	$F=(C+D)*(1-E)$	968.50
8	Power purchased from generating stations withinthe state	G	1070.14
9	Power purchased from other sources	H	311.86
10	Total Energy Available in the State periphery for sale	$I=F+G+H$	2350.50
11	Net Energy Available for sale by Discom	K	2350.50
12	Power sold to consumers	L	1259.18
13	Approved Energy Sales within the state (Excl. sales to ASEB of 0.30 MU)	M	1259.18
14	Transmission & Distribution Losses (%)	N	29.88%
15	T&D Losses in terms of MU	O	536.57
16	Energy Requirement for sale by Discom within state	$P=M+O$	1795.75
17	Surplus Energy	$Q=K-P$	554.75
18	Grossed Up at 4%	$R=Q/0.96$	577.86
19	Power sold to outside (incl.swap/UI/bilateral/ASEB (0.30 MU))	S	554.56
20	Balance Energy to be accounted (Sl.no.18 - Sl.no.19)	T	23.30

Commission Considers Energy balance as computed above and balance surplus energy of 23.30 MU as computed above shall be accounted for by the licensee.

The balance surplus energy cost amounts to **Rs. 8.62 Crore** at Rs.3.70 ps/kwh weighted average power purchase cost for FY 2019-20 shall be recovered from the Net ARR for True up of FY 2019-20.

2. Determination of Components of Annual Revenue Requirement (ARR) FY 2019-20

2.1 Power Purchase Cost

Petitioner's Submission

MePDCL had procured power from Central generating stations, from generating stations of MePGCL as well as from other sources like exchange/swapping etc. All the State Generating stations being hydro are seasonal in nature and the annual generation depends on the rainfall for the year. MePDCL had to resort to short term power purchase on bilateral basis/banking/day ahead market etc. to meet the demand in lean seasons. In addition to this, there are power regulation on discom by NTPC.

A comparison of source wise power purchase cost as per the actuals and approved Power Purchase Cost as per the MYT Order for FY 2019-20 is shown in the following table.

Table 6 : Source wise Power Purchase Cost for FY 2019-20

Station	MSERC Approved			MePDCL Actuals		
	Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh	Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh
NTPC						
Farakka	48.73	19.38	3.98	0.00		
Kahalgaoon I	50.45	20.07	3.98	0.00	0.00	
Khalgaon II	251.12	99.90	3.98	0.00	0.00	
Talcher	67.85	26.99	3.98	0.00	0.01	
Bongaigoan	558.00	243.68	4.37	0.00	203.74	
OTPC						
OTPC Pallatana	436.79	138.03	3.16	400.63	139.19	3.47
NEEPCO						
Kopili Stage-I	82.23	12.18	1.48	64.47	9.14	1.42
Kopili Stage-II	8.48	1.60	1.88	6.51	0.50	0.77
Khandong HEP	17.53	4.28	2.44	16.16	1.83	1.13
Ranganadi HEP	131.25	34.56	2.63	126.91	30.71	2.42
Doyang HEP	23.65	14.08	5.95	19.18	11.22	5.85
AGBPP	187.65	63.03	3.36	161.19	71.45	4.43
AGTPP	69.00	27.30	3.96		0.00	
AGTCCPP	50.00	19.12	3.82	90.00	40.74	4.53
Pare HEP	31.53	11.71	3.71	53.55	26.83	5.01
NEEPCO Surcharge					63.50	
Free Power	0.00	0.00	-	59.85		
NHPC						
NHPC Loktak	-	-	-	0.00	1.74	
MePGCL						
Umiam Stage-I HEP	100.46	5.35	0.53	107.31	5.45	0.51
Umiam State-II HEP	50.23	3.32	0.66	54.91	3.48	0.63
Umiam State-III HEP	105.12	8.25	0.78	140.97	9.50	0.67

Umiyam State-IV HEP	191.17	9.08	0.47	163.38	8.45	0.52
Umtru HEP	0.00	1.89	-	-0.06	0.95	
MyntduLeshka HEP	410.22	211.55	5.17	417.87	233.29	5.58
New Umtru	219.00	28.77	1.31	180.15	25.95	1.44
Sonapani	5.85	0.25	0.44	3.55	0.20	0.56
Ganol	76.65	13.19	1.72			
Lakroh	5.85	0.26	0.44	2.06	0.20	0.97
Short Term	0.00	0.00	0.00			
Kreate Energy (I) Pvt Ltd - Swapping				105.62	2.48	0.23
Kreate Energy (I) Pvt Ltd – IEX				0.14	0.05	3.57
Meghalaya Power Ltd. (MPL) - Banking				4.02	0.00	
APPCL(Swap)				124.47	4.53	0.36
NVVN						
PTC India Ltd					0.01	
Adhunik Cement Ltd (Swapping)				12.64	0.00	
Deviation Inter				59.93	19.30	3.22
Deviation Intra				5.04	-0.02	
POSOCO					1.56	
VAR Charges					0.00	
Total	3178.81	1017.82	3.20	2380.45	915.98	3.85

Details of Power Purchase invoices for FY 2019-20 have been attached as Annexure D. The actual average rate during FY 2019-20 was Rs. 3.85 per unit, whereas the approved average rate was Rs.3.20 per unit.

On the above power purchase cost, MePDCL has availed rebate amounting to Rs 2.33 Cr and it is shown in Table 5: Other Income. MePDCL therefore, requests the Commission not to deduct any rebate amount from the power purchase cost.

RPO Compliances

Regarding the RPO compliance, it is submitted that MePDCL has not purchased any power from solar and wind sources during FY 2019-20. It has also procured enough surplus from other renewable sources (basically small hydro) to meet the total RPO requirement and as such, it requests Commission to waive of the remaining RPO compliance for solar. The details of purchase of energy along with RPO target vis-à-vis achieved are given below:

Table 7 : Renewable Purchase Obligation Approved & Achieved

Year	Consumed	Target				Achieved			
		Solar	Non solar	Total		Solar	Non-Solar	Total RPO Met	
		%	%	%	MUs	MUs	MUs	MUs	%
2019-20	1,259.48	0.43%	2.07%	2.50%	31.49	0.00	67.03	67.21	5.32%

Table 8 : Power Purchase from Small Hydro

Details of Small Hydro for RPO Compliance		
Small Hydro Electric Plant	Installed Capacity (MW)	Power Procured (MU)
Kopili Stage-II	25	6.51
Sonapani	1.5	3.55
Umiam Stage-II	20	54.91
Lakroh	1.5	2.06
Total		67.03

Transmission Charges

MePDCL is required to pay the inter-state transmission charges to PGCIL and the intra-state transmission charges to MePTCL. The former charges are determined by CERC and the latter one is determined by MSERC.

A comparison of the actual and approved transmission charges of FY 2019-20 is given below:

Table 9 : Comparison of Transmission Charges for FY 2019-20

(Rs Crore)			
Sr. No.	Particulars	Approved in TO Dated 31.03.2018	Actuals
1	Inter-state transmission charges	199.82	82.95
2	Intra state transmission charges	98.64	98.64
	TOTAL	260.86	181.59

MePDCL requested the Commission to approve the transmission charge at Rs.181.59 Cr while truing-up.

Commission's Analysis:

The Scrutiny of power purchase invoices submitted by the petitioner revealed certain omissions and deficiencies for which commission has called for the additional information/data vide its letter dated 14.12.2021, 22.12.2021

The licensee has submitted additional information/data called for, in the communication dated 01.02.2022.

MePDCL has submitted that the deferred Tax liability claimed vide invoice no. ED/COMM/MeECL/DTL/19-20/01 dated 19th February 2020 for Rs.2,29,88,399.00 represent the FY 2018-19 booked in FY 2019-20.

MePDCL has submitted missing invoices of MPL and APPCL including credit note for Rs.0.08 Crore found to be admissible.

After prudence check of the power purchase bills with reference to the source wise invoices, Commission has considered source wise power purchase cost as detailed below.

NEEPCO:

The licensee has claimed power purchase cost at Rs.255.91 Crore which includes Rs.63.50 Crore surcharge and credit invoices for Rs.7.03 crore. Surcharge claim shall not be considered for determination of Tariff.

The power purchase cost includes Rs.4.71 Crore supplementary bills for the period FY 2009 to FY 2019.

The power purchase cost is admitted for Rs.190.42 Crore after deducting 1% rebate for Rs.2.00 Crore for True up as detailed below.

Particulars	Gross Claim (Rs.Cr)	1%rebate/ surcharge/credit bills (Rs.Cr)	Net Admissible (Rs.Cr)
Power Purchase cost for FY 2019-20	194.73	1.95	192.78
Supplementary bills	4.71	0.05	4.67
Surcharge claim	63.50	63.50	0.00
Credit Bills	-7.03	0.00	-7.03
Net Admissible	255.91	65.50	190.42

The net admissible power purchase cost is considered at Rs.190.42 Crore after deducting 1% rebate for True up of FY 2019-20.

NTPC:

Licensee has claimed Power purchase cost at Rs.203.75 Crore which includes surcharge for Rs.50.34 Crore which shall not be considered for determination of Tariff. The claim includes credit bill for Rs.7.20 Crore.

NTPC has given credit towards RRAS for Rs.7.23 Crore deducted from power purchase Invoices.

The power purchase claim for NTPC is admitted at Rs.151.74 Crore after adjusting 1% rebate, Credit Invoices and RRAS for True up of FY 2019-20 as detailed below.

Particulars	Gross (Rs.Cr)	1%rebate/ surcharge/credit bills (Rs.Cr)	Net Admissible (Rs.Cr)
Power Purchase cost for FY 2019-20	167.84	1.67	166.17
RRAS credit	-7.23	0.00	-7.23
Surcharge claim	50.34	50.34	0.00
Credit Bills	-7.20	0.00	-7.20
Net Admissible	203.75	52.01	151.74

Commission considers Power purchase cost for NTPC at Rs.151.74 Crore for True up of FY 2019-20.

OTPC:

The licensee has claimed power purchase cost at Rs.139.18 Crore including Rs.12.09 Crore surcharge which shall not be considered for determination of Tariff.

The claim is admitted after adjusting 1% rebate for True up.

Particulars	Gross	1%rebate/ surcharge/credit bills	Net Admissible
Power Purchase cost for FY 2019-20 (139.18-12.09)	127.09	1.27	125.82
Surcharge claim	12.09	12.09	0.00
Net Admissible	139.18	13.36	125.82

Commission considers power purchase cost at Rs. 125.82 crore for True up of FY 2019-20.

NHPC:

Licensee has submitted invoices towards surcharge for Rs.1.74 Crore which shall not be considered for determination of Tariff.

MePGCL:

The Licensee has claimed power purchase bills of MePGCL at Rs.287.41 Crore which includes the true up gap of MLHEP for FY 2013-14 and FY 2014-15 for Rs.81.50 Crore.

The claim is admitted for Rs.286.44 Crore after adjustment of 1% rebate for RS.0.97 Crore for True up as per the plant wise breakup attached to this order.

Particulars	Gross	1%rebate	Net Admissible
Power Purchase cost for FY 2019-20	205.91	2.06	203.85
True up Gap	81.50	0.82	80.68
Net Admissible	287.41	2.88	284.53

Table 10 : Power Purchase Bills Claimed by MePGCL for FY 2019-20

Months	Umiam -I	Umiam -II	Umiam - III	Umiam IV	Umtru Power station	Sonapani Mini Power Station	MLHEP	NUHEP	Lakroh Mini HEP(COD 01.03.2019)	Total
Apr-19	3414062	2104526	6099405	5457841	736938	89512	87686392	15189270	154447	120932393
May-19	3858804	2461159	6979201	6123747	734550	93106	137479328	17014698	157017	174901610
Jun-19	3592460	2265891	6942330	6492340	732552	95572	182928393	19173320	192818	222415676
Jul-19	5556858	3623639	9045869	9551869	731946	125897	211817035	27796873	167705	268417691
Aug-19	4917947	3149058	8957832	7799245	730908	217587	175292441	26796936	130027	227991981
Sep-19	3843195	2373235	8139088	7610740	734778	220006	174650584	28406779	130147	226108552
Oct-19	5527589	3511814	8932486	8473625	735270	223287	155747179	28747745	195800	212094795
Nov-19	5018666	3165894	9190943	7780632	738222	209736	96439974	23556293	232944	146333304
Dec-19	6703459	4411325	9572771	7541820	737604	187862	77072756	22206300	168645	128602542
Jan-20	4640765	2992003	8328129	6750596	735468	176118	75293312	18996549	158538	118071478
Feb-20	3436355	2114994	6061754	5266258	739932	157271	72108145	15652058	155581	105692348
Mar-20	4022799	2576923	6787855	5651752	738330	157133	71432803	15990114	153740	107511449
										2059073819
True Up Gap for FY 2013-14 & 14-15 (1/2)							815000000			815000000
Total	54532959	34750461	95037663	84500465	8826498	1953087	2332948342	259526935	1997409	2874073819
Less: 1% Rebate	545329.59	347504.61	950376.63	845004.7	88264.98	19530.87	23329483.42	2595269.35	19974.09	28740738.19
Net	53987629.41	34402956	94087286	83655460	8738233.02	1933556.13	2309618859	256931665.7	1977434.91	2845333081

MPPL and Kreate Energy Private Limited :

a) Licensee has claimed open access charges and trading margin for Rs.2.48 Crore through Kreate Energy (I) Pvt. Ltd for **105.62 MU**.

The value of invoices amounted at Rs.2.51 Crore.

A credit note no.61 is raised for Rs. - 0.03 Crore.

Thus the claim is admissible for Rs.2.48 Crore for True up of FY 2019-20.

b) Licensee claimed power purchase cost for **0.14 MU** at Rs.0.05 Crore through IEX.

The same is found to be admissible for Rs.0.05 Crore

MPL:

Meghalaya Power Limited (MPL)-Banking:

Licensee has submitted power procurement from Meghalaya Power Limited (MPL) for **4.02 MU** under banking arrangement for no monetary value.

APPCL:

Licensee has claimed open access charges and Trading margin at Rs.4.61 Crore for 124.47 MU under swapping arrangement.

A credit invoice no.226 dated 22.11.2019 is raised for Rs. - 0.08 Crore.

The invoices are verified with reference to the summary made available and found the claim is admissible for Rs.4.53 Crore.

Summing up of the claim, the power purchase cost is admitted for Rs.4.53 Crore for True up.

PTC India Ltd:

Licensee has claimed Rs.0.01 Crore vide invoice no. STOA-2019-20/021 dated 12.06.2019.

Since the claim represents surcharge which shall not be considered for determination of tariff and hence claim is treated as NIL.

Adhunik Cement Ltd (Swapping):

Licensee has submitted power procurement for **12.64 MU** is made under swapping arrangement for no monetary value.

Deviation Inter:

Licensee has claimed power purchase cost under Deviation (Interstate) at Rs.19.30 Crore for 59.93 MU.

The summary of the weekly DSM report made available with the petition reveals deviation payable amount at Rs.17.41 Crore including ZCV surcharge for Rs.0.90 Crore.

The claim of deviation (interstate) is admitted for RS.17.41 Crore for True up.

Deviation Intra:

Licensee has claimed Deviation (Intra state) cost as Rs. -0.02 Crore for 5.04 MU transaction.

The claim is admitted for True up.

POSOCO:

Licensee has claimed RLDC fees and charges of POSOCO at Rs.1.56 Crore for true up which includes Rs.0.69 Crore supplementary bills.

The invoices are verified and found admissible for True up at Rs.1.54 Crore after rebate.

VAR Charges:

Licensee has not claimed VAR charges in the True up petition.

Transmission Charges**Petitioner's Submission**

MePDCL is required to pay the inter-state transmission charges to PGCIL and the intra-state transmission charges to MePTCL. The former charges are determined by CERC and the latter one is determined by MSERC.

A comparison of the actual and approved transmission charges of FY 2019-20 is given below.

Comparison of Transmission Charges for FY 2019-20**(Rs. Cr)**

Sr. No.	Particulars	Approved in TO Dated 31.03.2018	Actuals
1	Inter-state transmission charges	199.82	82.95
2	Intra state transmission charges	98.64	98.64
	TOTAL	260.86	181.59

MePDCL requested the Commission to approve the transmission charge at Rs 181.59 Cr while truing-up.

Commission's Analysis

PGCIL

Licensee has claimed Transmission charges of PGCIL at Rs.82.95 Crore which includes surcharge bills for Rs.0.14 Crore (which shall not be considered for determination of Tariff) and submitted a credit bill for Rs.0.05 Crore for True up.

The admissible PGCIL Transmission charges are as depicted in the table below

Particulars	Gross	1%rebate/ surcharge/credit bills	Net Admissible
Transmission charges for FY 2019-20	82.86	0.83	82.03
Surcharge claim	0.14	0.14	0.00
Credit Bills	- 0.05	0.00	- 0.05
Net Admissible	82.95	0.97	81.98

PGCIL charges are considered at Rs.81.98 Crore for True up

MePTCL

Licensee has claimed Intra state Transmission charges at Rs.98.64 Crore for True up which are in line with the Annual Transmission charges approved to MePTCL in the MYT Order for FY 2018-19 to FY 2020-21 dated 31.03.2018.

The MePTCL charges as approved in the MYT Order dated 31.03.2018 for Rs.98.64 Crore shall be admissible after deducting 1% rebate as per Regulations as expenditure for MePDCL for True up of FY 2019-20.

Therefore Intrastate Transmission charges are considered at Rs.97.65 Crore after rebate for True up of FY 2019-20.

Table 11 : Total Transmission Charges approved for FY 2019-20

(Rs. Crore)

Sl. No.	Particulars	Actuals	Approved for True up
1	Inter-state transmission charges	82.95	81.98
2	Intra state transmission charges	98.64	97.65
	Total	181.59	179.63

Commission approves Transmission charges at Rs.179.63 Crore for True up of FY 2019-20.

Table 12 : Approved Power Purchase Cost for True up of FY 2019-20

Sl. no	Name of the Generator/Source	Energy Drawn in MU	MePDCL Actuals (in Rs Cr)	Approved for True up (Rs Cr)
1	NEEPCO	597.82	255.92	190.42
2	NHPC	0.00	1.74	0.00
3	OTPC LTD	400.63	139.19	125.82
4	NVVN LTD	0.00	0.00	0.00
5	NTPC LTD	0.00	203.75	151.74
6	POSO	0.00	1.56	1.54
7	APPCL	124.47	4.53	4.53
8	MPL-Banking	4.02	0.00	0.00
9	MPPL & Keipl	105.76	2.53	2.53
11	DEVIATION (INTER)	59.93	19.30	17.41
12	DEVIATION (INTRA)	5.04	-0.02	-0.02
13	VAR Charges	0.00	0.00	0.00
14	Adhunik Cement (Swap)	12.64	0.00	0.00
15	MePGC Ltd	1070.14	287.47	284.53
	Sub-Total	2380.45	915.98	778.50
	Transmission Charges			
15	PGCIL	0.00	82.95	81.98
16	MePTC Ltd	0.00	98.64	97.65
	Total	2380.45	1097.57	958.13

Commission approves Power Purchase cost at Rs. 958.13 Crore including Transmission charges for True up of FY 2019-20.

Commission considers that the power purchase cost claimed by the licensee includes supplementary bills for the past period other than FY 2019-20, the weighted average power purchase cost for FY 2019-20 shall be reckoned on the power procurement made including Transmission charges for the computation of ARR to arrive at unit rate per Kwh.

Commission considers actual power purchase cost for FY 2019-20 for determination of weighted average power purchase cost as tabulated below.

Table 13 : Source wise Power Purchase Cost Approved for FY 2019-20

Station	MePDCL Actuals			Approved for True up FY 2019-20		
	Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh	Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh
NTPC						
Farakka	0.00			0.00		
Kahalgaoon I	0.00	0.00		0.00	0.00	
Khalgaon II	0.00	0.00		0.00	0.00	
Talcher	0.00	0.01		0.00	0.01	
Bongaigoan	0.00	203.74		0.00	167.84	
OTPC						
OTPC Pallatana	400.63	139.19	3.47	400.63	127.09	3.17
NEEPCO						

Station	MePDCL Actuals			Approved for True up FY 2019-20		
	Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh	Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh
Kopili Stage-I	64.47	9.14	1.42			
Kopili Stage-II	6.51	0.50	0.77			
Khandong HEP	16.16	1.83	1.13			
Ranganadi HEP	126.91	30.71	2.42			
Doyang HEP	19.18	11.22	5.85			
AGBPP	161.19	71.45	4.43			
AGTPP		0.00				
AGTCCPP	90.00	40.74	4.53			
Pare HEP	53.55	26.83	5.01			
NEEPCO Surcharge		63.50				
Free Power	59.85					
Total Neepco				597.82	194.73	3.26
NHPC						
NHPC Loktak	0.00	1.74		0.00	0.00	
MePGCL						
Umiam Stage-I HEP	107.31	5.45	0.51			
Umiam State-II HEP	54.91	3.48	0.63			
Umiam State-III HEP	140.97	9.50	0.67			
Umiam State-IV HEP	163.38	8.45	0.52			
Umtru HEP	-0.06	0.95				
MyntduLeshka HEP	417.87	233.29	5.58			
New Umtru	180.15	25.95	1.44			
Sonapani	3.55	0.20	0.56			
Ganol						
Lakroh	2.06	0.20	0.97			
Total MePGCL				1070.14	205.91	1.92
Short Term						
Kreate Energy (I) Pvt Ltd - Swapping	105.62	2.48	0.23	105.62	2.48	0.23
Kreate Energy (I) Pvt Ltd –IEX	0.14	0.05	3.57	0.14	0.05	
Meghalaya Power Ltd.(MPL) - Banking	4.02	0.00		4.02	0.00	
APPCL(Swap)	124.47	4.53	0.36	124.47	4.53	0.36
NVVN						
PTC India Ltd		0.01			0.00	
Adhunik Cement Ltd (Swapping)	12.64	0.00		12.64	0.00	
Deviation Inter	59.93	19.30	3.22	59.93	17.41	2.90
Deviation Intra	5.04	-0.02		5.04	-0.02	
POSOCO		1.56			0.87	
VAR Charges		0.00			0.00	
MePTCL					77.65	
PGCIL					81.98	
Total	2380.45	915.98	3.85	2380.45	880.52	3.70

Commission considers weighted average power purchase cost at Rs.3.70 ps/Kwh for FY 2019-20.

2.2 RPO Compliance

Petitioner's Submission

Regarding the RPO compliance, it is submitted that MePDCL has not purchased any power from solar and wind sources during FY 2019-20. It has also procured enough surplus from other renewable sources (basically small hydro) to meet the total RPO requirement and as such, it requests Commission to waive of the remaining RPO compliance for solar. The details of purchase of energy along with RPO target vis-à-vis achieved are given below:

Table 14 : Renewable Purchase Obligation Approved & Achieved

Year	Consumed	Target				Achieved			
		Solar	Non solar	Total		Solar	Non-Solar	Total RPO Met	
		%	%	%	MUs	MUs	MUs	MUs	%
2019-20	1,259.48	0.43%	2.07%	2.50%	31.49	0.00	67.03	67.21	5.32%

Table 15 : Power Purchase from Small Hydro

Details of Small Hydro for RPO Compliance		
Small Hydro Electric Plant	Installed Capacity (MW)	Power Procured (MU)
Kopili Stage-II	25	6.51
Sonapani	1.5	3.55
Umiam Stage-II	20	54.91
Lakroh	1.5	2.06
Total		67.03

Commission's Analysis:

Commission had notified on 22.10.2018 the RPO trajectory for second control period FY 2018-19 to FY 2020-21 as depicted below

FY	Minimum quantum of purchase in (%) from renewable energy sources (in terms of energy in kWh)		
	Solar	Non-Solar	Total
2018-19	0.75	3.25	4.00
2019-20	1.00	4.00	5.00
2020-21	1.25	4.75	6.00

The Licensee should ensure procurement of 5% of the total sales of 1259.18 MU (within the state sales) which amounts to 62.95 MU under RPO Regulation for FY 2019-20.

The licensee had procured energy from small hydro projects to an extent of 67.03 MU which is meeting the targeted RPO requirement during the FY 2019-20.

Commission considers submission of the licensee for compliance of RPO obligation.

2.3 Operation and Maintenance Expenses

Petitioner's Submission

MePDCL submitted that Operations and Maintenance (O&M) Expenses of the Company consists of the following elements:

- Repairs and Maintenance expenses: Repairs and Maintenance Expenses are incurred for the day today upkeep of the assets of MePDCL and form an integral part of the Company's efforts towards reliable & quality power supply and reduction of losses in the system.
- Employee Expenses: Employee expenses comprise of salaries, dearness allowance, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.
- Administrative and General Expenses: Administrative expenses mainly comprises of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

2.3.1 Repairs and Maintenance Expenses (R & M expenses)

Repair & Maintenance expenses are dependent on various factors such as age of assets, nature of terrain, load served, volume of infrastructure, etc. Most of the lines and substations of MePDCL are aged and thus demand more frequent Repairs and Maintenance. The assets of MePDCL are old and require regular maintenance to ensure uninterrupted operations. MePDCL has been trying its best to ensure uninterrupted operations of the system and accordingly has been making necessary expenditure for R&M activities. The R&M Expenses incurred by MePDCL and one-third of that incurred by the holding company, MeECL is as shown below:

Table 16 : R&M expenses for FY 2019-20

R&M Expense	MePDCL (Rs.Cr)
Buildings	0.11
Plant and Equipment	1.26
Hydraulic Works	-
Civil Works	0.04
Lines & Cables	4.14
Vehicles	0.10
Furniture and Fixtures	0.01
Office equipment	0.18
R&M Expenses incurred by MePDCL (actuals) (1)	5.84
R&M Expenses of MeECL Apportioned (actuals) (2)	0.04
Net Actual R&M Expense for True up (1+2)	5.88

MePDCL requested Commission to allow the actual R&M expenses of Rs 5.88 Crores for true up of FY 2019-20

Commission's Analysis

Licensee has projected R&M expenses at Rs.5.84 Crore which is 42% excess over the previous year R&M expenses of Rs.4.00 Crore even there was no addition in the fixed assets for the last two to three years.

However upkeep of the assets is essential in the day to day operations, the R&M expenses as claimed at Rs.5.84 Crore is considered for FY 2019-20.

Added to the above, 1/3rd MeECL R&M expenses for Rs.0.04 Crore, the total R&M expenses are considered at Rs.5.88 Crore for True up of FY 2019-20.

Commission approves R&M expenses at Rs.5.88 Crore for True up of FY 2019-20.

2.3.2 Employee Expenses

Petitioner's Submission

The employee expenses incurred by MePDCL and the share of MeECL to be borne in FY 2019-20 as per the audited Statement of Accounts are as shown below:

Table 17 : Employee expenses for FY 2019-20

Particulars	Rs.Cr
Salaries and wages	109.38
Contributions to provident and other funds	1.84
Staff welfare expenses	-
Apportionment of Employee Benefit Expenses (from Holding Company)	
(a) Salaries and wages	14.05
(b) Staff welfare expenses, insurance etc.	0.01
(c) Contribution to CPS (Corporation Contribution)	0.08
(d) DCRG, Pension, Pension contribution to Deputations	34.46
Sub Total	48.60
Total Employee Expense of MePDCL	157.98
Employee Expenses of MeECL Apportioned (actuals)	5.40
Net Actual Employee Expense for True up	163.38

Note: "Apportionment of MeECL Employee Expenses" in Note 22 of MePDCL Accounts is over and above the employee expenses in MeECL audited accounts. A Write up on the same is attached as annexure E"

Apportionment of Employee Benefit Expenses (from Holding Company) of Rs. 48.60 Cr in Note 27 of SOA is to be read with Note 27.1 and subsequently the splitting is made as per entry.

The summary of the comparison of the actual Employee Expenses for FY 2019-20 vis-à-vis the expenses approved by the Commission has been given in the table below

Table 18 : True up of Employee Expenses for FY 2019-20

(Rs. Cr)

Particulars	Approved in TO Dated 31.03.2018	Actuals
Employee Cost	133.03	163.38

MePDCL requested the Commission to allow the actual employee expense of Rs 163.38 Crores for true up of FY 2019-20.

Commission's Analysis

Licensee has claimed Employee expenses at Rs.163.38 Crore which includes apportionment of employee benefit expenses from Holding company for Rs.48.60 Crore and Rs.5.40 Crore 1/3rd employee expenses of MeECL as reported vide note no.27 & 27.1 of SOA and note no.21 of MeECL.

Particulars	For the year ended 31 st March 2020 (in Rs.Cr)
Salaries and Wages	109.38
Contribution to provident and other funds	1.84
Apportionment of Employee Benefit Expenses (from Holding Company)	48.60
Employee expenses of MeECL apportioned	5.40
Total	163.38

Breakup of apportionment of Employee benefit expenses for Rs.48.60 crore shown in the above table is given as detailed below vide note no.27.1 of audited accounts.

Particulars	For the year ended 31 st March 2020 (in Rs. Cr)
Salaries and Wages	14.05
Contribution to provident and other funds	34.54
Staff welfare expenses	0.01
Total	48.60

MeECL has projected employee benefit expenses for FY 2019-20 vide note no.21 of SOA at Rs.16.36 Crore. 1/3rd of this amounted at Rs.5.45 Crore is considered for apportionment to MePDCL employee expenses for True up.

As already notified in the true up orders for FY 2017-18, the apportionment of employee benefit expenses from holding company for Rs.48.60 Crore shall be met from **Trust funds** not from Tariffs.

Commission had held discussions in connection with the True up petitions submitted by the power utilities.

“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 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 operational zing 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.”

MePDCL was asked to submit nature of liability with breakup of serving employees and retired employees for the apportionment of employee benefit expenses from holding company claimed for Rs.48.60 Crore in the commission’s letter dated 15.12.2021.

MePDCL has submitted the breakup figures in their letter dated 07.01.2022 as detailed below for the apportionment of employee benefit expenses from holding company for Rs.48.60 Crore in the table below.

FY 2019-20	Serving Employees	Retired Employees	Total
Monthly Salary of Serving Employees incl. staff welfare expenses (Rs.Cr)	14.14	-	14.14
Monthly pension and terminal benefits payable (Rs.Cr)	-	34.46	34.46
Total (Rs.Cr)	14.14	34.46	48.60

Commission considers that the pension and terminal benefits included in the apportionment of employee benefit expenses from Holding company for Rs.34.46 Crore

shall be met from the **Trust funds** as notified by the Govt. of Meghalaya in the reforms notification transfer scheme 2010.

The monthly salaries and welfare expenses for Rs.14.14 Crore shall however be apportioned to employee expenses of MePDCL for True up of FY 2019-20.

Thus summing up of the Employee expenses and apportionment of employee benefit expenses from Holding Company for MePDCL shall be as given in table below.

Table 19 : Approved Employee Expenses for FY 2019-20

(Rs.Cr)

Particulars	MePDCL	1/3rd MeECL	Total
Employee Expenses incl. contribution to provident and other funds	111.22	5.45	116.67
Monthly Salary of Serving Employees and staff welfare expenses and Contribution to PF (Rs.Cr)		14.14	14.14
Total	111.22	19.59	130.81

Commission approves Employee Expenses at Rs.130.81 Crore for True up of FY 2019-20.

2.3.3 Administration and General Expenses (A & G Expenses)

Petitioner's Submission

The A & G expenses incurred by MePDCL and the share of MeECL to be borne in FY 2019-20 as per the audited Statement of Accounts is as shown below:

Table 20 : A&G Expenses for FY 2019-20

Particulars	Amount (in Rs. Cr.)
Insurance Charges	0.03
Bad debts written off	2.17
Rent, Rates and Taxes	0.03
Telegram, Postage, Telegraph and Telex charges	0.11
Training, conveyance and vehicle running expenses	5.03
Printing and stationery expenses	0.34
Auditors' remuneration	0.07
Consultancy Charges	0.00
License and Registration Charges	0.00
Technical fees	0.01
Books & Periodicals	0.00
Fees and subscription expenses	0.00
Advertisement charges	0.03
Legal and professional charges	1.44
Meghalaya State Electricity Regulatory Commission (MSERC) Fees	0.15
Electricity and Water Charges	0.00
Franchisee Commission	0.87
Franchisee Transmission Loss	0.44
Discount allowed	0.39
Bank Charges	0.09
Entertainment expenses	0.00
RAPDRP Energy Charges	0.00
Miscellaneous expenses	0.05
A&G Expenses incurred by MePDCL (actuals)	11.25
A&G Expenses of MeECL Apportioned (actuals)	1.03
Net Actual A&G Expense for True up	12.28

The summary of the comparison of the actual A&G Expenses for FY 2019-20 vis-à-vis the expenses approved by the Commission has been given in the Table below.

Table 21 : True up of A&G Expenses for FY 2019-20

(Rs. Cr)

Particulars	Approved in TO Dated 31.03.2018	Actuals
A&G Expenses	10.05	12.28

MePDCL requested the Commission to allow the actual A & G expense of Rs 12.28 Crores for true up of FY 2019-20.

Commission's Analysis

Licensee has projected A&G expenses at Rs.12.28 Crore which includes Rs.2.17 Crore bad debts written off and 1/3rd A&G expenses of MeECL at Rs.1.03 Crore.

The bad debts written off for Rs.2.17 Crore are not expense and shall be accounted for in the Receivables account on appropriate assessment and approval for write off.

Thus the A&G expenses of MePDCL shall be Rs.10.12 Crore for FY 2019-20.

Commission approves A&G expenses at Rs.10.12 Crore in the True up for FY 2019-20.

Total O&M expenses for FY 2019-20

As per the above analysis the O&M expenses of MePDCL are approved as detailed below.

Table 22 : Approved O&M expenses for True up of FY 2019-20

(in Rs.Cr)

Particulars	MePDCL Claimed	Approved for True up
R&M	5.88	5.88
Employee expenses	163.38	130.81
A&G Exp	12.28	10.12
Total	181.54	146.81

Commission approves O&M expenses at Rs.146.81 Crore for True up of FY 2019-20.

2.4 Depreciation

Petitioner's Submission

Depreciation as booked in the Statement of Accounts for FY 2019-20 for MePDCL (Note 2 of MePDCL Accounts) and the apportioned amount of MeECL (Note 2 of MeECL Accounts) for various classes of assets is shown below:

Table 23 : Depreciation for FY 2019-20

Asset Class	MePDCL (Rs.Cr)
Land	0.00
Buildings	2.75
Plant and Equipment	4.17
Furniture and Fixtures	0.03
Vehicles	0.03
Office equipment	0.09
Others:	
Hydraulic Works	0.00
Other Civil Works	0.10
Lines and Cable Network	11.36
Assets under lease	0.00
Total Depreciation MePDCL	18.53
Apportioned Depreciation from MeECL	0.15
Total	18.68

The adjustment of amortization has been done in other income i.e. Section 2.3.12 of the petition. Following table shows the comparison of the actual Depreciation vis-à-vis the Depreciation approved by the Commission in its various tariff orders for FY 2019-20

Table 24 : True up of Depreciation for FY 2019-20

(Rs. Crore)

Particulars	Approved in TO Dated 31.03.2018	Actuals
Depreciation	6.09	18.68

The true up is being done based on the actual value of opening assets and the assets capitalized during the year. It is submitted that the component wise depreciation is computed as per the provisions of Tariff Regulations, 2014. As such, the Commission is requested to approve the actual depreciation as per the audited accounts (Note 2: Property, Plant & Equipment)

MePDCL requested the Commission to allow the depreciation of Rs 18.68 Crores for true up of FY 2019-20.

Commission's Analysis

As per the Regulation 33 of MSERC Regulations 2014:

"The Depreciation shall be computed on the Historical Value of the assets.

Depreciation shall be calculated on straight line method upto 90 % of Asset Value retaining 10 % salvage value.

Consumer contributions or Capital subsidy / grant etc shall be excluded from the Value for the purpose of Depreciation as per the Regulations."

Licensee has reported an addition of Rs.36.15 Crore to the trued up assets base of Rs.445.02 Crore for FY 2018-19. Thus the opening GFA shall be Rs.445.02 Crore for FY 2019-20.

Whereas licensee has reported opening GFA at Rs.442.83 Crore vide note no.02 of audited accounts for FY 2019-20.

The licensee shall relook into the opening GFA adopted at Rs.442.83 Crore instead of 445.02 Crore for FY 2019-20.

The licensee has reported Govt. grants and contributions for FY 2019-20 at Rs.748.05 Crore vide note no.17.1 of audited SOA.

Commission considers computation of depreciation considering the opening GFA at Rs.445.02 crore as depicted in the table below.

Table 25 : Computation of GFA/Depreciation for True up of FY 2019-20

						(Rs.Cr)
Particulars	Opening Balance	Additions	Retirements	Closing Bal	% of Depr	Amount
Land	1.60	0.10		1.70	-	
Buildings	13.60	-		13.60	3.34%	0.41
Plant and Equipment	51.85	2.78		54.63	5.28%	2.53
Furniture and Fixtures	0.99	0.003		0.99	6.33%	0.06
Vehicles	0.69	-		0.69	9.50%	0.06
Office Equipment	1.82	0.04		1.86	6.33%	0.10
Hydraulic works	0.09	-		0.09	5.28%	0.004
Other Civil works	3.04	-		3.04	3.34%	0.09
Lines and Cable Network	371.34	33.21		404.55	5.28%	18.44
Total	445.02	36.14		481.15		21.69
Add: 1/3 rd Share of MeECL Depreciation as claimed						0.15
Less : Depreciation on Grants and contributions available				748.05	4.68%	35.00
Net Dep for Discom						-13.16

The licensee shall adopt the GFA as computed in the above table in all the future filings for Regulatory purpose.

Commission approves depreciation as -NIL- for true up of FY 2019-20.

2.5 Interest and Financial Charges

Petitioner's Submission

It is submitted It is submitted that the actual interest cost of Rs. 73.81 Crore of Interest & Finance Charges pertains to project loan for schemes like R APDRP, IPDS and other State Government schemes as well as various financial charges for raising bank guarantee, security etc. The following table shows the summary of the actual Interest and Finance Charges for FY 2019-20 as per audited statement of accounts (Note 28)

Table 26 : True up of Interest and Finance Charges for FY 2019-20

Particulars	Amount (in Rs. Cr.)
Interest: (1)	
To related party (Meghalaya Energy Corporation Limited, i.e., Holding Company)	7.21
To Others	51.34
Other Interest	0.07
Other banking and guarantee charges (2)	1.76
Total Finance Charges (MePDCL) (1+2)	60.38
Apportioned Finance Charges from MeECL	8.62
Net Interest and Finance Charges	69.00

Detailed Statement of all the Loans of MePDCL along with the purpose of loan is given in Note 16 - Financial Liabilities (Borrowings) of MePDCL Accounts. Similarly details of loans of MeECL (For MeECL apportionment interest in the above table) is given in Note 16 - Financial Liabilities (Borrowings) of MeECL Accounts.

It is submitted that Interest & Finance Charges are genuine and legitimate expenditure and the Commission may kindly approve the entire interest & finance charges as shown above, as per Audited Accounts.

Commission's Analysis

As per the Regulation 32.1 and 32.2 of MSERC Regulations 2014:

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

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

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

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

The licensee has been availing 8% REC Restructured loan, 9% PFC loan for executing the works contemplated under R-APDRP-A and B.

The loans availed for purchase of vehicle, payment of power purchase expenses, state govt. loans and loans from MeECL shall not be considered for interest.

10% of the outstanding average loan is considered as deemed repayment in respect of PFC loan under R-APDRP-A and B.

The outstanding loans obtained for capital works as per the schedule is drawn below for interest costs computed as depicted in the table below.

Table 27 : Schedule of Loans and interest and finance charges for FY 2019-20**(Rs.Cr)**

Sl. No	Particulars	Opening balance	Add. during the Year	Re payment	Closing Loan	Interest
		(1)	(2)	(3)	(4)	(5)
1	Opening balance					
	a) 8% restructured REC loan	26.67	-	6.33	20.34	1.88
	b) 9% PFC loan R-APDRP-A	29.58	10.39	3.48*	39.97	3.13
	c) 9% PFC loan R-APDRP-B	59.26	6.58	6.25*	65.84	5.63
	d) 10.90% PFC Loan IPD Scheme	0.00	5.52	0.22	5.30	0.30
2	Total	115.51	22.49	16.28	131.45	10.94
3	Average loan				123.48	
4	Average Rate of Interest					8.86%
5	Interest and Finance charges					10.94

* Note: 10% deemed repayment is considered.

Commission approves Interest and finance charges at Rs. 10.94 Crore for True up of FY 2019-20.

2.6 Interest on Working Capital

Petitioner's Submission

Working capital requirement for a distribution utility in Meghalaya is determined on a normative basis by the Regulation 34.3 of MYT Tariff Regulations, 2014. Now, based on the actual data for the components of working capital, the interest on working capital is computed below:

Table 28 : Computation of Interest on Working Capital for FY 2019-20

Particulars	Amount (Rs Cr)
O&M for 1 Months (181.52/12)	15.13
Maintenance Spares (Average Asset of MePDCL and MeECL for the year *1%with escalation of 6%)	4.93
Receivables for 2 Months (1289.34)/6	214.89
Total	234.95
Interest Rate (%) (SBI PLR as on 01.04.2019)	13.80%
Interest on Working Capital	32.42

MePDCL requested Commission to allow the Interest on Working Capital of Rs 32.42 Crores for true up of FY 2019-20.

Commission's Analysis

As per Regulation 34.3 of MYT MSERC Regulations 2014,

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

- Operation and maintenance expenses for one month; plus

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

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

Interest on working capital is computed as depicted in the table below.

Table 29 : Computation of Interest on Working Capital for true up of FY 2019-20

(Rs Cr)	
Particulars	Amount
O&M for 1 Months excl. MeECL cost (126.14/12)	10.51
Maintenance Spares (Average Asset of MePDCL and MeECL for the year *1%with escalation of 6%) (GFA 445.02*1%*6%)	4.72
Receivables for 2 Months (709.87*2/12)	118.31
Total	133.54
Interest Rate (%) (SBI PLR as on 01.04.2019)	13.80%
Interest on Working Capital	18.43

Commission considers Interest on working capital at Rs.18.43 Crore for True up of FY 2019-20.

2.7 Exceptional Expenses

Petitioner's Submission

The following table provides the details of the Exceptional Expenses for FY 2019-20 as per Note 31 of SOA of MePDCL

Table 30 : Exceptional Expenses for FY 2019-20

Particulars	Amount (Rs Cr)
Expenses	
Compensation to Staff for injuries, death and/or damages	0.01
Compensation to others for injuries, death and/or damages	0.08
Total Expenses	0.09

It is therefore requested the Commission to approves the Exceptional Expenses of Rs 0.09 Crore for true up of FY 2019-20.

Commission's Analysis

The claim related to the compensation to the Employees and also compensation to others where the death is established due to the electrical accidents shall be payable as A&G expenses.

Commission approves the exceptional items claimed for Rs.0.09 Crore for True up of FY 2019-20.

2.8 Return on Equity

Petitioner's Submission

It is submitted that the return on equity is computed as per Regulation 27 and 31 of the Tariff Regulations, 2014. As per the above provisions of MYT Tariff Regulations, 2014, the computation of Return on Equity is shown below:

Table 31 : True up of Return on Equity for FY 2019-20

(Rs Cr.)		
Sr. No.	Particulars	Actuals
1	Opening Equity 31.03.2019 (Shareholders Eq. +PendingAllotment)	846.86
2	Closing Equity 31.03.2020 (Shareholders Eq. +PendingAllotment)	850.22
3	Average Equity for RoE	848.54
4	Equity Capital considered for RoE Computation	848.54
5	RoE (%)	14%
6	Return on Equity	118.80

The prevalent regulations do not restrict allowing of return on equity on equity capital pending allotment. The actual closing equity component (paid up capital + equity share pending allotment) as per the audited accounts of MePDCL for FY 2019-20 is Rs. 850.22Cr (844.24+5.98). Similarly, the opening equity capital as per audited accounts for FY 2019-20 is Rs. 846.86Cr (811.62+35.24) crores.

As such, the average equity capital for FY 2019-20, for calculation of RoE, works out to be Rs. 848.54 crores.

Reference: Paid Up Capital: As per Note 14 of MePDCL Accounts and Equity Share Pending Allotment: As per Note 15 of Accounts.

The issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC: APTEL Case no 46 of 2016) is still under subjudice. The Utility is reiterating the fact that the approved value of Commission for Return on Equity (is not in line with the Regulations. In sake of brevity, MePDCL is not reiterating the grounds and the justification for the claim here since the matter is already under subjudice. Hence, the utility would like to retain its methodology as per the past petitions & stand on equity base determination as per the earlier petitions which is in line with MSERC Regulations and Transfer Notification Scheme.

MePDCL requested the Commission to approve the Return on Equity of Rs 118.80 Crore for true up of FY 2019-20 as computed above.

Commission's Analysis:

Commission has considered opening GFA at Rs.445.02 Crore and closing GFA at Rs.481.16.

Commission considering the average GFA approved for FY 2019-20 at Rs.463.09 Crore, the return on equity is calculated after adjusting the Govt. Grants and contributions as shown in the table below.

Table 32 : Computation of Return on Equity for True up FY 2019-20

Sl.No	Particulars	(Rs. in Crore)
1	GFA as on 31.03.2019	445.02
2	Addition during year	36.14
3	GFA as on 31.03.2020	481.16
4	Average Assets (1+3)/2	463.09
5	Less: Grants available for FY 2019-20 as per note 17.1	748.05
6	Net Capital cost for ROE	-284.96
7	Opening Equity	5.85
8	Closing Equity Capital (-284.96 *30%)	-85.48
9	Avg Equity (5.85+ (-85.48))/2	-39.82
10	ROE at 14% (-39.82*14%)	-5.57

Commission approves Return on Equity as -NIL- for True up of FY 2019-20.

2.9 Non Tariff and Other Income

Petitioner's Submission

A summary of the other income as per Audited Accounts of MePDCL for FY 2019-20 has been given in the table below:

Table 33 : Other Income in FY 2019-20

Sr.No.	Particulars	Actuals (Rs.Cr)
A	Other Income	
	Interest Income: (Note 19 of MePDCL Accounts)	
	From Banks	3.76
	From Others	0.01
	Other non-operating income:	-
	Rental and Hiring Income	0.03
	Discount Received	-
	Fees and Penalties	0.00
	Sale of scrap, tender forms and others	0.13
	Miscellaneous receipts	3.65
	Amortization of Grants and Subsidies	2.66
B	Revenue Subsidies and Grant	
	R.E. Subsidies	-
	Revenue Grants for Other Expenditures	13.81
C	Other operating revenues-	
	Meter Rent	3.14
	Margin Money from Regulated Power	16.97
	Reconnection Fees	0.01
	Rebates on Purchase of Energy	2.33
	Other Charges From Consumers	10.82
D	Apportioned Other Income from MeECL	6.04
	Total Other Income (A + B + C+D)	76.70

MePDCL requested Commission to approve the Other Income as Rs.76.70 Crore for true up of FY 2019-20 as computed above.

Commission's Analysis

Licensee has reported Non Tariff income at Rs.91.07 crore vide note no.24 which includes cross subsidy surcharge for Rs.27.62 Crore and other income at Rs. 37.39 Crore which includes Revenue Grants for Other expenditure at Rs.13.81 Crore vide note no.25 of audited SOA.

Licensee has not projected DPS for Rs.30.19 Crore in the Non Tariff income, the same is considered for True up as per note no.24 of SOA.

1/3rd of Other income reported from MeECL apportionable to MePDCL is at Rs.8.53 Crore as per note no.20 of SOA.

The details of the Non Tariff and other income are as shown in the table below

Table 34 : Approved Non Tariff and Other Income for True up FY 2019-20

		(Rs. Cr)
Sl.No	Particulars	For the Year ended 31 st March 2020
	Non Tariff Income	
1	Meter Rent	3,14,16,311.78
2	Margin Payment Charges collected from consumers	16,97,30,460.00
3	Reconnection fees	64,500.00
4	DPS Collected from Consumers	30,19,43,434.67
5	Rebates on Purchase of Energy	2,33,03,662.00
6	Other charges from Consumers	10,81,81,574.90
7	Cross Subsidy Surcharge	27,61,57,766.00
	Sub Total- (A)	91,07,97,709.35
	Other Income	
1	From Banks	3,76,24,119.00
2	From Others	66,119.00
3	Rental and Hiring Income	2,79,490.00
4	Fees and Penalties	16,749.00
5	Sale of scrap, tender forms and others	13,07,500.00
6	Miscellaneous receipts	3,64,72,990.34
7	Amortization of Grants and subsidies	13,34,45,912.58
8	Amortization of Consumer Contributions	2,65,75,066.94
9	Revenue Grants for Other Expenditure	13,81,18,506.00
	Sub Total- (B)	37,39,06,452.86
1	The Other Income from MeECL apportioned share reported in note no.20 of audited accounts (C)	8,53,00,000.00
	Total (A+B+C)	137,00,04,162.21

Commission considers Non Tariff and Other income at Rs.137.00 Crore for True up of FY 2019-20.

Rebate for timely payment

Regulation 36 of MSERC MYT Regulations 2014 reads-

“For payment of bills of generation tariff or transmission charges through Letter of Credit or otherwise, within 7 days of presentation of bills, by the Generating Company or the Transmission Licensee, as the case may be, a rebate of 2% on billed amount, excluding the taxes, cess, duties, etc., shall be allowed. Where payments are made subsequently through opening of Letter of Credit or otherwise, but within a period of one month of presentation of bills by the Generating Company or the Transmission Licensee, as the case may be, a rebate of 1% on billed amount, excluding the taxes, cess, duties, etc., shall be allowed.”

Rebate for timely payment of power purchase cost to the generators and Transmission licensees shall be deducted from the payables as per the Regulation 36 of MSERC MYT Regulations 2014.

Commission has adjusted 1% rebate from the power purchase bills and Transmission charges bills including supplementary bills as detailed below for FY 2019-20

Source	1% Rebate
NEEPCO	2.00
NTPC	1.67
OTPC	1.27
MePGCL	2.87
POSOCO	0.16
PGCIL	0.83
MePTCL	0.99
Total	9.79
Less: Already Shown in Other income	2.33
Net Rebate Income for True up	7.46

Whereas MePDCL has reported vide note.24 of SOA rebate income on purchase of Energy at Rs.2.33 Crore as against Rs.9.79 Crore to be claimed as rebate on purchase of energy for FY 2019-20.

Commission considers balance rebate shall be adjusted as other income from net ARR at Rs.7.46 Crore for True up of FY 2019-20.

2.10 Revenue from Sale of Power

Petitioner's Submission

A summary of the revenue from sale of power as per Audited Accounts of MePDCL for FY 2019-20 has been given in the table below:

Table 35 : Revenue from sale of power in FY 2019-20

Particulars	Approved in TO Dated 31.03.2018	Actuals
Revenue from sale of power within state (including Assam) (Rs in Cr)	664.56	711.71
Revenue from sale of short-term surplus power outside state (Rs in Cr) (Including Cross Subsidy Surcharge)	569.71	117.79
TOTAL (Rs in Cr)	1234.27	829.50
Units sold within state (MU)	1038.36	1259.48
Units sold to others (MU) after crossed up.	1899.03	554.26

MePDCL requests the Commission to allow the revenue as shown in the table above.

Commission's Analysis:

Revenue from operations as reported in note no.24 of audited statement of accounts amounted to Rs.834.17 Crore which includes Electricity duty of Rs.4.66 Crore.

The revenue for sales outside the state reported to be Rs.92.01 Crore which includes RRAS from NEEPCO for Rs.7.43 Crore.

Rs.27.62 Crore received towards cross subsidy surcharge has been classified and included in Non Tariff income. Thus the actual revenue from sale of power within the state works out to Rs.709.88 Crore (834.17-4.66-92.01-27.62).

The total Revenue from sales amounts to Rs.801.88 Crore (709.88+92.01) for the Energy sales of 1259.18 MU.

Table 36 : Breakup of Revenue from sale of power for True up FY 2019-20

Sl.no	Particulars	Amount in Rs. Cr	Amount in Rs. Cr
1	Sale of power within the state (1259.18 MU) excl. Assam		709.88
2	Sales to Assam	1.83	92.01
3	UI sales	6.26	
4	Sales outside the state	76.49	
5	RRAS from NTPC and NEEPCO	7.43	
6	Total Revenue from Sale of power		801.89
	Energy Sales		
1	Units sold within the state (MU)		1259.18
2	Units sold Outside state incl. Assam (MU) (Note no.24.3)		554.56

Commission approves Revenue from Sale of Power at Rs. 801.89 Crore in True up for FY 2019-20.

2.11 Aggregate Technical & Commercial (AT & C) Losses

Petitioner's Submission

The total revenue billed for sale of power within the state is Rs. 711.71 crores, which excludes the Electricity Duty billed and the revenue from sale of power outside state.

The revenue collected and AT&C loss for FY 2019-20 is calculated as shown below.

Table 37 : AT&C Loss for FY 2019-20

Particulars (MePDCL)	Amount
Opening balance of receivables from sale of power within the state* (Rs.Cr)	374.64
Revenue from sale of power within the state in FY 2019-20 (Rs.Cr)	711.71
Total (Rs.Cr)	1086.35
Less: Closing balance of receivables from sale of power within the state*	396.86
Revenue realized in FY 2019-20 from sale of power within the state	689.49
Collection Efficiency	96.88%
T&D losses	29.88%
AT&C Losses	32.07%

**As per Note 7.3- Gross Trade Receivables of the accounts*

AT&C loss shows a reduction of 4.13% from 36.20% in the petition filed for truing up for the FY 2018-19 which is 1.13% more than the loss reduction trajectory. The additional gain from 1.13% loss saving may be shared as per clause 14 of the MSERC MYT Regulations 2014.

MePDCL requested the Commission to approve AT&C Loss at 32.07% and not to penalize on account of AT&C loss reduction.

Commission's Analysis

The AT&C loss computation shall be arrived at in the Format D2 (A) as per the data available in the audited accounts.

Commission considers AT&C loss for FY 2019-20 based on the above stated data and T&D Losses at 29.88 % as approved in the Energy balance.

Format-D2 (A)

Information regarding Distribution Loss and AT & C Loss of Licensee FY 2019-20

Sl. No	Particulars	Calculation	Unit	Previous Years FY 18-19 (Actuals)	Current Year 2019-20 (R.E)
1	Generation (own as well as any other connected generation, net after deducting auxiliary consumption) within area of supply of DISCOM	A	MU	2394.54	2350.50
2	Input energy (metered import) received at interface points of DISCOM network	B	MU	2394.54	2350.50
3	Input Energy (metered Export) by the DISCOM at interface point of DISCOM network including balance surplus energy	C	MU	633.73	554.56
4	Total energy available for sale within the licensed area to the consumers of the DISCOM	D=B-C	MU	1760.81	1795.75
5	Energy billed to metered consumers within the licensed area of the DISCOM	E	MU	1104.56	1259.18
6	Energy billed to unmetered consumers within the licenses area of the DISCOM	F	MU	-	-
7	Total Energy billed	G=E+F	MU	1104.56	1259.18
8	Amount billed to consumer within the licensed area of DISCOM	H	Rs.Cr	666.57	709.87
9	Amount realized by the DISCOM out of the amount Billed at H#	I	Rs.Cr	685.74	687.65
10	Collection efficiency (%) (=Revenue realized Amount billed)	$J=(I/H) \times 100$	%	100.00%	96.87%
11	Energy realized by the DISCOM	K=JXG	MU	1104.56	1219.76
12	Distribution Loss (%)	$L=\{(D-K)/D\} \times 100$	%	37.27%	29.88%
13	AT&Loss (%)	$M=\{(D-K)/D\} \times 100$	%	37.27%	32.07%

The closing balance of receivables for FY 2018-19 considered as opening balance at Rs.374.64 Crore for FY 2019-20.

The Licensee has disclosed Trade receivables for 31.03.2020 at Rs.396.86 Crore.

The AT&C loss computation is made considering collection efficiency at 100% and T&D loss at 32.07 % as shown in the table below.

Table 38 : Approved AT&C Loss for FY 2019-20

(Rs.Cr)

Particulars (MePDCL)	Amount
Opening balance of receivables as projected as on 31.03.2019	374.64
Revenue from sale of power within the state in FY 2019-20	709.87
Total	1084.51
Less: Closing balance of receivables as at Note 7.3 of SOA	396.86
Revenue realized in FY 2019-20 from sale of power within the state	687.65
Collection Efficiency (%)	96.87%
T&D losses (%)	29.88%
AT&C Losses (%)	32.07%

AT&C Loss Penalty

Regulation 83.1 of MSERC MYT Regulations specifies that

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

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

Commission considers the AT&C loss penalty as detailed in the table below

Table 39 : Calculation of AT&C Loss Penalty for FY 2019-20

1	Actual AT&C loss for FY 2018-19	37.27%
2	Target level for FY 2019-20	34.27%
3	Actual AT&C loss for FY 2019-20 as per the Format D2(A)	32.07%
4	Short fall over the Targeted Level	0
5	Total AT&C loss for FY 2019-20	-
6	Average Unit cost of sale of power as per Reg.83.1	-
7	Penalty to be levied on the short fall of AT&C loss energy	-

The licensee has achieved Target level of AT&C losses for FY 2019-20, commission considers no AT&C loss penalty shall be levied for FY 2019-20.

3. Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2019-20 Petitioner's Submission

The above section details the actual expense and revenue components along with the difference from the same with the approved figures of MSERC. The explanation for the difference in each of the component has also been provided as required.

MePDCL has also submitted the justification of each component being controllable or uncontrollable on part of MePDCL. Based on the above clause, the table below summarizes the Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2019-20 over and above the figures approved by the Commission in the Tariff order dated 31.03.2018.

Table 40 : Aggregate Revenue Requirement & Revenue Gap/ (Surplus) for FY 2019-20

(Rs. Cr)			
Particulars	MePDCL Actuals	Approved in Tariff Order 31.03.2018	Loss/ (Gain)
Power Purchase Cost	915.98	1017.79	(101.81)
Transmission Charges (PGCIL)	82.95	199.82	(116.87)
Transmission Charges (MePTCL)	98.64	98.64	0.00
Employee Expenses	163.38	133.03	30.35
Repair & Maintenance Expenses	5.88	4.52	1.36
Administration & General Expenses (Including Bad Debt)	12.26	10.05	2.21
Depreciation	18.68	6.09	12.59
Interest and Finance Charges	69.00	7.11	61.89
Interest on Working Capital	32.42	19.08	13.34
Exceptional Expense	0.09	-	0.09
Return on Equity	118.80	30.70	88.10
Total Expenses	1518.08	1,526.83	(8.75)
Less: Non-Tariff Income	76.70	146.91	(70.21)
Less: R.E. Subsidy			
Less: Subsidy against Power Purchase			
Less: R.E. Subsidy Against Loss On Account Of Flood, Fire Cyclone Etc			
Less: Revenue Grant for Other Expenditure			
Less: Sale of Surplus Power including Cross Subsidy Surcharge	117.79	569.71	(451.92)
Less: Revenue from Sale of Power	711.71	810.21	(98.50)
Net Gap / (Surplus)	611.88	-	611.88

MePDCL requested the Commission to pass through gap of Rs. 611.88 Crore under the truing up of FY 2019-20.

Commission's Analysis:

The True up petition filed by MePDCL has been scrutinized after taking into account the Additional information/data, Audited accounts with reference to the MSERC MYT Regulations 2014, analyzed and admissible expenses have been approved and finalized ARR as depicted in table below for True up of FY 2019-20.

Table 41 : Aggregate Revenue Requirement for True up of FY 2019-20**(Rs Cr)**

Sl. No	Particulars	MePDCL Actuals	Approved in True up FY 2019-20
1	Power Purchase Cost	915.98	778.50
2	Transmission Charges (PGCIL)	82.95	81.98
3	Transmission Charges (MePTCL)	98.64	97.65
4	Employee Expenses	163.38	130.81
5	Repair & Maintenance Expenses	5.88	5.88
6	Administration & General Expenses (Including Bad Debt)	12.26	10.12
7	Depreciation	18.68	0.00
8	Interest and Finance Charges	69.00	10.94
9	Interest on Working Capital	32.42	18.43
10	Exceptional Expense	0.09	0.09
11	Return on Equity	118.80	0.00
	Gross ARR (A)	1518.08	1134.40
12	Less: Non Tariff Income & DPS (Note 24 of SOA)		91.08
13	Less: 1% Rebate on purchase of Energy		7.46
14	Less: Amortization and Other income incl. Revenue grant for other expenditure (Note 25 of SOA) incl. MeECL income (Rs.37.39 Cr+Rs.8.53 Cr)	76.70	45.92
15	Less: R.E. Subsidy		-
16	Less: Subsidy against Power Purchase		
17	Less: R.E. Subsidy Against Loss On Account Of Flood, Fire Cyclone Etc		
18	Less: Sale of Surplus Power outside state including Cross Subsidy Surcharge	117.79	92.01
19	Less: Balance Surplus Energy Cost @Rs.3.70Ps/Kwh for 23.30 MU as per Para 1.4 of this order		8.62
	Sub Total (12 to 19) (B)		245.09
	Net ARR (A-B)		889.31

Commission approves Net ARR at Rs. 889.31 Crore for True up of FY 2019-20.

Approved Revenue gap for FY 2019-20 True up

Table 42 : Approved Revenue Gap/ (Surplus) for True up of FY 2019-20**(Rs.Cr)**

Particulars	Approved in T.O	MePDCL Actuals	Approved for True up of FY 19-20
Net ARR	810.21	1323.59	889.31
Less: Revenue from Tariffs	686.96	711.71	709.88
Revenue Gap	123.25	611.88	179.43

Commission approves Net Revenue Gap at Rs.179.43 Crore for True up of FY 2019-20 which shall be appropriated in the next Tariff Orders.