Meghalaya State Electricity Regulatory Commission

TARIFF ORDER

Case No. 25 of 2022

Aggregate Revenue Requirement

&

Distribution Tariff for FY 2023-24

Meghalaya Power Distribution 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
AT&C	Aggregate Technical & Commercial losses
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
NER	North Eastern Region
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Limited
ROE	Return on Equity
R&M	Repairs & Maintenance
SOA	Statement of Accounts
SLDC	State Load Despatch Centre
SBAR	State Bank Advance Rate
ToD	Time of the Day

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

1st Floor (Front Block Left Wing),
New Administrative Building Lower Lachumiere, Shillong-793001
East Khasi Hills District, Meghalaya

Case No: 25/2022

In the Matter of petition for approval of

Aggregate Revenue Requirement (ARR) and determination of retail tariff for FY 2023-24 in the State of Meghalaya.

AND

Meghalaya Power Distribution Corporation Limited --------------------------------- the Petitioner

Coram

P.W Ingty, IAS (Retd)
Chairman

ORDER

Date: 11.04.2023

- The Meghalaya Power Distribution Corporation Limited (herein after referred to as MePDCL) 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 distribution of electricity in the state of Meghalaya.
- Regulations 6 of MSERC MYT Regulations 2014 specify that the distribution licensee shall file application for approval of ARR and Tariff petition in all aspects along with requisite fee as specified in Commission's fee, fines and charges Regulations on or before 30th November of the preceding year. Accordingly MePDCL has filed the petition on 30.11.2022 for approval of ARR and determination of Retail Tariff for FY 2023-24.

  Commission has provisionally admitted the petition on 30.11.2022
- In exercise of the powers vested under section 62 (1) read with section 62 (3) and section 64 (3) of the Electricity Act 2003 and MSERC MYT Regulations, 2014 (herein after referred to as MYT Regulations) and other enabling provisions in this behalf the Commission issues this order for approval of the ARR and Determination of Retail Tariff for FY 2023-24 for the state of Meghalaya.

- Regulation 19 of the Tariff Regulations, 2014 specifies for giving adequate opportunities to all stake holders and general public for making suggestions/ objections on the Tariff Petition filed by the licensee. Commission directed MePDCL to publish the ARR and Tariff Petition in an abridged form as public notice in the newspapers having wide circulation in the state, inviting objections / suggestions on the Tariff Petition.
- MePDCL has published the Tariff Petition in the abridged form as public notice in various newspapers and the Tariff petition was also placed on the website of MePDCL. It is notified that submission of suggestions and objections shall be filed within 30 days from the date of publication.
- 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 for making suggestions/ objections on the Tariff petition, and for convenience of the consumers and general public across the state, decided to hold a public hearing at head quarters of the state. Accordingly, the Commission held public hearing as scheduled at Shillong on 15.03.2023.
- The Proposal of MePDCL was also placed before the State Advisory Committee in its meeting held on 21.03.2023 and various aspects of the Petition were discussed by the committee. The Commission took into consideration the advice of the State Advisory Committee on the ARR and Tariff Petition of MePDCL for FY 2023-24.
- The Commission took into consideration of the facts presented by the MePDCL in its petition and subsequent various filings, the suggestions/objections received from stakeholders, consumer organizations, general public and response of MePDCL thereon and the views of State Advisory Committee before issue of the Tariff Order.
- Commission has reviewed the Directives issued earlier in the Tariff Orders for FY 2013-14 to 2020-21 and noted that some of the Directives are complied with and some are partially attended. Commission has dropped the Directives complied with, and the remaining Directives are consolidated and fresh Directives are added.
- The Commission after taking into consideration of all the facts which came up during the public hearing and views of the State Advisory Committee, approved the ARR and Retail tariff for FY 2023-24 as per the MYT Regulations 2014.

- For the Sake of Convenience and clarity, this Order is issued in 9 chapters as detailed below.

Chapter	**1**	-	Introduction
Chapter	**2**	-	Summary of Petition for ARR & retail tariff for FY 2023-24
Chapter	**3**	-	Public Hearing process
Chapter	**4**	-	Approach of the Commission
Chapter	**5**	-	Analysis of ARR for FY 2023-24 and Commission's approvals
Chapter	**6**	-	Tariff principles and Design & Approved Tariffs
Chapter	**7**	-	Wheeling Charges and cross subsidy surcharge
Chapter	**8**	-	Directives
Chapter	**9**	-	Schedule of Approved Tariffs for FY 2023-24

- MePDCL shall ensure implementation of the Tariff Order from the effective date after issuance of a public notice, in such a font size which is clearly visible in two daily newspapers 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, 2023 and shall remain in force till 31st March, 2024 or till the next Tariff Order of the Commission.

Sd/-

Shri. P.W Ingty, IAS (Retd)

Chairman

1. Introduction

1.1. Back Ground

The Government of Meghalaya has unbundled and restructured the Meghalaya State Electricity Board with effect from 31st March, 2010 in to 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.

On 23rd December 2013, the Government of Meghalaya has issued revised latest transfer scheme notification notifying the Assets and Liabilities as on 1st April 2010 to be vested in MeECL. Subsequently, the Government of Meghalaya has issued the 4th Amendment to the Transfer Scheme 2010 on 29th April 2015, wherein the revised assets and liabilities for all the four entities namely, MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 have been notified.

As per the said notification, “Meghalaya Power Distribution Corporation Limited” (MePDCL) was incorporated for undertaking Distribution Business in the state of Meghalaya and begun segregated commercial operations from 1st April 2013.

1.2. Meghalaya Power Distribution Corporation Limited

The Meghalaya Power Distribution Corporation Limited (here in after referred to as MePDCL or the Petitioner) has filed petition on 30.11.2022 for determination of Aggregate Revenue Requirement and Retail tariff for FY 2023-24.

Commission has provisionally admitted the Petition on 30.11.2022

1.3. 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 Act (EA), 2003. The Commission is vested with the authority for Regulating the power sector in the state, inter alia, including determination of tariff for electricity consumers.

1.4. Admission of the Petition and Public Hearing process

MePDCL has submitted the current petition for determination of Aggregate Revenue Requirement (ARR) and retail tariff for FY 2023-24. The Commission undertook the technical validation and asked the licensee to submit Additional information/data on 20.12.2022 and 21.12.2022.

In accordance with Regulation 19 of MYT Regulation 2014, the Commission directed MePDCL to publish the application in an abridged form to ensure public participation in the process of tariff determination. The public notice, inviting objections/ suggestions from stakeholders. The petition for ARR and tariff filed by Licensee, was published in the following newspapers on the dates noted against each.

Sl. No	Name of the News Paper	Language	Date of Publication
1	The Shillong Times	English	07.12.2022 & 08.12.2022
2	Salantini Janera	Garo	07.12.2022 & 08.12.2022
3	Mawphor	Khasi	07.12.2022 & 08.12.2022

MePDCL had also placed the public notice and the Petition also placed on the website (www.meecl.nic.in). The interested parties/stakeholders were asked to file their objections/suggestions on the petition within 30 days of publication of notification.

MePDCL/Commission received some objections/suggestions from Consumers/ consumer organizations. The Commission examined the objections/suggestions received and fixed the date for public hearing on the petition to be held on 15.03.2023. Commission also informed the objectors to take part in the public hearing process for presenting their views in person before the Commission.

The Public hearing was conducted in Shillong as scheduled.

A short note on the main issues raised by the objectors in the written submission and also in the public hearing along with response of MePDCL and the Commission's views on the response are briefly noted in Chapter-3 of this Order.

The names of consumers/consumer organizations those who filed their objections and the objectors who participated in the public hearing for presenting their objections are given in the Annexure III.

The Commission also held meeting with State Advisory Committee on 21.03.2023 Minutes of the SAC meeting are appended as Annexure-I.

2. Summary of Petition for ARR and Retail Tariff for FY 2023-24

2.1. Approved ARR for FY 2023-24

The Commission in its MYT order dated 25 March 2021 had approved the ARR for FY 2023-24 for Rs 1013.39 Cr which is given below:

Table 2.1 : Approved ARR for FY 2023-24

(Rs. Crore)

Particulars	**FY 2023-24**
Power Purchase cost	1150.88
Transmission Charges (PGCIL)	71.80
Transmission Charges (MePTCL)	57.81
Employee Expenses	174.19
Repair & Maintenance Expenses	6.67
Administration & General Expenses	13.02
Depreciation	0.00
Interest and Finance charges	9.82
Interest on working capital	22.68
Return on Equity	0.00
Bad & Doubtful Debt	0.00
Gross Annual Revenue Requirement (ARR)	**1506.87**
Less: Non-Tariff Income and Other Income	106.25
Less: Sale of Surplus Power	387.23
Net ARR	**1013.39**

However, MePDCL prays before the Commission to consider the following points on the above approved ARR.

2.2. Category wise number of Consumers, Connected Load and Energy sales

MePDCL had terminated the MOU with the BIA for supplying power under the special tariff. The supply of power was discontinued from 27 January 2022. Therefore, the category wise number of consumers, connected load and energy sales for FY 2023-24 are now as approved in the Business Plan for the Control Period from FY 2021-22 to FY 2023-24 vide Order dated 09.10.2020 in Case No. 16/2020.

MePDCL therefore, requests the Hon’ble Commission to consider 677323, 1164.85 MVA and 1491.96 MU as the number of consumers, connected load and energy sales respectively for FY 2023-24. It is also noteworthy that the Division Bench of the Hon’ble High Court of Meghalaya vide its judgment dated 05.09.2022 has already confirmed the termination of the MoU and therefore, the special tariff rates are not applicable.

2.3. Power Purchase Cost

The table depicting the approved power purchase cost is reproduced hereunder

Table 2.2 : Approved Power Purchase Cost for FY 2023-24

Sl. No	Source	Energy received (MU)	VariableCost perUnit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost	UnitCost (Rs./ KWH)
1	**MePGCL**	**1156.16**					**312.08**	
	a) Umiam Stage-I HEP	114.61	0.78	8.98	8.98		17.96	1.57
	b) Umiam Stage-II HEP	45.45	1.10	4.99	4.99		9.98	2.2
	c) Umiam Stage-III HEP	0	1.09	0	14.97		14.97	
	d) Umiam Stage-IV HEP	203.9	0.73	14.97	14.97		29.93	1.47
	e) Sonapani	4.94	0.76	0.37	0.37		0.75	1.51
	f) Umtru HEP	0	0	0	0		0	
	g) Myntdu-Leishka HEP	478.71	2.08	99.79	99.79		199.59	4.17
	h) New Umtru HEP	231.48	2.47	57.15	57.14		114.29	4.94
	i) Lakroh HEP	10.87	2.14	2.32	2.32		4.64	
	j) Ganol HEP	66.2	2.3	15.19	15.19		30.39	4.59
	m) Auxiliary Consumption							
2	**NTPC**	**589.50**					**426.64**	
	a) Farakka	0					0	
	b) Kahalgaon I	0					0	
	c) Khalgaon II	0					0	
	d) Talcher	0					0	
	e) Bongaigoan	589.5	4.18	246.49	180.15		426.64	7.23
3	**NHPC**							
	a) Loktak HEP	40.28	2.08	8.37	8.37		16.74	4.16
4	**NEEPCO**	**723.70**					**220.31**	
	a) Kopili Stage-I	82.23	0.71	5.82	5.92		11.74	1.43
	b) Kopili Stage-II	8.48	1.03	0.88	0.59		1.47	1.73
	c) Khandong HEP	17.53	1.01	1.78	2.44		4.21	2.40
	d) Rangandai HEP	131.25	1.24	16.30	21.89		38.18	2.91
	e) Doyang HEP	23.65	3.32	7.85	7.71		15.56	6.58
	f) AGBPP	187.65	0	0	46.66		46.66	2.49
	g) AGTPP C-Cycle	119	3.05	36.26	21.06		57.32	4.82
	h) Pare	42.92	6.08	26.08	0.04		26.13	6.09
	i) Kameng	45.99	4.14				19.04	4.14
	Free Power	65.00						
5	**OTPC**							
	a) Pallatana	436.79	1.95	85.36	75.95		**161.31**	3.7
6	Solar Sources	39.42					**13.80**	3.5
	Total	**2985.85**					**1150.88**	**3.85**

From the above Table it is seen that there are some anomalies as mentioned below:-

a) The summation of total cost is wrong because the Sub total for MePGCL is shown as 312.08 instead of 422.50. However, vide Order dated 25.03.2021 in Case No. 02/2021, the Hon'ble Commission has approved the ARR for MePGCL for FY 2023-24 as Rs 312.08 Crores. This approved ARR did not include the ARR of Ganol Project. Therefore, the ARR of MePGCL should be revised to (Rs 312.08 cr+ 30.39 cr i.e. Rs 342.47 cr. This arithmetical error is liable to be corrected in exercise of revisionary jurisdiction by this Commission.

b) Against AGBPP, the Energy received is shown as 187.65 MU. However, no Variable cost is assigned to this energy. It seems that the Commission has considered this based on the original petition submitted by MePDCL where no variable rate and variable cost were shown. It may be noted that subsequently, based on the clarification sought by the Commission vide letter No. MSERC/MePDCL/ letter/2021/004 dated 11/02/2021, MePDCL had submitted details of the revised power purchase cost that included the free power from NEEPCO, on 12-02-2021 (through email as directed). In this clarification, for AGBPP the variable rate was proposed as Rs 2.60 per unit and Rs.48.70 as variable cost respectively for FY 2023-24. It may be noted that this free power was considered by the Commission but the variable cost for AGBPP was not considered. Therefore, there is apparently an inadvertent omission in the order of the Commission which is liable to be revised.

MePDCL therefore, requests the Commission to allow Rs. 48.70 Cr as variable cost of AGBPP in the FY 2023-24 and to be included as part of the power purchase cost.

c) Based on the above (a) and (b) above the power purchase cost proposed is shown below:-

Table 2.3 : Revised Power Purchase Cost for FY 2023-24

Sl. No	Source	Energy received (MU)	VariableCost perUnit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost	UnitCost (Rs./KWH)
1	**MePGCL**	**1156.16**					**342.47**	
	a) Umiam Stage-I HEP	114.61	0.78	8.98	8.98		17.96	1.57
	b) Umiam Stage-II HEP	45.45	1.10	4.99	4.99		9.98	2.2
	c) Umiam Stage-III HEP	0	1.09	0	14.97		14.97	
	d) Umiam Stage-IV HEP	203.9	0.73	14.97	14.97		29.93	1.47
	e) Sonapani	4.94	0.76	0.37	0.37		0.75	1.51
	f) Umtru HEP	0	0	0	0		0	
	g) Myntdu-Leishka HEP	478.71	2.08	99.79	99.79		199.59	4.17
	h) New Umtru HEP	231.48	2.47	57.15	57.14		114.29	4.94
	i) Lakroh HEP	10.87	2.14	2.32	2.32		4.64	
	j) Ganol HEP	66.2	2.3	15.19	15.19		30.39	4.59
	m) Auxiliary Consumption							
2	**NTPC**	**589.50**					**426.64**	
	a) Farakka	0					0	
	b) Kahalgaon I	0					0	
	c) Khalgaon II	0					0	
	d) Talcher	0					0	
	e) Bongaigoan	589.5	4.18	246.49	180.15		426.64	7.23

Sl. No	Source	Energy received (MU)	VariableCost perUnit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost	UnitCost (Rs./KWH)
3	**NHPC**							
	a) Loktak HEP	40.28	2.08	8.37	8.37		16.74	4.16
4	**NEEPCO**	**723.70**					**269.01**	
	a) Kopili Stage-I	82.23	0.71	5.82	5.92		11.74	1.43
	b) Kopili Stage-II	8.48	1.03	0.88	0.59		1.4 7	1.73
	c) Khandong HEP	17.53	1.01	1.78	2.44		4.21	2.40
	d) Rangandai HEP	131.25	1.24	16.30	21.89		38.18	2.91
	e) Doyang HEP	23.65	3.32	7.85	7.71		15.56	6.58
	f) AGBPP	187.65	2.60	**48.70**	46.66		95.36	5.08
	g) AGTPP C-Cycle	119	3.05	36.26	21.06		57.32	4.82
	h) Pare	42.92	6.08	26.08	0.04		26.13	6.09
	i) Kameng	45.99	4.14				19.04	4.14
	Free Power	65.00						
5	**OTPC**							
	a) Pallatana	436.79	1.95	85.36	75.95		**161.31**	3.7
6	Solar Sources	39.42					**13.80**	3.5
	Total	**2985.85**					**1229.97**	**4.12**

MePDCL requests the Hon'ble Commission to allow Rs 1229.97 Cr as the power purchase cost for FY 2023-24.

d) Transmission Charges

The Hon'ble Commission has approved the Transmission charges of MePTCL as Rs 57.81 Cr. However, vide Order dated 25.03.2021 in Case No. 03/2021, the Hon'ble Commission has approved the ARR for MePTCL for FY 2023-24 as Rs 92.38 Crores stating

"Commission Approves ARR for 3rd MYT Control Period at Rs.50.24 Crore, Rs.85.17 Crore and Rs.92.38 Crore for FY 2021-22, FY 2022-23 and FY 2023-24 respectively."

Therefore, MePDCL requests the Hon'ble Commission to revise the Transmission charges of MePTCL from Rs 57.81 Cr to Rs 92.38 Cr.

e) T&D losses and AT&C losses

The Hon'ble Commission vide Order dated 25.03.2021 in Case No. 04/2021, has set targets for T&D Loss and AT&C loss for FY 2023-24 as 12% and 14.20%. This implies that Collection Efficiency is about 97.5%.

As per the actuals in the true up orders for FY 2018-19 and FY 2019-20, and as per the proposal submitted by MePDCL for truing up of FY 2020-21. The T&D loss, Collection Efficiency and AT&C loss are as mentioned below:

Financial Year	T&D Loss %	Collection Efficiency %	AT&C Loss%
2018-19	37.27	100	37.27
2019-20	29.88	96.87	32.07
2020-21*	26.75	100	26.75

*** As per MePDCL petition for truing up of FY 2020-21.**

Regulation 83 of MSERC MYT Regulations 2014 prescribes that when AT&C loss is above 30%, the reduction should be 3% and if the AT&C loss is less than 30%, the reduction should be 1.5%. Based on this and since AT&C loss is 26.75% for FY 2020-21, it is proposed to provisionally fix the AT&C loss for FY 2023-24 as 22.25% subject to the actuals of FY 2022-23.

If we consider the above three years FY 2018-19 to FY 2020-21, the average Collection efficiency was 98.96%. This is higher than the 97.5% derived from the order dated 25.03.2021 in Case No.04/2021. It is therefore, proposed that the Collection efficiency be provisionally fix at 98.96% for FY 2023-24.

Considering the Collection Efficiency of 98.96% and AT&C loss of 22.25%, the T&D loss for FY 2023-24 works out as 21.43%.

MePDCL requests the Hon'ble Commission to provisionally fix 21.43%, 98.96% and 22.25% as T&D loss, Collection efficiency and AT&C loss respectively for FY 2023-24.

2.4. Energy Balance

Based on the T&D Loss of 21.43% proposed above and energy sales of 1491.96 MU approved in the Business plan, the Energy balance is shown below:

Table 2.4 : Computation of Energy Balance for FY 2023-24

Sl. No.	Particulars	Calculation	Approved in Case No 04/2021 for FY 2023-24	Proposed for2023-24
1	Energy purchase from Eastern Region (ER)	A	0	0
2	Inter-State Transmission Loss in ER	B	1.80%	1.80%
3	Net Power purchased from ER	C=A(1-B%)	0	0
4	Power purchase from CGS including Pallatana North Eastern Region (NER)	D	1790.27	1790.27
5	Total Power at NER	E=C+D	1790.27	1790.27
6	Inter-State Transmission Loss in NER	F	3%	3%
7	Net Power available at state bus fromexternal sourcess on long term	G=E*(1-F%)	1736.56	1736.56
8	Power purchase from State generatingstations within the state	H	1195.58	1195.58
9	Power purchase from other sources (bothfrom outside & within the State)	I	0	0
10	Net power available at state bus for sale of power within the state	J=G+H+I	2932.14	2932.14
11	Total power sold	K	1627.37	1491.96
12	**Distribution Losses (%)**	L	12.00%	21.43%
13	T&D Losses in terms of MU	M = N - K	221.91	406.93
14	**Energy Requirement for sale by Discom within Discom**	N = K/(1-L)	1849.28	1898.89
15	**Energy Requirement for sale within state at state bus**	O = N/(1-4%)	1926.34	1978.01
16	**Surplus Energy at state bus**	P = J-O	1005.80	954.13

2.5. Revenue from Sale of Surplus

The Hon'ble Commission has approved the revenue from sale of surplus power as indicated below:

Particulars	FY 2023-24
Surplus Energy Crossed Up (MU)	1005.80
Unit rate (= average cost of power purchase) (Rs/Unit)	3.85
Revenue from Sale of Surplus power (INR Cr)	**387.23**

Based on the revised Power purchase cost and revised surplus power above, the Revenue from Sale of Surplus power is given below:

Table 2.5 : Revised Revenue from Sale of Surplus power proposed for FY 2023-24

Particulars	*FY 2023-24*
Surplus Energy Crossed Up (MU)	*954.13*
Unit rate (= average cost of power purchase) (Rs/Unit)	*4.12*
Revenue from Sale of Surplus power (INR Cr)	***393.10***

MePDCL requests the Commission to allow Rs 393.10 Cr as the Revenue from sale of surplus power for FY 2023-24.

2.6. Employee Expenses

The approved Employee Expenses by the Commission is reproduced below:

Table 2.6 : Approved Net Employee Expense of MePDCL for Control period

Particulars	*FY 2018-19 (Actual)*	*FY 2019-20 (Provisional)*	*FY 2020-21 (Estimated)*	*FY 2021-22 (Estimated)*	*FY 2022-23 (Estimated)*	*FY 2023-24 (Estimated)*
MePDCL Employee Costs	*97.20*	*111.22*	*134.19*	*144.79*	*155.91*	*167.55*
Employee Expenses of MeECL Apportioned(1/3rdof Table 9)	*5.07*	*5.45*	*5.85*	*6.09*	*6.36*	*6.64*
Net Total	***102.27***	***116.67***	***140.04***	***150.88***	***162.27***	***174.19***

Commission considers Employee expenses at Rs.150.88 Crore, Rs.162.27 Crore and Rs.174.19 Crore for 3rd MYT Control period FY 2021-22, FY 2022-23 and FY 2023-24 respectively.

2.7. Repairs and Maintenance Expenses

MePDCL has submitted an Additional business plan vide letter No. MePDCL/SE (RA)/FY2023- 24/2022/3 Dated 10 November, 2022. In this additional business plan, MePDCL has proposed to install prepaid smart meters and the cost of which is to be recovered through O&M. The detail funding is reproduced below:-

Funding Pattern

The project will be funded on TOTEX mode where Rs. 69.26 Crore will be funded by the Central Government and the remaining amount Rs 238.56 crores to be recovered from Tariff under O&M for a period of 10 years subject to other conditions prescribed by the MoP.

Year wise additional recovery of the expenditure under O&M (i.e over and above the normal O&M expenditure) starting from FY 2023-24 tentatively will be about Rs 23.87 crores per year subject to the discovery of cost through tenders.

Since tendering process is yet to start, MePDCL proposes to recover Rs 23.87 crore as estimated in the Additional business plan for the FY 2023-24. This recovery is proposed to be given under the Head “Repairs and Maintenance Expenses” of this petition.

It may be noted that Hon'ble Commission has approved Rs 6.67 cr as Repairs and Maintenance expenses for FY 2023-24. Based on this additional cost, the Repair and maintenance expenses is proposed as follows:

Table 2.7 : Proposed Repairs and Maintenance Expenses of MePDCL for FY 2023-24

Particulars	FY 2023-24 (Estimated)
Approved **Repairs and Maintenance Expenses**	6.67
Recovery of Cost for Prepaid Smart Meters	23.87
Total	**30.54**

MePDCL requests the Commission to allow Rs 30.54 Cr as Repairs and Maintenance Expenses for FY 2023-24.

Based on the above, the proposed revised ARR for FY 2023-24 is given below:

Table 2.8 : Revised ARR proposed for FY 2023-24

Particulars	**In Rs Cr**
Power Purchase cost	1229.97
Transmission Charges (PGCIL)	71.80
Transmission Charges (MePTCL)	92.38
Employee Expenses	195.59
Repair & Maintenance Expenses	30.54
Administration & General Expenses	13.02
Depreciation	0.00
Interest and Finance charges	9.82
Interest on working capital	22.68
Return on Equity	0.00
Bad & Doubtful Debt	0.00
Gross Annual Revenue Requirement (ARR)	**1665.80**
Less: Non-Tariff Income and Other Income	106.25
Less: Sale of Surplus Power	393.10
Net ARR	**1166.45**

MePDCL requests the Commission to allow Rs 1166.45 Cr as revised Net ARR for FY 2023-24.

2.8. MePDCL's request to the Commission

The applicant has requested Commission to pass appropriate order on the following:

a) Approval of Net ARR for FY 2023-24 as proposed in this Petition.

b) Approval of tariff for FY 2023-24 as proposed in this petition.

c) To pass such orders, as Commission may deem fit and proper and necessary in view of the facts and circumstances of the case.

d) To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

3. Public Hearing Process

3.0 Public Hearing Process

Section 64 (2) of electricity act 2003 mandates the distribution licensee to publish the Tariff petition in an abridged format in the leading newspapers 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) and Jaintia Hills Cement Manufacturing Association (JHCMA) have filed the written suggestions/objections on the petition filed by the MePDCL against the True up petition for FY 2020-21 and Approval of ARR and Determination of Retail Tariff for FY 2023-24.

3.1. Objections/Suggestions of Stakeholders

I. <u>Byrnihat Industries Association (BIA)</u>

(1-3) MePDCL has presented the True up petition for FY 2020-21 claiming deviations and violations to MSERC MYT Regulations 2014

<u>MePDCL Reply</u>

The corresponding paragraph is matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

Commission's Views

Commission noted the submission of the petitioner.

True up for FY 2020-21

(4-7) BIA has submitted that the petitioner MePDCL has filed petition seeking true- up of FY 2020-21 without any Public Notice inviting suggestions/comments by the stakeholders for True up.

Suggestions/comments were invited qua a public notice for the Revision of Tariff for FY 2023-24. However, no public notice was issued by the Petitioner for True Up of FY 2020-21. It is respectfully submitted that True up forms an integral part of Tariff determination exercise and therefore the adjudication of True up Petition demands similar procedure as that of Tariff determination exercise. Such an approach of the Utilities of not undertaking Stakeholder Consultation is against the principles of Section 64 (3) of the Electricity Act 2003 and Regulations 11 of the MYT Regulations, 2014.

BIA has sought for compliance of the provisions of EA 2003 to ensure transparency and compliance with the principles of natural justice before approval of the True up for FY 2020-21.

MePDCL Reply

The corresponding paragraph is matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

Commission's Views

Commission noted the submission of the petitioner.

Annual Audited Accounts

(8) It is submitted that the Annual Accounts of the Petitioner's company have been audited on 04.03.022. However, as usual, this year also, the Petition filed for true up of 2020-21 is after a prolonged delay. It is submitted that the actions of the Petitioner are contrary to the principles of the Act, Tariff Regulations of this Hon'ble Commission. Therefore, it is requested that this Hon'ble Commission may issue direction to the Petitioner to comply with the tariff regulations.

MePDCL Reply

The corresponding paragraph is matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

Commission's Views

Commission noted the submission of the petitioner.

T&D Losses and AT&C losses

(9-17) BIA has objected for the claim of T&D losses at 26.85% as against commission's approval at 12% for FY 2020-21.

According to the information made available by the Petitioner, the analysis of the BIA vide para 9 to 17 with reference to the data made available in the petition, the surplus power amounts to be 312.72 MU for the FY 2020-21. The same is demonstrated below for consideration of the Hon'ble Commission:

Particulars	FY 2020-21	
	Claimed	Allowable
Power sold to consumers within the state	1,326.44	1,326.44
T&D loss	26.75%	12.19%
Transmission and Distribution losses	484.35	184.14
Energy required at distribution periphery	1,810.79	1,510.58
State Transmission loss	4.00%	4.00%
Energy required at state periphery	1,886.24	1,573.52
Power available		
Power purchased from the North -Eastern Region	1,011.29	1,011.29
Inter-state transmission loss for NER	3%	3%
Net power available at state bus from NE region	980.95	980.95
Power purchased from generating stations within the state	1,229.06	1,229.06
Power purchased from other sources	271.17	271.17
Power sold to other states (including swapping/UI/bilateral)	594.94	594.94
Net power available at state bus	1,886.24	1,886.24
Surplus Power at state periphery	**0.00**	**312.72**

MePDCL Reply

(9-16) In reply to the contents of the corresponding paragraph it is submitted that the Hon'ble Commission has approved the trajectory of loss in MYT order dated 31.03.2018 in Case No.9/2017 based on commitment given by MePDCL for the implementation of UDAY Scheme, and it states:

Commission considering the mandated performance by the MePDCL as per the MOU entered with the Ministry of Power, Government of India, Government of Meghalaya, the T&D loss trajectory for the 2nd MYT Control period FY 2018-19, FY 2019-20, FY 2020-21 is approved as stated below.

Table 5.5: T&D loss Trajectory for the Control period

Particulars	FY 18-19	FY 19-20	FY 20-21
T & D Loss (%)	*16.56*	*12.19*	*12.00*

(i) The Hon'ble Commission while considering the MOU, has considered only the commitment made by MePDCL but it has ignored the other aspect which states that the corresponding Tariff hike should be as under:

FY 2016-17	*FY 2017-18*	*FY 2018-19*	*FY 2019-20*
8.68%	8.68%	8.68%	8.68%

(ii) It is reiterated that the adoption of T&D Loss as per the UDAY scheme cannot be criteria as there is time difference between the completion of the schemes and the intended period of completion. Also, there is a difference between the quantum of work supposed to be completed to achieve such targets and the actual sanctioned amount/quantum of work. The activities to be completed as per the MOU are enclosed as Annexure A1. These activities are supposed to be completed through the various schemes. A brief write up of the various schemes that are to complete the above activities are enclosed as Annexure-A2. Therefore there is difference in time of completion for some schemes, there are reduction in quantum of works for some schemes and there are some works that are yet to start. And there are some activities which are external and hence beyond the power of MePDCL.

(iii) It is further submitted that the Hon'ble Commission has approved 34.93% as the T&D loss for FY 2017-18 vide its true up Order dated 13.10.2020 in Case No. 13/2020, It is therefore impractical to reduce the T&D loss from 34.93% to 16.56% in one year.

(iv) It may be noted that Regulation 83 of MSERC MULTI YEAR TARIFF REGULATIONS 2014 has mentioned specifically that the quantum of AT&C loss to be reduced from previous year stating that if the AT&C loss is more than 30%, the loss reduction should be at least 3% and if the loss level is less than 30% the minimum reduction is 1.5%. Therefore, assuming that collection efficiency to be 100%. The loss reduction in T&D Loss should be 3% if more than 30% and 1.5% if less than 30%. In view of the fact that the T&D Loss approved for FY 2017-18 vide its true up Order dated 13.10.2020 in Case No 13/2020 is 34.93%, therefore the Loss reduction can at best be 3% i.e.., T&D loss can be at best 31.93% assuming Collection efficiency to be 100%. Therefore, it is impractical to reduce the loss from 34.93% to 16.56% in one year.

(v) Actually the targets fixed by the Hon'ble Commission for reduction on T&D loss without specifically fixing the targets for AT&C loss are contradictory to the Regulations 83 of MSERC MULTI YEAR TARIFF REGULATIONS 2014 where it has specifically mentioned what should be the minimum reduction in AT&C loss from the earlier year, Sub Regulation 82.1 of MSERC MULTI YEAR TARIFF REGULATIONS 2014 only says that information on distribution losses for previous year and current year is to be furnished so that it will form the basis for target reduction. It does not quantify what should be the target reduction. The target reduction is defined under Regulation 83 of MSERC MULTI YEAR TARIFF REGULATIONS 2014.

The Hon'ble Commission has approved the AT&C loss for FY 2017-18 as 38.00%. Therefore as per Regulation 83 of MSERC MULTI YEAR TARIFF REGULATIONS 2014, the minimum target reduction should be 3% i.e., the target AT&C loss for FY 2018-19 should be 35.00%. If AT&C loss target for FY 2018-19 is 35.00%, then question arises as to whether T&D loss can be 16.56% for FY 2018-19. It can be also inferred that as to whether AT&C loss can be 35.00% for FY 2018-19 when T&D loss target for FY 2018-19 is 16.56%.

(vi) The Ministry of Power through REC has recognized that the T&D loss of Meghalaya is presently very high. This can be observed from the Section 8 of the letter Dated REC/RDSS/Meghalaya/2022-23/09 dated 14.07.2022 which conveys Approval of Action plan and DPR of Meghalaya Power Distribution Company Limited (MePDCL) for the State of Meghalaya under Revamped Distribution Sector Scheme (RDSS) (enclosed as Annexure A3). The section 4 of the letter as specified the base year data for AT&C loss for FY 20 and FY 21 as 34.32% and 32.47% respectively. It can be inferred that the targets set as per UDAY scheme have not yet been met and therefore more investment is required to bring to pan India level. Therefore, to place the trajectory of losses based on the Schemes shall not be a reliable one. And therefore, only the actual data of the previous year and the current year are the reliable indicators to fix for the trajectory of Losses.

(vii) This is to state that MSERC is also implementing the penalty by penalizing MePDCL as per Regulation 83 of MSERC MULTI YEAR TARIFF REGULATIONS 2014.

It may be noted here that even MSERC vide Order dated 14.08.2017 has rejected MePDCL prayer for "Amendment of Regulation 83: Penalty for Non-achievement of AT&C loss trajectories: to do away with this penalty"

(viii) By suggesting to adopt the method of penalty on T&D loss. It implies that MePDCL should be penalized twice for the same issue. If this penalty be implemented on T&D loss apart from AT&C loss, then it may also apply to Collection efficiency. Therefore there can be multiple penalties for the same issue.

(ix) It may be stated that earlier, many SERCs had adopted penalty on AT&C loss in line with what is being done here in Meghalaya, but nowadays, have done away with penalty on AT&C loss and have issued Regulations to adopt penalty based on T&D loss in line with Tariff Policy 2016. While adopting this methodology, they prescribe what should be the minimum % reduction from the existing T&D loss percentage which is similar to the methodology prescribed under Regulation 83 of MSERC MUTLI YEAR REGULATIONS 2014.

From this it can be clearly seen that

a) The Commission is of the view that actual losses for the year FY 2019-20 should form the basis for setting of target loss figures for the 2nd MYT Control Period. But actual losses for FY 2019-20 shall be available only upon completion of True up of (FY 2019-20 to be carried out in FY 2021-22).
b) The target reduction is 0.30% from the previous year.
c) The targets fixed are provisional and hence liable to be revised based on the actual of the preceding year.

Thus, penalty for Punjab is based on reduction of T&D loss unlike in Meghalaya which is based on reduction of AT&C loss.

It may be stated that MSERC has continued with the existing penalty on AT&C loss which has been effective since 2004. Therefore, if penalty has to be levied on T&D loss reduction, then the existing MSERC MULTI YEAR TARIFF REGULATIONS 2014 needs to be amended.

(17) MePDCL rejects the claim by BIA that there is such surplus Energy

Commission's Views

Commission noted the submission of the petitioner.

BIA's Rejoinder to the Reply filed by MePDCL for True up of FY 2020-21

BIA has objected to petitioner's failure to achieve the T&D loss trajectory notified by the Commission considering the UDAY Scheme MoU.

The question still remains as to what were reasons for the petitioner to not abide by T&D loss trajectory and in what way the consumers of the state responsible for such poor operational efficiency. Failure of the petitioner to build a case so as to claim hike in Tariffs enshrined in the MoU was not the case the petitioner ought to seek suitable remedy at appropriate forums for relief.

Petitioner has spent around Rs.329 Crore Capex during FY 2020-21 has not been able to match up the approved loss Trajectory.

The Petitioner has been trying to point out the loopholes in the Tariff Regulations 2014 however, it is respectfully submitted that the same are not within the scope of instant Tariff proceedings.

Petitioner has contended that placing trajectory of losses based on the schemes is not a reliable one and has been claiming the T&D losses on actual basis.

Petitioner in spite of receiving Govt. funds year on year for Capex has miserably failed to curb the T&D losses and the contention of time difference between UDAY scheme loss percentages is misplaced argument. No argument in this whatsoever loading the burden of its own incompetence on to the consumers is not justified and severely criticised.

BIA submitted, Commission disallow any frivolous claim of the T&D loss trajectory and also disallow the excess power purchase cost on account of higher T&D losses than approved level.

The Claim of the petitioner that approach of PSERC and other SERCs across the states depends based on the various factors for approval of actual losses, hiding its own inefficiency grossly inappropriate and commands no merit.

Power Purchase Cost

(18-23) The Petitioner has claimed Rs. 1,027.2 Crore towards purchase of 2511 MUs at an average rate of Rs. 4.09 /kWh for FY 2020-21. It is stated that the Average power purchase cost (APPC) claimed by the Petitioner is in significant variation to the average cost approved by the Hon'ble Commission. The claim is 23.9% higher than the APPC as analyzed in the para 18 to 23 of the objection.

BIA had pleaded that allowable Power purchase cost (incl. Transmission charges) works out to Rs. 820.98 Crore as against the Petitioner's claim of Rs. 1027.2 Crore for the FY 2020-21.

MePDCL Reply

In view of the above para, MePDCL rejects the claim by BIA that excess power purchase cost and transmission cost on account of surplus energy be disallowed.

Commission's Views

Commission noted the submission of the petitioner.

Operation and Maintenance Expenses

(24-28) The BIA has claimed, the Petitioner's projection for pass through of O&M Expenses of the holding company is unjust and does not merit any consideration by the Hon'ble Commission as per the Regulations. Therefore, the allowable O&M Expenses for the FY 2020-21 is Rs. 165.78 Crore against the Petitioner's claim as shown in the table below:

Particulars	FY 2020-21	
	Claimed	**Allowable**
Employee Expenses	217.38	143.55
Repair & Maintenance Expenses	6.15	6.12
Administration & General Expenses (Including Bad Debt)	27.30	16.11
Total	**250.83**	**165.78**

MePDCL Reply

The claim of apportionment of the Holding company is in line with the transfer scheme "The MEGHALAYA POWER SECTOR REFORMS TRANSFER SCHEME 2010" notified on 31.03.2010 and subsequent amendments. MePDCL, therefore rejects the claim by BIA.

Commission's Views

Commission noted the submission of the petitioner.

Depreciation

(29-33) BIA has pleaded that the Petitioner has claimed depreciation of Rs. 29.84 Crore for the True up of FY 2020-21. The claim made by the Petitioner is as per the Annual Accounts and also comprises of the depreciation pertaining to the holding company MeECL in the order dated 25.03.2020 as against the Hon'ble Commission's approval of depreciation at Rs. 13.20 crores.

The perusal of Note 17.1 of the Audited Accounts reveals that the average balance of grants available with the Petitioner is Rs. 964.37 Crore (Opening balance as on 01.04.2020: Rs.921.76 Crore and Closing balance as on 31.03.2021: Rs. 1006.98 Crore). The Petitioner has not considered the impact of the grants while computing the depreciation for the FY 2020-21. Such approach is against the methodology adopted by the Hon'ble Commission in the Order for True up of FY 2019-20 dated 22.02.2022 (read with Review Order dated 03.10.2022).

In view of the aforesaid, the allowable gross depreciation for FY 2020-21 is NIL as shown in the table below:

Particulars	FY 2020-21	
	Claimed	Allowable
Opening GFA		481.16
Less: land		1.69
Addition during the Year		525.95
Retirement during the Year		-
Closing GFA		1,007.11
Average GFA		744.13
Average Grants/ Consumer Contributions		964.37
GFA Less Grants		(220.24)
Depreciation	29.84	-

MePDCL Reply

MePDCL reiterates that the claim of Depreciation is based as per actual and as per the Statement of Account. The amount of Depreciation corresponds to the actual assets that are capitalized and the values are calculated as per CERC guidelines. The corresponding Grants component is taken care through Amortization of Grants which is included as part of Other income.

BIA has proposed that the Depreciation be calculated as follows

Particulars	FY 2020-21 (Amount in Cr)	
	Claimed	**Allowable**
Opening GFA		481.16
Less: land		1.69
Addition during the Year		525.95
Retirement during the Year		
Closing GFA		1,007.11
Average GFA		744.l3
Average Grants/ Consumer Contributions		964.37
GFA Less Grants		**(220.24)**
Depreciation	**29,84**	

The above principle is flawed as the end amount of Depreciation is (220.24). This is because the Grants considered is in totality whereas the Asset considered is only against the GFA that is Asset capitalized. Actually, the Grants is not only against the asset that is capitalized but also against the work-in-progress.

As per Accounting Principle adopted by MePDCL, Depreciation calculated is on GFA. The depreciation of the Grant component of the GFA is considered as Amortization of Grants.

In the above methodology proposed by BIA, by lessening Grants from CFA, it means that Depreciation on GFA is lessened by Depreciation on Grants and this Depreciation on Grants is nothing but Amortization of Grants. Therefore, by this method it tantamount to double Amortization of Grants since the Amount mentioned as Amortization of Grants is already included in Table 22: Other Income in FY 2020-21 (Rs. Cr) of the petition.

Even though BIA has proposed that Depreciation for FY 2020-21 is NIL in reality the actual Depreciation, with the above methodology, proposed by BIA is as follows:

(a) Depreciation on whole asset = Nil

(b) Less Amortization of Grants (Depreciation on grants) under the Table 22: Other Income in FY 2020-21 (Rs. Cr)

(i) Amortization of Grants and Subsidies = Rs. 25.15 Cr

(ii) Amortization of Consumer Contributions = Rs. 2.89 Cr

(iii) Sub Total (i) + (ii) = Rs. 28.04 Cr

(c) Net Depreciation (a) — (b) = (-) Rs 28.04 Cr

Thus effectively Depreciation proposed by BIA for MePDCL becomes (-) Rs. 28.04 Cr

Moreover, if depreciation is Nil, it implies that there is no Loan taken for capital investment or wherever there is loan, the whole loan amount is paid. Therefore, there will be no Interest on Loan.

This method proposed by BIA is nothing but to deliberately under costing the ARR and it is quite unbelievable that MePDCL with so much Assets cannot get any amount on Depreciation. MePDCL therefore rejects the claim of BIA.

Commission's Views

Commission noted the submission of the petitioner.

BIA's Rejoinder to the Reply filed by MePDCL

The approach of the petitioner claiming the Depreciation is not in line with Regulations and shall not be admissible.

Depreciation shall be allowed after deducting the Capital Grants.

Interest and Finance Charges

(34-39) BIA has objected for the claim of the petitioner towards Interest and Finance charges for Rs.101.66 Crore shall not be applicable for True up of FY 2020-21, since the capital addition has been on the support of Govt. Grants and Contributions.

The BIA requested Commission to allow the Interest and Finance charges as depicted inthe table below:

Particulars	FY 2020-21	
	Claimed	**Allowable**
Opening Balance		131.45
Closing Balance		136.66
Average Loan		134.05
Weighted average Rate of Interest		8.94%
Interest charges	**101.66**	**11.98**

MePDCL Reply

MePDCL reiterates that the Interest and Finance Charges are as per actual and depicted in the Statement of Accounts. Therefore MePDCL rejects the amount on interest and Finance Charges proposed by BIA.

Commission's Views

Commission noted the submission of the petitioner.

Return on Equity

(40-44) The Licensee has claimed Return on Equity at Rs.119.60 Crore for True up of FY 2020-21 overlooking the provisions of MYT Regulations 2014.

BIA suggest that the Petitioner's claim is void of any meaningful rationale and in the absence of documentary evidence, the Return on equity must be allowed based upon the True up (of FY 2019-20) closing GFA and equity balances. The Objector has also considered the grants received during the year (as considered for the computation of depreciation) for computation of Return on Equity as shown in the table below for True up of FY 2020-21.

Particulars	FY 2020-21	
	Claimed	Allowable
Opening GFA		481.16
Addition during the year		526.25
Retirements during the year		-
Closing GFA		1,007.41
Average GFA		744.28
Less: Grant Available		964.37
Equity Base (30% of Net GFA (Excl. grant))		**-220.09**
ROE at 14%	**119.6**	**-**

MePDCL Reply

MePDCL reiterates that the claim of Return on equity is based as per actual and as per the Statement of Account.

BIA has proposed that Return on Equity be calculated as follows:

Particulars	FY 2020-21 (Amount in Cr)	
	Claimed	Allowable
Opening GFA		481.16
Addition during the Year		525.95
Retirement during the Year		-
Closing GFA		1007.41
Average GFA		744.28
Less: Grants Available		964.37
Equity Base (30% of Net GFA (Excl. Grant))		**-220.09**
RoE at 14%	119.6	

The above principle is flawed as the end amount of Equity Base is -220.09. This is because the Grants considered is in totality whereas the Asset considered is only against the GFA that is Asset capitalized. Actually, the Grants is not only against the asset that is capitalized but also against the work-in-progress.

This method proposed by BIA is nothing but to deliberately under costing and it is quite unbelievable that MePDCL, with so much Assets cannot get any amount as Return on Equity. MePDCL therefore rejects the claim by BIA.

Commission's Views

Commission noted the submission of the petitioner.

Interest on Working Capital

(45-47) The Licensee has claimed Interest on Working Capital at Rs.20.76 Crore for True up of FY 2020-21 which is erroneous and not in accordance with Regulation 34.3 of MSERC MYT Regulations 2014.

BIA has pleaded the allowable Interest on Working Capita computed at Rs. 15.28 Crore for the True up of FY 2020-21 as shown in the table below:

Particulars	FY 2020-21	
	Claimed	**Allowable**
O&M Expenses for one (1) month	20.9	13.82
Maintenance Spares at 1% of Opening GFA escalated at 6%	7.99	1.76
Receivables equivalent to two (2) months	132.04	108.65
Working Capital requirement	160.93	124.22
Interest Rate (%)	12.90%	12.30%
Interest on Working Capital	**20.76**	**15.28**

MePDCL Reply

MePDCL, rejects the methodology and amount for Interest on Working Capital proposed by the BIA since the amount on different parameters proposed by BIA are not correct.

Commission's Views

Commission noted the submission of the petitioner.

Holding Company Expenses

(48-51) Licensee has claimed Holding Company Expenses at Rs.104.10 Crore for True up of FY 2020-21 which is not within the ambit of Tariff Regulations 2014 and are non maintainable as a pass trough in the Tariff.

MePDCL Reply

The contents of the corresponding paragraph are vehemently denied. It is reiterated that the apportionment of the cost of MeECL (Holding Company) for O&M is necessary as there are expenditure involved in running the Corporation. The Meghalaya Energy Corporation Limited, was incorporated with the principal objective of acting as the Holding Company and also engaging in the business of coordinating and smooth functioning of distribution, generation and transmission of electricity in the State of Meghalaya and is prescribed in the Notification dated 20th June, 2012 (enclosed as Annexure) In fact, this set up reduces the expenditure which would have otherwise increased three times, if the same man power and functioning is replicated into the three subsidiary companies, and therefore benefitting the consumers. The same does not merit any consideration by the Hon'ble Commission as it appears to be an anathema or the statutory policy. The contents of the preliminary objections detailing the reasons for seeking inclusion as O&M expense may be read as part and parcel of the instant reply.

The Govt. of Meghalaya vide notification dated 29.04.2015 had vested Residual assets and liabilities including all rights, obligations and contingencies with MeECL (Schedule –D) as on 01.04.2012 along with the transfer of assets and liabilities of MePGCL, MePTCL and MePDCL. The notification provided that MeECL shall perform all the activities of Generation, Transmission and Distribution.

Thus the Revenue Expenditure of MeECL shall be shared among Generation, Transmission and Distribution activities henceforth.

Commission's Views

Commission noted the submission of the petitioner.

BIA's Rejoinder to the Reply filed by MePDCL

The petitioner's claim of Holding Company O&M expenses is not admissible under Tariff Regulations.

BIA taking into account the approach of Uttar Pradesh (UPERC), Hon'ble MSERC may not admit the Holding company O&M expenses in the state of Meghalaya as well. As per the Transfer Scheme 2010, MeECL shall be responsible to ensure discharge of liability on account of Terminal benefits, pension gratuity from the Trust funds.

Revenue from Sale of Surplus Power

(52-56) The Licensee has submitted that it has accrued Rs. 84.56 Crore from Sale of Surplus Power to the tune of 594.94 MU's thereby translating to Rs. 1.42/unit as against power purchase cost is Rs.4.09 Crore.

The objector has claimed that, *Commission had considered the cost of surplus power at Rs. 3.00 /Kwh and Rs.3.25 ps/Kwh for the years FY 2015-16, FY 2016-17 and FY 2017-18 and held that additional Revenue from sale of surplus power is just indicative and directed the licensee to ensure efficient management of sale and drawl of power, so that the Revenue from sale of surplus power should not be less than the approved rate.*

BIA pleaded to consider sale of surplus power of 594.94 MU @ 4.09 Ps/Kwh owing to high T&D losses.

MePDCL Reply

MePDCL, rejects the analysis and conclusion arrived by BIA. It may be stated that even though the Surplus power shown is 594.94 MUs, in reality the power surplus sold is only 259.69 MUs as the rest is against banking and DSM, Further, the sale or surplus power is mainly during the monsoon period where demand from the inside consumers including industrial consumers is less with respect to the availability. In fact during the monsoon period, no industry ever complains that they have not received their share of power or their share is diverted, It is also during this monsoon period that the whole country normally experience surplus of power and hence the rates are normally low in market. As already seen, MePDCL has been sourcing mainly from hydel. This is the main reason why there is lot of power in Monsoon and hence low revenue from its sale in market. There are times that MePDCL is not allowed to sell because its outside sale crosses the maximum allowable % sale or the Grid does not allow such sale. In fact at times, MePDCL has to pay penalty for injecting into the Grid.

Commission's Views

Commission noted the submission of the petitioner.

BIA's Rejoinder to the Reply filed by MePDCL

Petitioner has claimed surplus power at 594.94 MUs sold which includes Banking and DSM. The Energy sourced through banking channels valued equivalent to the price at which such energy available for return banking.

The petitioner argument that banked Energy is free of cost is misleading and inappropriate.

BIA suggests the petitioner find ways and means to procure from Renewable Energy Sources to fulfill its demands but should not be at the cost of unsustainable Tariff.

The approach of the Hon'ble Commission determining sale of surplus power at the rate of average purchase cost cannot be changed in the True up exercise.

The Grounds of relief in fixed charges owing to Covid 19 as raised by the petitioner is not within the scope of instant True up proceedings.

BIA rejects the claim of the petitioner in the True up for FY 2020-21, the non adherences of T&D loss trajectory, in admissible Holding company expenses lack merit and ought to be disregarded at the very threshold.

Exceptional Expense

(57-60) The licensee has claimed Rs. 27.85 Crore for True up of FY 2020-21, the expense towards "one time settlement scheme 2020 (OTS)" which defines the term OTS, *Consumers can avail 100% waiver of the delayed payment charges (DPC) or 30% waiver of the total outstanding dues, whichever is more beneficial for the consumer.*

The BIA suggests that collection of dues is prerogative of the Utility and by no way, the paying consumers of the state should be made to bear the burden of the Utility's inefficiency. In such context, the Petitioner should instead be made to share the impact of the Gain arising out of such schemes.

BIA further stated, It may also be prudent to mention that no SERC in the country allows such expense claim as a pass through in ARR. Consequently, such claims may be disallowed by the Hon'ble Commission.

MePDCL Reply

MePDCL, rejects the analysis and conclusion arrived by BIA and MePDCL reiterates that the claim are actual expenses which should be recovered from consumers. BIA has not provided any document where such SERC has not allowed such pass through of such expenses. It is just a presumption statement in generalization of the issue. Therefore, it cannot be accepted as justification for not allowing such pass through.

Commission's Views

The waiver of 100% DPC or 30% of outstanding dues approved in the OTS scheme 2020 is not an expense to be allowed for True up. The Transaction if any shall be regulated as withdrawal from Receivables if already billed.

Revenue from Sale of Power

(61-64) The licensee has projected Revenue from sale of power at Rs.711.71 Crore for sale of 1326.44 MU's which translates to ABR of Rs.5.37 ps/kwh. Whereas commission had approved Rs.6.62 ps/kwh for 1062.34 MU to be realized Rs.703.76 Crore as Revenue from sale of power.

BIA has commented that Revenue from sale of power (ABR) shall be Rs.878.72 Crore for the Energy sales achieved at 1326.44 MU for FY 2020-21 and submitted that Commission to consider Revenue from sale of power at Rs.878.72 Crore for True up of FY 2020-21 and Revenue Gap/Surplus shall be determined.

MePDCL Reply

MePDCL rejects the analysis and conclusion arrived by BIA. It may be stated here that it was during this financial year that BIA and JUD cements Limited had petitioned MSERC for grant of relief of Fixed Charge due to the impact of COVID-19. The Hon'ble Commission vide Order dated 31st August 2020 in Case No 5 of 2020 and

Order dated 18th September 2020 in Case No 6 of 2020, had granted relief of Fixed charge. The total amount refunded due to these Orders was Rs 5,18,53,159.40. The quantum of amount refunded is appended as Annexure-A4. Ironically, the Units consumption by these companies are not so bad as can be seen in Annexure-A5, But due to this Covid-19, many commercial units including small industrial units were told to close down resulting in the low demand from within the state and the excess units are sold outside the State.

Commission's Views

Commission noted the submission of the petitioner.

True up of ARR of FY 2020-21

BIA has submitted the breakup of admissible ARR and disclosed a Revenue surplus of Rs.51.33 Crore for True up of FY 2020-21 in table below.

Particulars		FY 2020-21	
	Approvedvide Order dated 25.03.2020	**Claimed**	**Allowable**
Power Purchase Cost (incl. adjustemnt of surplus power)	736.96	871.20	818.74
Transmission Charges (PGCIL)	58.98	103.55	86.38
Transmission Charges (MePTCL)	52.45	52.45	43.75
Employee Expenses	120.13	217.38	143.55
Repair & Maintenance Expenses	11.48	6.15	6.12
Administration & General Expenses(Including Bad Debt)	14.19	27.30	16.11
Depreciation	13.20	29.84	-
Interest and Finance Charges	6.58	101.66	11.98
Interest on Working Capital	17.83	20.76	15.28
Exceptional Expense	-	27.85	-
Return on Equity	13.77	119.60	-
Total Expenses	**1,045.57**	**1,577.74**	**1,141.92**
Less: Non-Tariff Income & Other income	71.60	118.79	118.79
Less: Sale of Surplus Power including Cross Subsidy Surcharge	325.33	84.56	371.22
Net ARR	**648.64**	**1,374.39**	**651.91**
Add: Revenue Gap for 2015-16	**15.00**	**15.00**	**15.00**
Add: Revenue Gap for 2016-17	**173.44**	**173.44**	**173.44**
Less: Revenue Surplus for 2014-15	**(12.96)**	**(12.96)**	**(12.96)**
Net ARR after Adjustment (D)	**824.12**	**1,549.87**	**827.39**
Less: Revenue from Sale of Power		711.71	878.72
Net Gap / (Surplus)		**838.16**	**(51.33)**

The Objector requested the Commission to approve the net ARR of Rs.651.91 Crore as against Rs.1374.39 Crore for True up of FY 2020-21 and the impact of Rs.51.33 Crore may be considered along with Tariff for FY 2023-24.

MePDCL Reply

In view of the aforementioned Para wise reply, MePDCL rejects the analysis and conclusion arrived by BIA and MePDCL reiterates that the claim are actual expenses which should be recovered from consumers

Commission's Views

Commission noted the submission of the petitioner.

<u>Revision of Tariff for FY 2023-24</u>

(1-4) The Objector M/s BIA is an association of Industrial Consumers in the state of Meghalaya. In pursuance of the public notice, BIA submits the objections/suggestions on the petition filed by the MePDCL for revision of ARR and Retail Tariff for FY 2023-24 and Tariff proposal for FY 2023-24 as narrated herein in the subsequent chapters.

MePDCL Reply

That the corresponding paragraph is matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

Commission's Views

Commission noted the submission of the petitioner.

Approved ARR for FY 2023-24

(5-7) The licensee MePDCL has proposed selective changes on certain ARR items ie., Power purchase cost , Transmission charges , O&M expenses, Loss trajectory as compared to the numbers approved by Hon'ble commission for FY 2023-24 in the MYT order dated 25.03.2021 for approval of the ARR for FY 2023-24

MePDCL Reply

That the corresponding paragraph is matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

Commission's Views

Commission noted the submission of the petitioner.

Power Procurement cost & Intra State Transmission Charges

(8-23) BIA has suggested that licensee may not be allowed enhanced power purchase cost of Rs. 1229.97 Crore as sought in the present tariff petition for FY 2023-24. Since similar submissions by MePDCL has already been rejected by this Hon'ble Commission by order dated 25.03.2022, these issues cannot now be re-agitated excepting in appeal.

Licensee has also contended that the ARR of Ganol SHP is not considered while determining the ARR of MePGCL while approving the Multiyear ARR for FY 2021-24. Licensee has recovered the tariff for Ganol as part of its power purchase cost for FY 2022-23, even though not one unit of power from Ganol has been consumed by the consumers of the state. Though Licensee in its petition for determination of provisional tariff for Ganol has submitted that it will be commissioned in March 2023, there is nothing on record to show readiness of the project. In the event, power purchase cost of Ganol is once again allowed as tariff for FY 2023-24, it will amount to cheating the consumers of the state and enabling unjust enrichment of Licensee. Hence, the power procurement cost of Rs. 30.39 Crore cannot be allowed as part of power purchase cost for FY 2023-24.

In view of the aforesaid arguments, the Licensee's claim ought to be rejected by the Hon'ble Commission and in the absence of supporting evidence on record, the Objector prays that this Hon'ble Commission to consider Rs. 312.08 Crore towards Power purchase costs for the FY 2023-24.

The licensee has also projected higher interstate Transmission charges and Intrastate Transmission charges over and above the numbers approved in the MYT order dated 25.03.2021.

BIA suggested that Hon'ble Commission shall not admit the claim of the licensee for Revised Power purchase cost and Transmission charges for ARR of FY 2023-24.

MePDCL Reply

(8-10) That the corresponding paragraph is matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

(11-12) MePDCL reiterates that revision of power was requested to include the cost of Ganol HEP which was not included in the amount Rs.312.08 Crore. The claim does not deviate from what was already approved by the Hon'ble Commission.

(13-16) MePDCL in the petition has clearly stated the reasons why the power purchase cost need to be modified even though it is bound by the approved ARR. The Hon'ble Commission while approving the ARR. The Hon'ble Commission while approving the ARR for FY 2022-23 in determination of Tariff for FY 2022-23, did not say anything on the petition by MePDCL but it based solely on the actual power purchase cost from April 2021 to December 2021. MePDCL cannot propose the ARR based on the so called actual unless it is audited or so directed by the Hon'ble Commission. Therefore, to say that the prayer by MePDCL for revision of power purchase cost for FY 2022-23 was rejected and therefore the same for FY 2023-24 cannot be re-agitated is misleading.

BIA wants to remove the cost booked against Ganol HEP citing that the MePGCL has not proposed any generation from Ganol HEP, MePDCL has only this to say that if this is to be taken out from the power purchase cost, then energy booked from this station has to be taken out, the energy balance has to be worked out and also various parameters have to be considered. However, it is learnt that the Ganol project is likely to be fully commissioned during FY 2023-24.

(17-23) MePDCL has already stated the reason for considering the transmission charges from MePTCL. Therefore MePDCL rejects the claim by BIA and stands by its claim in the petition.

Commission's Views

Commission noted the submission of the petitioner.

MePGCL has filed petition for approval of Provisional Tariff for Ganol HEP for FY 2023-24 whose CoD is proposed as April 2023.

BIA's Rejoinder to the Reply filed by MePDCL for Tariff of FY 2023-24

The claim of the petitioner for power purchase cost for FY 2023-24 is in deviation of Commission's approved costs in the MYT order dated 25.03.2021.

Petitioner's contention that approved ARR for FY 2023-24 does not include Ganol SHP power is not correct.

The impact of the provisional Tariff based on petition filed by MePGCL for Ganol SHP may be considered by the Hon'ble Commission.

BIA pointed out that the petitioner has deviated from the approved cost for intra state Transmission charges and Revenue from sale of surplus power approved in the MYT Order dated 25.03.2021.

Revenue from Sale of Surplus Power

(24) On account of the disallowances in the Power purchase costs for the FY 2023-24, the average power purchase cost remains unchanged and therefore, the Revenue from the sale of surplus power remains unchanged. The Hon'ble Commission is requested to consider Revenue from sale of surplus power at Rs. 387.23 Crore only against the revised claim of the Petitioner i.e., Rs. 393.10 Crore.

MePDCL Reply

MePDCL has already stated the reason for considering the revision for revenue from surplus of power. Therefore MePDCL rejects the claim by BIA and stands by its claim in the petition.

Commission's Views

Commission noted the submission of the petitioner.

Employee Expenses

(25-29) BIA has pleaded that Hon'ble Commission may not consider the expenses pertaining to the holding company as the same is contrary to the provisions of the Tariff Regulations 2014. Further, other SERCs also do not allow the employee expenses pertaining to the holding company as a pass through in the Tariff.

MePDCL Reply

The contents of the corresponding paragraphs are vehemently denied. It is reiterated that the apportionment of the cost of MeECL (Holding Company) for O&M is necessary as there are expenditure involved in running the Corporation. The Meghalaya Energy Corporation Limited, was incorporated with the principal objective of acting as the Holding Company and also engaging in the business of coordinating and smooth functioning of distribution, generation and transmission of electricity in the State of Meghalaya and is prescribed in the Notification dated 20th June, 2012. In fact, this set up reduces the expenditure which would have otherwise increased three times, if the same man power and functioning is replicated into the three subsidiary companies, and therefore benefiting the consumers. The same does not merit any consideration by the Hon'ble Commission as it appears to be an anthema of the statutory policy.

Commission's Views

Commission noted the submission of the petitioner.

T&D Losses, Energy Balance

(30-40) BIA has requested Hon'ble Commission to consider the Energy Balance, T&D and AT&C losses as approved in the MYT order dated 25.03.2021. Accordingly, as provided in the aforementioned order, this Hon'ble Commission may allow surplus energy of 1005.80 MU's and revenue from sale of surplus power at Rs. 387.23 crores for FY 2023-24.

MePDCL Reply

Nowhere in the MYT Order dated 25.03.2021 stated that MePDCL was directed to achieve 100% collection efficiency. It could not be understood how BIA arrived that collection efficiency should be 100% when T&D losses and AT&C losses are 12% and 14.20% respectively. It can be inferred that BIA lacks understanding of the issue.

It is reiterated that the adoption of T&D loss as per the UDAY scheme cannot be criteria as there is time difference between the completion of the schemes and the intended period of completion. Also, there is difference between quantum of work supposed to be completed to achieve such targets and the actual sanctioned amount/quantum of work. These activities are supposed to be completed through the various schemes. Further, there are some activities which are external and hence beyond the powers of MePDCL.

Further if T&D loss and AT&C loss as per UDAY scheme are the criteria, then, Ministry of Power should not have provided sanction to the implementation of RDSS.

It may be stated that Ministry of Power through REC has recognized that the T&D loss of Meghalaya is presently very high. This can be observed from the Section 8 of the letter Dated REC/RDSS/Meghalaya/2022-23/09 dated 17.07.2022 which conveys Approval of Action plan and DPR of Meghalaya Power Distribution Company Limited (MePDCL) for the state of Meghalaya under Revamped Distribution Sector Scheme (RDSS) (which has been submitted as part of additional business plan). This section 4 of the letter has specified the base year data for AT&C loss for FY 20 and FY 21 as 34.32% and 32.47% respectively. It can be inferred that the targets set as per UDAY scheme have not yet been met and therefore more investment is required to bring to pan India level. Therefore, to place the trajectory of losses based on the Schemes shall not be reliable one.

Fixing of AT&C and T&D loss targets are subject to the actual of the preceding year i.e., the target for FY 2023-24 can be fixed based on the actual of FY 2022-23. Therefore, the targets so fixed cannot be considered as final. Unless it is fixed based on the actual as per Regulation 83 of MSERC MULTI YEAR TARIFF REGULATIONS 2014. The targets are bound to be revised. Therefore, MePDCL rejects the claim by BIA and stands by its claim in the petition.

Commission's Views

Commission noted the submission of the petitioner.

BIA's Rejoinder to the Reply filed by MePDCL

Petitioner has re-agitated the issue of T&D losses and estimated on actual basis for ARR of FY 2023-24 in deviation of approved levels in the MYT order.

Petitioner in spite of receiving Govt. funds year on year for Capex has miserably failed to curb the T&D losses and the contention of time difference between UDAY scheme loss percentages is misplaced argument. No argument in this whatsoever loading the burden of its own incompetence on to the consumers is not justified and severly criticized.

BIA suggests Hon'ble Commission disallow any frivolous claim of the petitioner in the T&D loss trajectory.

Repair and Maintenance Expenses

(41-52) BIA has pointed out the Licensee MePDCL has projected R&M expenses at Rs.30.54 Crore for revision of ARR of FY 2023-24 as against Rs.6.67 Crore approved in the MYT order dated 25.03.2021.

The licensee has not filed any documentary record in support of revised R&M expenses, the objector request the Commission not to allow the additional claim for ARR of FY 2023-24.

MePDCL Reply

RDSS is a certainly sponsored scheme and therefore MePDCL cannot say anything in advance as to what shape or type the scheme will look like. Therefore, it is not possible for MePDCL to approach the Hon'ble Commission for formal approval much earlier due to the various meetings and resolutions that have come out from time to time.

Rejection of additional O&M costs by Ld. UPERC cannot be the ground for rejection here. Firstly, the rejection is not against RDSS because RDSS is a recently launched scheme. Secondly, the additional O&M claimed by UP discoms is against the installation of smart meters under the direction of UPERC. Installation of such smart meters was directed by Ld. UPERC under certain conditions as can be seen below:-

4.7.46 The Commission approved the roll out plan subject to following conditions

- *The Billing efficiency of the consumers having smart meters is not less than 98%*
- *Since the smart meters have remote disconnection features, the collection efficiency of target consumers shall not be less than 95%*

4.7.47 Keeping the above in view, since the net improvement in Collection and Billing Efficiency has been envisaged keeping the net consumer tariff (ABR) constant and the Net benefit/gain to the Discoms is without any increase in the consumer tariffs and the above scheme would be in OPEX mode, it means the scheme is self sustaining and hence the total cost should stay out of the ARR.

Therefore equating RDSS with that directed by UPERC is not correct. MePDCL does not have fund to pay upfront to the party to implement such scheme. Further the benefit of such installation will he realized after installation and implementation of such scheme. MePDCL does not claim that the benefit that may be accrued from implementation of RDSS will be kept for itself. In fact, all the benefit of the savings will be passed on to the consumers. Therefore, it will be in the interest of consumers that this scheme is implemented.

MePDCL, has clearly stated that the cost claimed is tentative subject to the tendering process. Therefore, for the first period starting from FY 2023-24, the cost claimed would be as per the tentative one, but for subsequent years, the cost will be as per tendered value as and when the petition for revision of tariff is filed

Commission's Views

Commission noted the submission of the petitioner.

MePDCL shall obtain Stakeholders consensus before proposed recovery of cost of Meters implemented and Supply code modified.

BIA's Rejoinder to the Reply filed by MePDCL

O&M expenses :

Petitioner has contended that O&M expenses for Holding company necessary for running of the Organization. The claim lacks merit and devoid of any logic in the context of Regulatory frame work and loading of its own inefficiency on to the consumers of the state.

ARR for FY 2023-24

(53) BIA has requested the Hon'ble Commission to consider the ARR determined in the MYT Order dated 25.03.2021 and accordingly approve the ARR for FY 2023-24. This Hon'ble Commission is further requested to reduce the ARR and disallow the Power purchase cost from Ganol SHP. Accordingly, the proposed ARR by the Objector is as below:

Particulars	Approved vide MYT Order dated 25.03.2021	Claimed by thePetitioner	As per Objector's assessment
Power Purchase cost	1,150.88	1,229.97	1,150.88
Transmission Charges (PGCIL)	71.80	71.80	71.80
Transmission Charges(MePTCL)	57.81	92.38	57.81
Employee Expenses	174.19	195.59	174.19
Repair & Maintenance Expenses	6.67	30.54	6.67
Administration & General Expenses	13.02	13.02	13.02
Depreciation	0.00	0.00	0.00
Interest and Finance charges	9.82	9.82	9.82
Interest on working capital	22.68	22.68	22.68
Return on Equity	0.00	0.00	0.00
Bad & Doubtful Debt	0.00	0.00	0.00
Gross Annual Revenue Requirement (ARR)	**1,506.87**	**1,665.80**	**1,506.87**
Less: Non-Tariff Income and Other Income	106.25	106.25	106.25
Less: Sale of Surplus Power	387.23	393.10	387.23
Net ARR	**1,013.39**	**1,166.45**	**1,013.39**

MePDCL Reply

In view of the aforementioned Para wise reply, MePDCL rejects the analysis and conclusion arrived by BIA and MePDCL reiterates that its claim as per the petition filed.

Commission's Views

Commission noted the submission of the petitioner.

Surplus/Gap to be recovered through Tariff in FY 2023-24

(54-56) BIA has requested as per the submissions pertaining to the True up of FY 2020-21 for MePGCL and MePTCL, the allowable Gap/Surplus pertaining to them has to be adjusted in the ARR of Petitioner of FY 2022-23 The allowable Cumulative Surplus/ Gap to be recovered in the FY 2022- 23 is depicted below for the kind consideration of the Hon'ble Commission:

Particulars	Claimed	Allowable
ARR of FY 2023-24	1,166.45	1,013.39
Gap/ (Surplus) pertaining to True up of MePGCL for FY 2021	-	12.94
Gap/ (Surplus) pertaining to True up of MePTCL for FY 2021	-	2.49
Gap/ (Surplus) from True up of FY 2020-21 of MePDCL	838.16	(51.33)
Total Revenue Requirement for FY 2023-24	2,004.61	977.49
Less: Projected Revenue at Existing Tariff Rates	1,024.40	1,024.40
Revenue Gap/ (Surplus) for FY 2023-24 at Existing Tariff	**980.21**	**(46.91)**

In view of the above, the Hon'ble Commission is requested to approve Revenue surplus of Rs. 46.91 Crore as against Revenue Gap of Rs. 980.21 Crore claimed by the Petitioner for the FY 2023-24.

MePDCL Reply

In view of the aforementioned Para wise reply, MePDCL rejects the analysis and conclusion arrived by BIA and MePDCL reiterates that its claim as per the petition filed.

Commission's Views

Commission noted the submission of the petitioner.

Tariff Proposals for FY 2023-24

Tariff for Ferro Alloy Consumers

(57-70) BIA has submitted that Ferro Alloys Consumers have contributed 54.20% sales for the FY 2020-21 providing substantial Revenue to the utility. Ferro Alloys consumers certainly need to be given a fair and economical Tariff keeping in view of the National Tariff Policy 2016.

Commission had fixed minimum 78% load factor for Ferro Alloys consumers, failure to reach 78% load factor a penal charge of Rs.1.70ps/Kwh for HT and Rs.1.50 ps/Kwh for EHT shall be applicable. Commission also ordered that ABT/Smart meters are to be installed at injection point as well as at the Ferro Alloys consumer end from April 2022.

BIA submits that the Hon'ble Commission may keep the Tariffs for Ferro Alloys Consumers fixed for at least a period of 3 years. This long term sustainable security will boost the confidence of the Industrialists in the state of Meghalaya.

The Ferro Alloys consumers would assure to run their business viably in the state of Meghalaya resulting in support to the economy of the state

MePDCL Reply

MePDCL wants to state that it does not want to sell power outside the state other than those required by its consumers. The circumstances compel MePDCL to sell outside because excess of energy at particular time cannot be saved but has to be channeled through direct sale and/or banking. Banking would have been a better scenario where the rate is not matter of concern, but because of non availability of traders/discoms to accept banking during those periods, MePDCL is bound to sell in market. And in such scenario, the rates are market dependent. To compare the rate sold in the market to that of inside consumers is therefore misleading.

Further, at no point of time during this excess power that MePDCL refuses to provide power to any consumer of the state, or for that matter at no point of time MePDCL has intentionally diverted the power which was meant for industrial consumers or any other consumer to selling outside the state. MePDCL also fails to understand the claim of BIA on how can they take additional power, when the already booked power is not utilized by them. In particular, during the availability of excess power, MePDCL wants to know from BIA whether any power ever refused to be given to them. When no power ever refused to be given to them during the availability of excess power, comparison of rates does not make any sense.

MePDCL requests the Hon'ble Commission to seriously consider the meaning of Load factor with respect to the Ferro alloy consumers. With the present level of cross subsidy, whether encouraging further consumption by the Ferro alloy consumers will increase or decrease the burden of other consumers. This is left to the wisdom of the Hon'ble Commission. This also applies as to whether their present rates need to be protected or not.

Commission's Views

Commission noted the submission of the petitioner.

Load Factor Rebate

(71-75) BIA submits that many state distribution utilities have adopted load factor rebate mechanism as part of Tariff rationalization procedure.

BIA suggest Hon'ble commission may take into account that load factor computation shall exclude events of load shedding/break down, discontinuous power supply to Ferro alloys industry, force majeure and/ or grid failure or major breakdown at consumer end.

MePDCL Reply

MePDCL would like to implement the Load Factor rebate but because of practical problems, it is not in position to do it. However, after the implementation of RDSS, MePDCL would be able to implement this Load Factor Rebate. Therefore, MePDCL requests the Hon'ble Commission to keep this issue pending.

Commission's Views

Commission noted the submission of the petitioner.

BIA's Rejoinder to the Reply filed by MePDCL

BIA has been repeatedly seeking Load factor based rebate mechanism in the state to increase the off take of surplus power to its own consumers however, due to reasons best known to Petitioner's company, they continue to express reluctance in introducing LF rebate mechanism in the state. The Petitioner has nowhere mentioned as to what are the reasons inhibiting such proposal.

Time of the Day

(76-79) BIA suggest that since the night off peak duration usually lasts much longer than the evening peak duration, it is requested to this Hon'ble Commission to kindly increase the duration of the off-peak hours from 2300-0600 to 2200-0600 hours, considering that Meghalaya is a hill state. Therefore, general day life is till 2100 hours only, thereby next working shifts can start from 2200 hours. It is also submitted that industries usually run in 8 hour shifts for night hours, as such, aligning the ToD slab for off-peak period with the 8-hour shift would help industries in reducing the cost of their production and competitively selling their product in the open market in other States.

BIA submits that It would also be imperative to state, that for FY 2018-19, rebate in off peak- period was approved at 20%, which was reduced to 15% in the subsequent Tariff Orders. The Objector sincerely submits that the off-peak rebate should be continued at 20%. In line with the submissions made above, it is prayed that this Hon'ble Commission approve the ToD Tariff as per the table below:

Time Slot	HT Industrial	EHT Industrial
0600 hrs to 1700 hrs (normal)	As Approved	As Approved
1700-2200 hrs (peak)	+20% of Normal	+20% of Normal
2200-0600 hrs (night off-peak)	-20% of Normal	-20% of Normal

MePDCL Reply

The request for change of timings for Peak and off Peak hours cannot be accepted since the peak & off peak hours are based on all India basis. Meghalaya is connected to the Grid of the Country, and as such it cannot have its separate time block for Peak and Off-Peak hours. The Objector has proposed to increase the TOD rebate to 20% for off-peak hours from 15% by linking that the excess power proposed to be sold at Rs.1.42/Kwh which is way below the tariff offered to industrial consumers and that this surplus power could be consumed by the industries which would result in better revenue for discom against the current revenue realization rate of Rs.1.42/Kwh only, by selling the excess power on short term basis. This linkage is not acceptable, as the selling of power is not with respect to the specific time period but "as and when the situation" arises. That is the selling of excess power is based on circumstances and therefore not predetermined. Moreover, the selling of excess power generally happens during the monsoon period and not throughout the year. The TOD is proposed on yearly basis and not periodic as 'lean period' or 'monsoon period'. Increasing the rebate to 20% will severely not only hamper the availability of power but also increase the cost of power during lean season.

Commission's Views

Commission noted the submission of the petitioner.

BIA's Rejoinder to the Reply filed by MePDCL

BIA proposal in context of Time of day slab and Tariff is based on the fact that the Petitioner may look to utilize surplus power which is currently sold at throw away rates. Moreover, the demarcation of slabs need not be dependent on All India demand pattern, the TOD slabs need to be chalked out considering the dynamics associated with the supply demand pattern in the state. It could be observed that many states who have TOD tariffs applicable therein do not necessarily confirm to similar TOD slabs.

The Petitioner's counter argument is for the sake of deviating from the important point of TOD slabs which is does not want to be there.

Cross Subsidy Surcharge and Wheeling Charges

(80-85) The licensee has proposed Cross Subsidy Surcharge for HT and EHT categories and ignored for Ferro Alloy consumers for FY 2023-24.

The CSS proposed for HT and EHT categories may not be considered in view of the fact that the computations filed by the BIA found to be surplus of ARR for Rs.46.91 Crore.

BIA submitted that MePDCL's prayer for higher CSS is not only against the Tariff Policy, 2016 but also against the provisions of Section 42 of the Electricity Act, 2003. Section 42 provides that CSS has to be progressively reduced in a manner specified by the State Commission.

BIA suggests that the statute and policies issued there under mandate that CSS is to be consistently reduced. In the event, the Petitioner's proposal is approved, it will put an end to open access in the state. This is not envisaged under the statute. Hence, this Hon'ble Commission may disallow the CSS as sought for by the Petitioner.

MePDCL Reply

From the objections raised in these corresponding paras and the earlier paras, it seems there is conflict of interests. On the one hand, it wants to reduce the burden of tariff hike for the domestic consumers. It is to be stated here that income from CSS is passed on to the inside consumers thereby reducing the burden of tariff hike for them. Whereas BIA wants to even make this income as Nil, thereby increasing the burden of tariff for the inside consumers. MePDCL therefore, wants to know whether BIA represents the interest of the consumers belonging to the MePDCL or it represents the interest of the open access customers.

The contents of corresponding paragraphs are denied repetitive of previously denied contentions, the Petitioner stands by its proposal for Cross Subsidy Surcharge.

Commission's Views

Commission noted the submission of the petitioner.

Timely Payment Rebate

(86) BIA submits that the till date, this Hon'ble Commission has not provided for Rebate on Timely payment. It is prayed that this Hon'ble Commission may introduce such rebate to incentivize the consumers and improve their collection efficiency which will improve the working capital / cash flow of the Licensee. This would also reduce the additional interest on working capital incurred by Licensee. As an example, states like Jharkhand, Maharasthra and UP already provide for timely payment rebate for payment of electricity bills. This introduces collection efficiency and benefits both licensee and consumers. Therefore, it is prayed that this Hon'ble Commission may introduce such system in the state of Meghalaya to rationalize the Tariff structure and encourage consumers for timely payment of bills.

MePDCL Reply

Consideration for providing rebate will become redundant with the launching of RDSS as all consumers are to be supplied with prepaid smart meters. Therefore, MePDCL request the Hon'ble Commission not to accept their proposal.

Commission's Views

Commission noted the submission of the petitioner.

II. JAINTIA HILLS CEMENT MANUFACTURERS ASSOCIATION

(1-3) The Objector JAINTIA HILLS CEMENT MANUFACTURERS ASSOCIATION is a registered association of leading cement manufacturing industry of Meghalaya working for welfare and common interest of cement industry filing the following Objections/Suggestions for determination of ARR for FY 2023-24.

MePDCL Reply

The corresponding paragraph is matter of record and such need no specific reply. However anything stated therein contrary to record is denied as incorrect.

Commission's Views

Commission noted the submission of the petitioner.

Cross Subsidy Surcharge as proposed by MePDCL

(4-12) MePDCL is seeking to impose higher Tariff on the EHT tariff category for FY 2023-24 at Rs.8.84 per unit in variance to lower competitive Tariff of Rs.6.80 /unit determined under order dated 25.03.2021. MePDCL is also seeking imposition of Higher and uncompetitive Cross Subsidy Surcharge (CSS) on open access consumers like the Objector. The objector has stated that, it is pertinent to note that as per the mandate of the Tariff policy, the amount of Cross subsidy has to be within the limit of 20% of the Voltage wise Cost of supply of a particular category.

The Objector has quoted Cross Subsidy surcharge being levied for EHT consumers in Assam State for the last four years (FY 2019-20 to FY 2022-23) which is below the 20% of ABR.

The objector suggested Hon'ble Commission to allow the Cross Subsidy Surcharge (CSS) at Rs.1.03 ps/Unit in accordance with the ABR determined in the MYT Order dated 25.03.2021.

MePDCL Reply

(4-7) By the Order dated 25.03.2021, the Hon'ble Commission has determined the ARR for FY 2021-22, FY 2022-23 and FY 2023-24 and the tariff tor FY 2021-22 and no tariff has been determined for FY 2022-23 and FY 2023-24. The CSS proposed by

MePDCL is in line with the formula specified by Tariff Policy 2016. Therefore MePDCL rejects the claim by JHCMA and stands by its claim in the petition.

(8) Nowhere in the Tariff Policy states that the amount of cross subsidy has to be within the limit of 20% of the voltage wise cost of supply of a particular category. IT only says that the surcharge shall not exceed 20% of the Tariff applicable to the category of the consumers seeking open access.

(9-12) The CSS proposed by MePDCL is in line with the formula specified by Tariff policy 2016. Therefore MePDCL rejects the claim by JHCMA and stands by its claim in the petition. Comparison with that of Assam is not correct as Assam Government is providing various types of subsidy to alleviate the impact of high cost. Further, the background of tariff support provided by Assam Govt. is totally different to that of Meghalaya

Commission's Views

The National Tariff Policy 2016 notified the formula of Cross Subsidy Surcharge, according to which the CSS shall not exceed 20% of the Tariff applicable to the category of the consumers seeking open access, but not 20% of voltage wise cost of supply of a particular category as claimed by the Cement Manufacturers Association.

Power Purchase Cost

(13-17) MePDCL claimed higher Power Purchase Cost for determination of ARR for FY 2023-24 than that has been approved in the MYT Order dated 25.03.2021 and latest by Tariff Order for FY 2022-23 dated 25.03.2022.

Objector suggests that Hon'ble Commission may not allow enhanced Power Purchase cost as sought in the present Tariff petition for FY 2023-24.

MePDCL Reply

(13-15) MePDCL in the petition has clearly stated the reasons why the power purchase cost need to be modified even though it is bound by the approved ARR. The Hon'ble Commission while approving the ARR for FY 2022-23 in the determination of tariff for FY 2022-23, did not say anything on the petition by MePDCL but is based solely on the actual power purchase cost from April 2021 to December

2021. MePDCL cannot propose the ARR based on the so called actuals unless it is audited or so directed by the Hon'ble Commission. Therefore, to soy that the prayer by MePDCL for revision of power purchase cost for FY 2022-23 was rejected and therefore the same for FY 2023-24 cannot be re-agitated is misleading,

(16-17) JHCMA wants to remove the cost booked against Ganol HEP citing that the MePGCL has not proposed any generation from Ganol HEP, MePDCI, has only this to say that if this is to be taken out from the power purchase cost, then energy booked from this station has to be taken out, the energy balance has to be worked out and also the various parameters have to be considered. However, it is learnt that the Ganol project is likely to be commissioned during the FY 2023-24.

Commission's Views

Commission noted the submission of the petitioner.

Transmission Charges

(18-20) MePDCL claimed higher Transmission charges for determination of ARR for FY 2023-24 that has been approved in the MYT Order dated 25.03.2021 and latest by Tariff Order for FY 2022-23 dated 25.03.2022.

The Objector suggested that Commission may allow Transmission charges as approved in the MYT Order dated 25.03.2021.

MePDCL Reply

MePDCL has already stated the reason for considering the transmission charges from MePTCL. Therefore MePDCL rejects the claim by JHCMA and stands by its claim in the petition.

Commission's Views

Commission noted the submission of the petitioner.

Employee expenses

(21) Objector has pleaded that Hon'ble Commission may not consider the expenses pertaining to the holding company as the same is contrary to the provisions of the Tariff Regulations 2014. Further, other SERCs also do not allow the employee

expenses pertaining to the holding company as a pass through in the Tariff which is unjust and does not merit any consideration.

MePDCL Reply

The contents of the corresponding paragraph are vehemently denied. It is reiterated that the apportionment of the cost of MeECL (Holding Company) for Q&M is necessary as there are expenditure involved in running the Corporation. The Meghalaya Energy Corporation Limited, was incorporated with the principal objective of acting as the Holding Company and also engaging in the business of coordinating and smooth functioning of distribution, generation and transmission of electricity in the State of Meghalaya and is prescribed in the Notification dated 20th June, 2012. In fact, this set up reduces the expenditure which would have otherwise increased three times, if the same man power and functioning is replicated into the three subsidiary companies, and therefore benefitting the consumers. The same does not merit any consideration by the Commission as it appears to be an anathema of the statutory policy. The transfer scheme notified by Meghalaya State may not be the same as that of UP State.

Commission's Views

Commission noted the submission of the petitioner.

T&D Losses & AT&C losses

(22-28) Objector requested Hon'ble Commission to consider the T&D and AT&C losses as approved in the MYT order dated 25.03.2021, as also the Surplus Energy and Revenue from sale of surplus Energy.

MePDCL Reply

(22) Nowhere in the MYT order dated 25.03.2021 stated that MePDCL was directed to achieve 100% collection efficiency. It could not be understood how JHCMA arrived that collection efficiency should be 100% when T&D loss and AT&C loss are 12% and 14.20% respectively. It can be inferred that JHCMA lacks understanding of the issue. Therefore MePDCL rejects the claim by JHCMA and stands by its claim in the petition.

(23-28) Fixing of AT&C and T&D loss targets are subject to the actuals and hence, the targets so fixed cannot be considered as final. Unless it is fixed based on the actuals as per Regulation 83 of MSERC MULTI YRAR Tariff REGULATIONS 2014. The Targets are bound to be revised. Therefore MePDCL rejects the claim by JHCMA and stands by its claim in the petition.

Commission's Views

Commission noted the submission of the petitioner.

Energy Sales and Connected load

(29) MePDCL has projected number of consumers 677326 as approved in the MYT order dated 25.03.2021. The Connected load and Energy sales have been projected at 1164.85 MVA and 1491.96 MU as against 1174.89 MVA and 1627.37 MU respectively approved in the MYT order dated 25.03.2021 for determination of ARR for FY 2023-24.

MePDCL has made incorrect statements that the Hon'ble High Court has confirmed the termination of MoU. The Hon'ble High Court has held that this Hon'ble Commission is the correct forum for adjudication of issues related to special Tariff and the matter is presently sub judice before the Commission.

Objector has suggested the same numbers as approved in the MYT order dated 25.03.2021 may be retained.

MePDCL Reply

MePDCL stands by its petition to the no. of consumers, connected load and energy sale and therefore rejects the claim by JHCMA.

Commission's Views

Commission noted the submission of the petitioner.

Repairs & Maintenance

(30-34) The MePDCL has contemplated to install prepaid smart meters and projected the cost of meters to be recovered through O&M under RDSS project proposed in the additional Business plan for FY 2023-24.

The Smart metering project is to be executed on TOTEX mode where Rs.69.26 Crore will be funded by central Govt. and the remaining amount of Rs.238.56 Crore to be recovered from Tariff under O&M for period of 10 years subject to other conditions described by ministry of power. We strongly object to pass through of any additional O&M cost due to implementation of the prepaid Smart metering project.

MePDCL is seeking pass through of costs for implementation of prepaid Smart metering project without Tendering process.

The Objector has suggested that the utility will cover the additional O&M costs in the prepaid smart metering project which will reduce the loss levels if any, the claim of the MePDCL to recover cost of prepaid smart meters may be disallowed for determination of ARR for FY 2023-24.

MePDCL Reply

(30-32) That the corresponding paragraph is matter of record and as such need no specific reply. However anything stated therein contrary to record is denied as incorrect.

(33) Rejection of additional O&M costs by Ld. UPERC cannot be the ground for rejection here. Firstly, the rejection is not against RDSS because RDSS is a recently launched scheme. Secondly, the additional O&M claimed by UP discoms is against the installation of smart meters under the direction of UPERC. Installation of such smart meters was directed by Ld. UPERC under certain conditions as can be seen below.

4.7.46 The Commission approved the roll aou plan subject to following conditions

- *The Billing efficiency of the consumers having smart meters is not less than 98%*
- *Since the smart meters have remote disconnection features, the collection efficiency of target consumers shall not be less than 95%*

4.7.47 Keeping the above in view, since the net improvement in Collection and Billing Efficiency has been envisaged keeping the net consumer tariff (ABR) constant and the Net benefit/gain to the Discoms is without any increase in the consumer tariffs and the above scheme would be in OPEX mode, it means the scheme is self sustaining and hence the total cost should stay out of the ARR.

Therefore equating RDSS with that directed by UPERC is not correct. MePDCL does not have fund to pay upfront to the party to implement such scheme. Further the benefit of such installation will he realized after installation and implementation of such scheme. MePDCL does not claim that the benefit that may he accrued from implementation of RDSS will be kept for itself. In fact, all the benefit of the savings will be passed on to the consumers. Therefore, it will be in the interest of consumers that this scheme is implemented.

(34) MePDCL, has clearly stated that the cost claimed is tentative subject to the tendering process. Therefore, for the first period starting from FY 2023-24, the cost claimed would be as per the tentative one, but for subsequent years, the cost will be as per tendered value as and when the petition for revision of tariff is filed. MePDCL is implementing this scheme under the direction of Ministry of Power as it does not have any fund on its own implement it. Hence it does not claim any benefit to itself but all the benefit of the savings will be passed on to the consumers.

Commission's Views

Commission noted the submission of the petitioner.

Enhanced ARR as sought by the MePDCL

(35-36) The Objector stated that the True up of earlier Tariff forms an integral part of the Tariff Determination exercise for the current year.

MePDCL has filed True up petition for FY 2020-21, the copy of the petition was not made available to the objector. The objector is unable to comment on the true up gap if any sought to be recovered in the retail Tariff of current year.

Therefore the objector may be allowed to make oral and written submissions before the process of True up Order finalized.

The objector submitted that in the Ministry of Power's report titled *"Annual Integrated Rating & Ranking of Power Distribution Utilities"* dated August 2022, the Petitioner has been ranked as the worst performing discom in the country. The aforementioned report observed that the Petitioner has a high cash adjusted ACS-ARR gap of Rs.1.63 per kWh (bottom tertile in the Sector). The primary driver of its high ACS-ARR gap is high power purchase costs, O&M expenses, and interest costs (bottom tertile). However, its cash adjusted revenue lies in the top tertile. Despite recovering full tariff from its consumers, MePDCL's performance on all ACS-ARR gap components declined during FY 2019-FY 2021.

Therefore, this Hon'ble Commission may not allow any further tariff hike and pass through the inefficiencies of the distribution licensee. Such indulgence will only encourage the Petitioner to continue its poor performance which will act to the detriment to consumers and growth of industry in the state.

MePDCL Reply

The Corresponding paragraph is matter of record and as such need no specify reply. However, anything stated therein contrary to record is denied as incorrect.

On the contrary, the reason of high ACS-ARR gap is due to the reason of lower tariff. Power purchase cost of MePDCL is one of the lowest in the country. Similarly for the other parameters. But because the Annual Revenue Requirement approved is abnormally low thereby reducing the ARR with respect to ACS. This can be clearly seen from the true up orders approved so far. On the one hand the ACS is increasing but on the other hand the ARR approved is not proportionate to the cost.

Commission's Views

Commission noted the submission of the petitioner.

(37) Objector claims that the Hon’ble Commission may kindly allow us to file additional submissions as may be necessary in the True up process to make Oral submissions in the public hearing to be conducted by the Hon’ble Commission.

MePDCL Reply

In view of the aforementioned para wise reply, MePDCL rejects the analysis and conclusion arrived by JHCMA and MePDCL reiterates that its claim as per the petition filed.

Commission’s Views

Commission has conducted public hearing, allowing additional submissions by the stakeholders.

Commission has conducted public hearing on 15.03.2023 allowing the stakeholders to submit additional objections/suggestions. The gist of the objections/suggestions are incorporated in the below statement.

Subject	Points of Objections/Suggestions
True up of FY 2020-21	**BIA Objections** • True up Petition for FY 2020-21 not notified in the Public Notification. • 46.48% of Total Sales contributed by Industries. • Surplus Power Sold at a lowest price of Rs.1.42 Ps/Kwh. Details of swapping Energy not filed • T&D losses are more than the Assam, UP and other states, Meghalaya Consumers shall not be burdened with 26.75% T&D losses. • Holding Company Expenses shall not be allowed for True up. • Smart Metering Shall be implemented to improve efficiency of the Utility. • Exceptional Expenses under OTS shall not be allowed for True up. • Power Supply not being disconnected for defaulters of Power bills. **JHCMA Objections** • T&D losses shall be allowed 12% as approved in the Tariff Order and inefficiency of the Utility claiming 26.75% losses shall not be passed on to the consumers. • LPSC on Power Purchase cost shall not be passed on to the consumers. • Fixed charges against NTPC projects for non drawl of power from the Projects completed 25 years shall not be allowed. • Interest and Finance charges shall be limited to the outstanding loans for True up. • Meghalaya Discom has been ranked 52 out of 58 worst performing utilities in the country. • Set Targets under UDAY Scheme for loss reduction by Discom, explain action taken.

ARR & Tariff FY 2023-24	**BIA Suggestions** • Transmission charges to be limited as approved in MYT Order 25.03.2021. • Load Factor Rebate shall be allowed to encourage industrial consumers. • ToD Tariff half peak time slot shall be considered from 24:00 hrs to 07:00 hrs • Rebate for Prompt Payment by Consumers shall be allowed. • Cross Subsidy Surcharge is projected by the Discom is high, to direct the Discom to claim category wise Cross Subsidy Surcharge. • BIA requested the Commission to consider the suggestions in a broader perception. • Action taken by the Discom for billing of special Tariff consumers with 68% load factor Energy and 78% load factor Energy to Ferro Alloys Consumers. **JHCMA Suggestions** • Power Purchase cost against Ganol Project shall be removed from the ARR. • T&D loss shall be allowed as approved in the MYT Order. • Petitioner may be directed to submit cost benefit analysis for implementation of RDSS project providing prepaid smart metering. • Cross Subsidy Surcharge compared to Assam is very high, Claim shall be ± 20% of the Tariff. • Penalties shall be imposed for non compliance of directives.

Views of the Commission

Punishment for Non Compliance of the Directions issued by the Appropriate Commission

Chairman MSERC while participating in the conclusive minutes of public hearing conducted on 15.03.2023 held that, Why the Utility should not be punished with a penalty for Non Compliance of the Directives (Section 142 of EA 2003) issued for improvement in the performance parameters in respect of the following activities.

a) Non installation of ABT meters notified in the Tariff Order for FY 2022-23 vide page no.88
b) Non Compliance of the Energy Audit of high T&D loss pockets (Directive no.02 of FY 2022-23).
c) Non submission of action taken report to reduce the AT&C losses at quarterly intervals from 30.06.2022 (Directive no.07 of FY 2022-23).
d) Non Compliance of filing of Regulatory Accounts along with True up petitions and Tariff Petitions (Directive no.11 of FY 2022-23)

Chairman Directed the Utility to submit their reply on the above issues within Seven Days.

Licensee has submitted status report on the above Directives on 22.03.2023. Commission examined the status report and held that the submission of the utility is not satisfactory.

Section 142 of EA 2003 specifies that:-

"In case any complaint is filed before the Appropriate Commission by any person or if that Commission is satisfied that any person has contravened any of the provisions of this Act or the rules or regulations made there under, or any direction issued by the Commission, the Appropriate Commission may after giving such person an opportunity of being heard in the matter, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall pay, by way of penalty, which shall not exceed one lakh rupees for each contravention and in case of a continuing failure with an additional penalty which may extend to six thousand rupees for every day during which the failure continues after contravention of the first such direction."

Commission in exercise of the functions considers imposition of a penalty of Rupees One Lakh for each contravention of the Directives mentioned above as punishment for non compliance.

Accordingly a sum of Rs.4.00 Lakh (Rupees Four Lakh), One Lakh each of the Four Directives noted above not complied with, and the sum of Rs. 4.00 Lakh shall be deducted from the ARR for FY 2023-24.

Assurance by Chairman and Managing Director, MeECL

Participating in the Public hearing process on behalf of Generation, Transmission and Distribution utilities, Chairman and Managing Director, MeECL has assured to look into the issue of **"functionalization of trust accounts".**

The CMD, MeECL further held that Rs.500-600 Crore is so far paid towards fixed charges against NTPC Projects whose life term of 25 years has been completed, and stated that Uttar Pradesh and other northern state Discoms have filed petition for de-allocation of their share of power in the CGS.

Chairman MeECL has assured that audit of the business for MePGCL, MePTCL and MePDCL is almost completed and True up petitions for FY 2021-22 will be filed shortly.

The list of Participants in the Public hearing on the petition filed by MePDCL for True up of FY 2020-21 and for ARR and Retail Tariff for FY 2023-24 held on 15.03.2023 is attached as Annexure II and Annexure III respectively.

4. Approach of the Commission

4.1. Introduction

Meghalaya State Electricity Regulatory Commission had 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.

4.2. True up Gap / Surplus for previous years

Commission has approved the True up of business for the FY 2020-21. The Revenue Gap/Surplus in the Trued up orders for 2020-21 has been appropriated in the ARR for FY 2023-24.

4.3. Power Purchase Cost

Commission has considered the Power purchase cost for FY 2023-24 taking into account the actual power purchase cost incurred upto December 2022 after assessing estimated cost upto 31.03.2023 with an escalation of 5% over the FY 2022-23, computed power purchase cost for ARR of FY 2023-24.

4.4. Special Tariff for HT and EHT categories of BIA member Industries

MePDCL has not furnished the connected load and Energy sales in respect of special category Industries for the FY 2023-24.

MePDCL had terminated the MOU with the BIA for supplying power under the special tariff. The supply of power was discontinued from 27 January 2022. Therefore, the category wise number of consumers, connected load and energy sales for FY 2023-24 are now as approved in the Business Plan for the Control Period from FY 2021-22 to FY 2023-24 vide Order dated 09.10.2020 in Case No. 16/2020.

MePDCL therefore, requests the Commission to consider 677323, 1164.85 MVA and 1491.96 MU as the number of consumers, connected load and energy sales respectively for FY 2023-24.

Commission considered the submission of the licensee as to the no. of consumers, connected load and energy sales as projected taken into record for computation of Revenue for FY 2023-24.

4.5. Separate Tariff category for Electric Vehicle Charging Stations

The Licensee has proposed separate commercial Tariff under LT & HT category for electric vehicle charging stations as per the standards and guidelines notified by the ministry of power, Government of India in its letter dated 14.12.2018. The Licensee shall submit a status report on the applied consumers for their charging stations as per the IE rules and safety norms, along with the separate Tariff Petition for necessary approval by the Commission.

4.6. Time of the Day Tariff

Commission has considered the TOD for the peak and off -peak hours for FY 2023-24 and Tariff rates are determined.

4.7. Cross Subsidy Surcharge

Commission has computed cross subsidy surcharge for FY 2023-24 in respect of HT and EHT category and also Ferro Alloys industry consumers as per the National Tariff Policy and Principles.

4.8. Wheeling Charges

Commission has considered the wheeling charges to be collected from the open access consumers for the FY 2023-24 as per MSERC (Terms and Conditions of Open Access) Regulations, 2012.

4.9. O&M Expenses

The O&M expenses of MePDCL (comprising employee benefit expenses, R&M and Adm & G expenses) has been considered for FY 2023-24 as approved in the MYT ARR dated 25.03.2021.

The apportion able MeECL Employee related expenses projected in the petition for FY 2023-24 shall be regulated in the True up process.

4.10. Capital Investment Plan

Commission had approved capital investment plan for the 3rd MYT Control period FY 2021-22 to FY 2023-24. MePDCL has filed additional business plan commencing from FY 2023-24 spill over to FY 2025-26.

Commission considered the additional capital investment plan in the FY 2023-24 for implementation of smart metering scheme and strengthening of Distribution network scheme approved by the Ministry of Power, Govt. of India under RDSS scheme.

4.11. ARR for FY 2023-24

Commission considered that the ARR and tariff order passed in the absence of audited performance for FY 2021-22. The Licensee has yet to file true up petition for FY 2021-22 along with audited performance.

The Revenue Gap/Surplus approved in the True up process for FY 2018-19, FY 2019-20 and FY 2020-21 has been appropriated for ARR of FY 2023-24.

Commission considered additional capital investment proposed under RDSS scheme.

The ARR for FY 2023-24 has been computed as approved in the MYT order dated 25.03.2021 considering updated data as per MYT Regulations.

5. Analysis of Aggregate Revenue Requirement and Retail Tariff for FY 2023-24

5.1. Tariff Regulations

Commission's Analysis

Under Section 61 of Electricity Act 2003, the Commission has to specify terms and conditions for determination of tariff and in doing so it shall be guided by the following:

- The principles and methodology specified by CERC for determination of Generation, Transmission and Distribution tariff.
- Business of generation, transmission and distribution are to be conducted on commercial principles.
- The factors which encourage development, competition efficiency, good performance and optimum investments.
- Safeguarding consumers interest and at the same time recovery of the cost of electricity in a reasonable manner.
- Principles regarding efficiency in the performance.
- Multiyear tariff principles based on efficiency target.
- Tariff should reflect cost of supply progressively.
- Promotion of generation from renewable energy.
- National Electricity Policy and Tariff policy

5.2. Determination of Tariff

Section 62 (3) of EA 2003 specifies that - *the appropriate commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.*

Section 65 of EA 2003 – Provision of subsidy by state Government- *If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State*

Government shall, notwithstanding any direction which may be given under section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the state Commission may direct, as a condition for the licensee or any other person concerned to implement the subsidy provided for by the State Government.

PROVIDED that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard.

5.3. 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.

5.4. Energy Sales

As per Regulations, proper estimation of category-wise energy sales for FY 2023-24 is essential to arrive at the quantum of power to be purchased and the likely revenue from sale of energy.

This Section examines details of consumer category-wise energy sales projected by MePDCL in its Petition for FY 2023-24 for approval of ARR.

5.5. Category wise Number of Consumers, Connected Load and Energy Sales

Commission's Analysis

Licensee has projected of No. of consumers for FY 2023-24 at 677323 in the additional information dated 10.02.2023 as against 677326 approved in the MYT order dated 25.03.2021.

The Connected load and Energy sales are projected vide Table no.12 of the petition in variance with the approved numbers in the MYT order dated 25.03.2021.

The licensee was asked to furnish the reasons for variance in respect of the above three elements in the commission's letter dated 22.12.2022.

The licensee has submitted in their letter dated 10.02.2023 as follows

" The Variation of data in no. of Consumers, Connected load and Energy Sales for FY 2023-24 is due to the reason explained in section 2.1.2.5 of the petition for revision of Tariff for FY 2023-24, which is reproduced below:

2.1.2.5 Category wise number of Consumers, Connected Load and Energy Sales

MePDCL had terminated the MOU with the BIA for supplying power under the special tariff. The supply of power was discontinued from 27 January 2022. Therefore, the category wise number of consumers, connected load and energy sales for FY 2023-24 are now as approved in the Business Plan for the Control Period from FY 2021-22 to FY 2023-24 vide Order dated 09.10.2020 in Case No. 16/2020.

MePDCL therefore, requests the Commission to consider 677323, 1164.85 MVA and 1491.96 MU as the number of consumers, connected load and energy sales respectively for FY 2023-24. It is also noteworthy that the Division Bench of the Hon'ble High Court of Meghalaya vide its judgment dated 05.09.2022 has already confirmed the termination of the MoU and therefore, the special tariff rates are not applicable."

Commission had issued Tariff Order for FY 2022-23 on 25.03.2022, wherein the tariff in respect of special Tariffs retained as **"No Change"** as projected in the petition.

But the Commission was not informed of the change in the No. of Consumers, Connected load and Energy sales in respect of special tariff category consumers during FY 2022-23.

Commission had approved in the MYT order dated 25.03.2021 that the Total Connected load and Energy sales in respect of HT and EHT consumers as also special tariff category industries as projected by the Licensee in their letter dated 29th January 2021 before issue of Tariff Order for FY 2021-22. The Licensee has yet to file True up petitions for FY 2021-22 and FY 2022-23 along with audited accounts with the changes brought in.

The reply furnished for point no.2 about change in methodology of classification cannot be validated for the ignorance of the licensee in segregation of Kutir Jyoti sales from the Domestic Category while reporting the Revenue from Operations.

Commission considers the change in Number of consumers as 677323 for which breakup of HT/EHT industries is not furnished, connected load and Energy sales projected for computation of ARR for FY 2023-24. In the absence of the breakup data for no. of Consumers, the data available in the Business plan for FY 2023-24 is considered as depicted in the table below.

Table 5.1 : Number of Consumers, Connected Load and Energy Sales approved for FY 2023-24

Sl. No	Consumer category	No. of Consumers	Connected load (MVA)	Energy Consumption (MU)
A	**LT CATEGORY**			
1	Domestic (DLT)	360933	540.00	408.82
2	Commercial (CLT)	34894	87.00	79.21
3	Industrial (ILT)	695	11.00	6.34
4	Agriculture (Ape)	465	0.00	1.07
5	Public Lighting (PL)	64	0.00	0.12
6	Water Supply (WSLT)	519	8.00	13.83
7	General Purpose (GP)	2566	21.00	17.52
8	Kutir Jyoti (KJT)	276477	90.83	87.42
9	Crematorium (CRM)	1	0.16	0.23
	Sub Total	**676614**	**757.99**	**614.56**
B	**HT CATEGORY**			
1	Domestic HT	104	20.00	25.50
2	Water Supply (WSHT)	27	10.00	33.87
3	General Purpose/Bulk Supply (BS)	269	46.00	110.78
4	Commercial (CHT)	167	34.00	28.02
5	Industrial (IHT)	132	206.00	180.91
6	Ferro Alloys	2	11.00	37.58
	Sub Total	**701**	**327.00**	**416.66**
C	**EHT CATEGORY**			
1	Industrial	7	10.70	116.34
2	Ferro Alloys	4	68.17	344.41
	Sub Total	**11**	**78.87**	**460.75**
D	**Grand Total**	**677326**	**1163.86**	**1491.97**

5.6. Power Availability

Commission's Analysis

As approved in the Business plan for FY 2021-22 to FY 2023-24 the power availability for FY 2023-24 is considered as depicted in the table below.

Table 5.2 : Source wise power Availability

Sl No	Name of Station	Capacity (MW)	Total Allocation (MW)	Power Availability (MU)
			2023-24	
A	**MePGCL**			
1	Umiam I	4X9	36	114.61
2	Umiam II	2X10	20	45.45
3	Umiam III	2X30	60	0
4	Umiam IV	2X30	60	203.90
5	MLHEP	3X42	126	478.71
6	Umtru	4X2.8	0	0
7	Sonapani	1X1.5	1.5	4.94
8	New Umtru	2X20	40	231.48
9	Lakroh	1X1.5	1.5	10.87
10	Ganol	3X7.5	-	0
Sub Total MePGCL			**345**	**1089.96**
B	**NEEPCO**			
1	KOPILI	200	35.05	0
2	KOPILI-Ext	25	3.45	0
3	KHANDONG	50	8.51	0
4	RANGANADI	405	47.1	131.25
5	DOYANG	75	8.69	23.65
6	AGBPP	291	34.74	187.65
7	AGTPP CC	130	16.57	119.00
8	Pare	2x55	14	42.92
9	Kameng	4x150	15	45.99
10	Free Power			65.00
Sub-Total NEEPCO			**183.11**	**615.46**
C	**NHPC- Loktak**	**105**	**13.14**	**40.28**
D	**OTPC- Pallatana**	**726**	**78.99**	**436.79**
E	**NTPC**			
1	BTPS	250	90.78	0
2	FSTPS	1600	10.84	0
3	KHSTPS-I	840	5.69	0
4	KHSTPS-II	1500	20.33	0
5	TSTPS-I	1000	6.78	0
Sub -Total NTPC			**134.42**	**0**
Solar Sources				**39.42**
TOTAL			**754.66**	**2221.91**

The Licensee shall procure Power from approved sources.

Commission may approve power purchase requirement with such modifications as it deems appropriate for the Tariff period as per the Regulations.

5.7. Power Procurement

Petitioner's Submission

Licensee has proposed revised power purchase cost for FY 2023-24 and requested to consider the procurement with the following suggestions.

(a) The summation of total cost is wrong because the Sub total for MePGCL is shown as 312.08 instead of 422.50. However, vide Order dated 25.03.2021 in Case No. 02/2021, Commission has approved the ARR for MePGCL for FY 2023-24 as Rs 312.08 Crores. This approved ARR did not include the ARR of Ganol Project. Therefore, the ARR of MePGCL should be revised to (Rs 312.08 cr+ 30.39 cr) i.e. Rs 342.47 cr. This arithmetical error is liable to be corrected in exercise of revisionary jurisdiction by this Commission.

(b) Against AGBPP, the Energy received is shown as 187.65 MU. However, no Variable cost is assigned to this energy. It seems that Commission has considered this based on the original petition submitted by MePDCL where no variable rate and variable cost were shown. It may be noted that subsequently, based on the clarification sought by the Commission vide letter No. MSERC/MePDCL/ letter/2021/004 dated 11/02/2021, MePDCL had submitted details of the revised power purchase cost that included the free power from NEEPCO, on 12-02-2021 (through email as directed). In this clarification, for AGBPP the variable rate was proposed as Rs 2.60 per unit and Rs. 48.70 as variable cost respectively for FY 2023-24. It may be noted that this free power was considered by the Commission but the variable cost for AGBPP was not considered. Therefore, there is apparently an inadvertent omission in the order of the Hon'ble Commission which is liable to be revised.

MePDCL therefore, requests the Commission to allow Rs. 48.70 Cr as variable cost of AGBPP in the FY 2023-24 and to be included as part of the power purchase cost.

Based on the (a) and (b) above the power purchase cost proposed is shown below:-

Table 5.3 : Revised Power Purchase Cost projected for FY 2023-24

(Rs. Crore)

Sl. No	Source	Energy received(MU)	VariableCost perUnit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost	Unit Cost (Rs. /KWH)
1	**MePGCL**	**1156.16**					**342.47**	
	a) Umiam Stage-I HEP	114.61	0.78	8.98	8.98		17.96	1.57
	b) Umiam Stage-II HEP	45.45	1.10	4.99	4.99		9.98	2.2
	c) Umiam Stage-III HEP	0	1.09	0	14.97		14.97	
	d) Umiam Stage-IV HEP	203.9	0.73	14.97	14.97		29.93	1.47
	e) Sonapani	4.94	0.76	0.37	0.37		0.75	1.51
	f) Umtru HEP	0	0	0	0		0	
	g) Myntdu-Leishka HEP	478.71	2.08	99.79	99.79		199.59	4.17
	h) New Umtru HEP	231.48	2.47	57.15	57.14		114.29	4.94
	i) Lakroh HEP	10.87	2.14	2.32	2.32		4.64	
	j) Ganol HEP	66.2	2.3	15.19	15.19		30.39	4.59
	m) Auxiliary Consumption							
2	**NTPC**	**589.50**					**426.64**	
	a) Farakka	0					0	
	b) Kahalgaon I	0					0	
	c) Khalgaon II	0					0	
	d) Talcher	0					0	
	e) Bongaigoan	589.5	4.18	246.49	180.15		426.64	7.23
3	**NHPC**							
	a) Loktak HEP	40.28	2.08	8.37	8.37		16.74	4.16
4	**NEEPCO**	**723.70**					**269.01**	
	a) Kopili Stage-I	82.23	0.71	5.82	5.92		11.74	1.43
	b) Kopili Stage-II	8.48	1.03	0.88	0.59		1.4 7	1.73
	c) Khandong HEP	17.53	1.01	1.78	2.44		4.21	2.40
	d) Rangandai HEP	131.25	1.24	16.30	21.89		38.18	2.91
	e) Doyang HEP	23.65	3.32	7.85	7.71		15.56	6.58
	f) AGBPP	187.65	2.60	**48.70**	46.66		95.36	5.08
	g) AGTPP C-Cycle	119	3.05	36.26	21.06		57.32	4.82
	h) Pare	42.92	6.08	26.08	0.04		26.13	6.09
	i) Kameng	45.99	4.14				19.04	4.14
	Free Power	65.00						
5	**OTPC**							
	a) Pallatana	436.79	1.95	85.36	75.95		**161.31**	3.7
6	Solar Sources	39.42					**13.80**	3.5
	Total	**2985.85**					**1229.97**	**4.12**

Commission's Analysis

Regulation 85.1 to 85.6 of MSERC Regulations 2014 specifies the following guidelines.

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

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

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

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

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

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

MePDCL shall follow the above Regulations invariably and Merit order procurement shall be strictly followed.

Licensee was asked to furnish the Actual power purchase cost upto December 2022.

The licensee has submitted actual power purchase cost vide additional information on 10.02.2023.

The power purchase cost has been estimated considering 5% escalation over the actual of FY 2022-23 for computation of ARR of FY 2023-24 with the following changes.

MePGCL

The Power purchase cost is considered as per the approved ARR.

MePDCL has projected power drawl from Ganol HEP for 66.20 MU whose CoD has yet to be declared. MePGCL has filed petition for approval of Provisional Tariff for Ganol MHEP for claiming of power purchase cost. Since the Regulation for determination of Tariff under (Terms and Conditions for determination of Tariff from Renewable Sources) Regulations 2014 do not provide approval of Provisional Tariff, the petition was not considered. Power drawl if any transacted during FY 2023-24 shall be regulated in the True up process.

The power purchase cost for MePGCL is considered at Rs.538.66 Crore for ARR of FY 2023-24.

NTPC

Licensee has not projected any power drawl from NTPC projects during FY 2022-23 and fixed cost against Bongaigoan Project is projected for the period April 2022 and part period in May 2022 for Rs.4.35 Crore. Therefore Power Purchase for FY 2023-24 not considered.

Commission considers no commitment of fixed cost shall be factored for FY 2023-24 for determination of ARR.

NHPC

Licensee has projected power drawl from July 2022 from Loktak project.

NEEPCO

Kopili Stage I, Kopili Stage II and Khandong HEP projects were out of order due the floods, as such no power purchase cost assumed for FY 2023-24. The power drawl if any made in the FY 2023-24 shall be regulated in the True up process.

Licensee has not projected free power from NEEPCO, Commission has considered Free power at 65 MU for FY 2023-24 as projected in the petition.

OTPC

The Power purchase cost has been considered as per the actual furnished by the Licensee.

Solar Sources

The Power purchase has been considered from Solar Sources as approved in the MYT order dated 25.03.2021

Deviation (Inter) and Deviation (Intra), Bilateral purchase and IEX

The Power purchase cost for DSM (Inter) and DSM (Intra) furnished by the licensee for 8 months actual, the estimates are considered for 4 months for FY 2022-23 and Power Purchase cost assessed for FY 2023-24.

Transmission Charges

PGCIL Transmission charges has been considered as approved in the MYT Order at Rs. 71.80 Cr.

MePTCL Transmission charges are considered as approved for ARR of FY 2023-24 at Rs.110.99 Crore.

Commission taking into consideration of Actual Power Purchase cost furnished by the licensee for FY 2022-23 up to December 2022, the power purchase cost has been estimated by escalating 5% over the actual of FY 2022-23 for ARR of FY 2023-24 as depicted in the table below.

Table 5.4 : Power Purchase Cost considered for ARR of FY 2023-24

(Rs. Crore)

Sl. No	Source	April 2022 to December 2022 (Actual)				January 2023 to March 2023 (Est.)				Est. Energy 2022-23 (MU)	Est. for 2022-23	Est. for 2023-24 with 5% Escalation
		Energy received (MU)	Total Variable Cost	Total Fixed Cost	Total Cost	Energy Est. (MU)	Total Variable Cost	Total Fixed Cost	Total Cost			
Part-A												
1	**MePGCL**	**1089.96**	-	-	-	-	-	-	-	**1089.96**	-	**538.66**
	a) Umiam Stage-I HEP	114.61	-	-	-	-	-	-	-	-	-	80.32
	b) Umiam Stage-II HEP	45.45	-	-	-	-	-	-	-	-	-	44.63
	c) UmiamStage-III HEP	0	-	-	-	-	-	-	-	-	-	14.97
	d) Umiam Stage-IVHEP	203.90	-	-	-	-	-	-	-	-	-	133.88
	e) Sonapani	4.94	-	-	-	-	-	-	-	-	-	3.34
	f) Umtru HEP	0	-	-	-	-	-	-	-	-	-	0
	g)Myntdu- Leishka HEP	478.71	-	-	-	-	-	-	-	-	-	196.73
	h)New Umtru HEP	231.48	-	-	-	-	-	-	-	-	-	62.45
	i) Lakroh HEP	10.87	-	-	-	-	-	-	-	-	-	2.34
2	**NTPC**											
	a)Farakka											
	b)Kahalgaon I											
	c)KhalgaonII											
	d)Talcher											
	e)Bongaigoan											
3	**NHPC**	**40.28**			**12.19**	16.51			**6.09**	**40.28**	**18.28**	**19.19**
	a)Loktak HEP	40.28	6.43	5.76	12.19	16.51	3.21	2.88	6.09		18.28	19.19
4	**NEEPCO**	**594.25**			**260.16**	**176.41**			**86.72**	**594.25**	**346.88**	**364.22**
	a) Kopili Stage-I	-	-	-	-		-	-	-		-	
	b) Kopili Stage-II	-	-	-	-		-	-	-		-	
	c) Khandong HEP	-	-	-	-		-	-	-		-	
	d) Rangandai HEP	142.32	16.91	14.75	31.66	47.44	5.64	4.92	10.56		42.22	44.33
	e) Doyang HEP	18.15	6.11	6.38	12.49	6.05	2.04	2.12	4.16		16.65	17.48
	f) AGBPP	155.99	75.99	28.09	104.08	51.99	25.33	9.36	34.69		138.77	145.71
	g) AGTPPC-Cycle	86.21	41.19	13.70	54.89	28.74	13.73	4.57	18.30		73.19	76.85
	h) Pare	63.36	31.75	0	31.75	21.12	10.58	0	10.58		42.33	44.45
	i) Kameng	63.22	25.29	0	25.29	21.07	8.43	0	8.43		33.72	35.41
	Free Power	65.00										

Sl. No	Source	April 2022 to December 2022 (Actual)				January 2023 to March 2023 (Est.)				Est. Energy 2022-23 (MU)	Est. for 2022-23	Est. for 2023-24 with 5% Escalation
		Energy received (MU)	Total Variable Cost	Total Fixed Cost	Total Cost	Energy Est. (MU)	Total Variable Cost	Total Fixed Cost	Total Cost			
5	**OTPC**	**436.79**			**122.69**	**125.74**			**40.89**	**436.79**	**163.58**	**171.76**
	a) Pallatana	436.79	73.60	49.09	122.69	125.74	24.53	16.36	40.89		163.58	171.76
6	Solar Sources	**39.42**				**0**				**39.42**	**14.49**	**15.21**
	Sub Total (A)	**2200.70**			**592.67**	**632.55**			**199.56**	**2200.70**	**806.72**	**1109.04**

Note:

1) Kopili, Kopili Stage II and Khandong are out of Order since the Flood occurred. Hence no fixed Cost and Variable cost.
2) NHPC / Loktak power available from July 2022 onwards.
3) MePDCL not projected power drawl from NTPC.
4) Solar power availability as approved in MYT order is considered.

MePDCL has submitted actual short term bilateral purchase under DSM (Inter), DSM (Intra) for eight months, POSOCO and Swapping transactions for the period up to December 2022 as detailed below. Commission estimated full year cost for FY 2022-23 and escalated at 5% over FY 2022-23, and determined power purchase cost for ARR of FY 2023-24 as detailed below.

Sl. No	Source	Energy received (MU)	April 2022 to December 2022	January 2023 to March 2023 (Estimated)		Est. Energy 2022-23 (MU)	Estimate cost for FY 2022-23	Estimate for FY 2023-24 with 5% Escalation
			Total Cost	Energy Est. (MU)	Total Cost			
Part A - Energy Available		**2200.70**	**592.67**	**632.55**	**199.56**	**2200.70**	**806.72**	**1109.04**
Part-B - Bilateral Procurement								
1	DSM Inter State*	18.94	9.41	9.47	4.71	18.94	14.12	14.83
2	DSM Intra State*	0.72	-2.18	0.36	-1.09	0.72	-3.27	-3.43
3	POSOCO	-	0.78	-	0.26	-	1.04	1.09
4	Kreate Energy PVT Ltd (Swapping)	179.75	0.57	59.92	0.19	179.75	0.76	0.80
5	Kreate Energy PVT Ltd (IEX)	27.64	2.79	9.21	0.93	27.64	3.72	3.91
6	APPCL (Swapping)	48.48	0.20	16.16	0.07	48.48	0.27	0.28
7	APPCL (Purchase)	9.05	5.26	3.02	1.75	9.05	7.01	7.36
8	APPCL (IEX)	25.91	16.35	8.64	5.45	25.91	21.80	22.89
9	GMRETL (Swapping)	36.72	0.11	12.24	0.03	36.72	0.14	0.15
	Sub Total (B)	**347.21**	**33.29**	**119.02**	**12.30**	**347.21**	**45.59**	**47.88**
	Total Energy Availability	**2547.91**				**2547.91**		**1156.92**
	Weighted Average cost							**4.54 /Kwh**
Part-C								
1	**PGCIL Charges**		65.32		21.77		87.09	71.80
2	**MePTCL**		-		-		-	110.99
	Sub Total (C)		65.32		**21.77**		**87.09**	**182.79**

Sl. No	Source	Energy received (MU)	April 2022 to December 2022	January 2023 to March 2023 (Estimated)		Est. Energy 2022-23 (MU)	Estimate cost for FY 2022-23	Estimate for FY 2023-24 with 5% Escalation
			Total Cost	Energy Est. (MU)	Total Cost			
	Total Power Purchase Cost (A+B+C)					2547.91		1339.71
	Average per Unit cost							Rs. 5.26 Ps/Kwh
	Cost of Renewable Energy Purchase obligation	11.21						5.09
	Total Power Purchase Cost							1344.80

*** Actual furnished by the Licensee for 8 months only (upto November 2022), Estimate computed for 4 months in respect of DSM Inter State and DSM Intra State.***

Commission considers Power purchase cost at Rs. 1339.71 Crore (incl. PGCIL & MePTCL Transmission charges) for ARR of FY 2023-24.

5.8. Transmission Charges

Petitioner's Submission

The Commission has approved the Transmission charges of MePTCL as Rs 57.81 Cr. However, vide Order dated 25.03.2021 in Case No. 03/2021, the Commission has approved the ARR for MePTCL for FY 2023-24 as Rs 92.38 Crores stating "Commission Approves ARR for 3rd MYT Control Period at Rs.50.24 Crore, Rs.85.17 Crore and Rs.92.38 Crore for FY 2021-22, FY 2022-23 and FY 2023-24 respectively."

Therefore, MePDCL requests the Commission to revise the Transmission charges of MePTCL from Rs 57.81 Cr to Rs 92.38 Cr.

Commission's Analysis

PGCIL Transmission charges as approved in the MYT Order dated 25.03.2021 is considered at Rs.71.80 Crore for ARR of FY 2023-24.

MePTCL charges are considered as approved in the ARR for FY 2023-24 for Rs.110.99 Crore including True up gap for FY 2020-21.

Table 5.5 : Transmission Charges approved for ARR of FY 2023-24

Particulars	FY 2023-24 (Rs. Crore)
PGCIL	71.80
MePTCL	110.99
Total	**182.79**

Commission considers the Transmission Charges at Rs.182.79 Crore, for ARR of FY 2023-24.

5.9. Quantum of Renewable Energy Purchase Obligation (RPO)

Licensee has not projected any RPO commitment for ARR of FY 2023-24.

As per amended RPO Regulation notified on 15th April 2021 clause 5.2 of Regulation 5; Every obligated entity shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of its total consumption as an obligated entity during a year shown as under:

YEAR	Minimum quantum of purchase (%)from renewable energy sources (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*
2021-22	*1.50*	*5.00*	*6.50*
2022-23	*1.75*	*5.25*	*7.00*
2023-24	*2.00*	*5.50*	*7.50*

Commission considers that the licensee has projected drawl of RE power from small Hydro Electric Projects of MePGCL and NEEPCO with an installed capacity of up to 25MW to an extent of 100.68 MU during FY 2023-24 as detailed below.

Details of Purchase of Energy from Renewable sources during FY 2023-24

Umiam Stage II (20 MW)	45.45 MU
Sonapani (1.5 MW)	4.94 MU
Lakroh (1.5 MW)	10.87 MU
Solar	39.42 MU
Total Purchase	**100.68 MU**

Approved Sales for FY 2023-24 are considered at 1491.97 MU and requirement to procure power from Renewable energy sources amounts to 111.89 MU.

Thus there is a shortfall of 11.21 MU to be procured from Renewable Energy Sources as per the Regulations.

Commission considers Cost of RPO Certificates for Rs.5.09 Crore for 11.21 MU to be purchased by the licensee for compliance of the RPO Regulation for the ARR of FY 2023-24.

5.10. T&D losses and AT&C losses

Petitioner's Submission

Commission vide Order dated 25.03.2021 in Case No. 04/2021, has set targets for T&D Loss and AT&C loss for FY 2023-24 as 12% and 14.20%. This implies that Collection Efficiency is about 97.5%.

As per the actuals in the true up orders for FY 2018-19 and FY 2019-20, and as per the proposal submitted by MePDCL for truing up of FY 2020-21. the T&D loss, Collection Efficiency and AT&C loss are as mentioned below:

Financial Year	T&D Loss %	Collection Efficiency %	AT&C Loss%
2018-19	37.27	100	37.27
2019-20	29.88	96.87	32.07
2020-21*	26.75	100	26.75

*** As per MePDCL petition for trueing up of FY 2020-21.**

Regulation 83 of MSERC MYT Regulations 2014 prescribes that when AT&C loss is above 30%, the reduction should be 3% and if the AT&C loss is less than 30%, the reduction should be 1.5%. Based on this and since AT&C loss is 26.75% for FY 2020-21, it is proposed to provisionally fix the AT&C loss for FY 2023-24 as 22.25% subject to the actuals of FY 2022-23.

If we consider the above three years FY 2018-19 to FY 2020-21, the average Collection efficiency was 98.96%. This is higher than the 97.5% derived from the order dated 25.03.2021 in Case No.04/2021. It is therefore, proposed that the Collection efficiency be provisionally fix at 98.96% for FY 2023-24.

Considering the Collection Efficiency of 98.96% and AT&C loss of 22.25%, the T&D loss for FY 2023-24 works out as 21.43%.

MePDCL requests the Commission to provisionally fix 21.43%, 98.96% and 22.25% as T&D loss, Collection efficiency and AT&C loss respectively for FY 2023-24.

Commission's Analysis

The T&D and AT&C loss trajectory was notified in the MYT order dated 25.03.2021 considering the tripartite agreement entered by the Govt. of India, Govt. of

Meghalaya and MePDCL for implementation of UDAY Scheme on 09.03.2017 subject to certain mandatory performance parameters.

The T&D and AT&C losses now projected for 21.43% and 22.25% respectively for FY 2023-24 cannot be considered.

The T&D and AT&C losses shall be regulated in the True up process for FY 2023-24 after audited performance is submitted.

The T&D and AT&C losses as approved in MYT order dated 25.03.2021 shall be prevailing for FY 2023-24 as noted below.

Table 5.6 : AT&C Losses approved for FY 2023-24

Particulars	FY 2023-24
AT&C Losses	14.20%

Table 5.7 : Distribution Losses approved for FY 2023-24

Particulars	2023-24
Distribution Losses	12%

5.11. Energy Balance

Petitioner's Submission

Based on the T&D Loss of 21.43% proposed above and energy sales of 1491.96 MU approved in the Business plan, the Energy balance is shown below:

Table 5.8 : Computation of Energy Balance for FY 2023-24 (Projected)

(MU)

Sl. No.	Particulars	Calculation	Approved in Case No 04/2021 for FY 2023-24	Proposed for FY 2023-24
1	Energy purchase from Eastern Region (ER)	A	0	0
2	Inter-State Transmission Loss in ER	B	1.80%	1.80%
3	Net Power purchased from ER	C=A(1-B%)	0	0
4	Power purchase from CGS including Pallatana North Eastern Region (NER)	D	1790.27	1790.27
5	Total Power at NER	E=C+D	1790.27	1790.27
6	Inter-State Transmission Loss in NER	F	3%	3%
7	Net Power available at state bus from external sourcess on long term	G=E*(1-F%)	1736.56	1736.56
8	Power purchase from State generating stations within the state	H	1195.58	1195.58
9	Power purchase from other sources (both from outside & within the State)	I	0	0
10	Net power available at state bus for sale of power within the state	J=G+H+I	2932.14	2932.14
11	Total power sold	K	1627.37	1491.96
12	Distribution Losses (%)	L	12.00%	21.43%
13	T&D Losses in terms of MU	M = N - K	221.91	406.93
14	Energy Requirement for sale by Discom within Discom	N = K/(1-L)	1849.28	1898.89
15	Energy Requirement for sale within state at state bus	O = N/(1-4%)	1926.34	1978.01
16	Surplus Energy at state bus	P = J-O	1005.80	954.13

Commission's Analysis

The Energy balance approved in the MYT order dated 25.03.2021 shall be modified with the updated actual for computation of Energy Balance for FY 2023-24 as depicted below.

Table 5.9 : Energy Balance approved for FY 2023-24

(in MU's)

Sl No	Particulars	Calculation	FY 2023-24
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	C=A(1-B%)	0
4	Power purchase from North Eastern Region (NER)	D	1071.32
5	Inter-State Transmission Loss in NER	E	3%
6	Net Power available at state bus from external sources on long term	F=(C+D)*(1-E%)	1039.18
7	Power purchase from generating stations within the state	G	1089.96
8	Power purchase from other sources	H	386.63
9	**Total energy available**	I=F+G+H	**2515.77**
10	**Total availability at MePDCL periphery**	J=I	2515.77
11	Power to be sold to consumers within the state	K	1491.97
12	Distribution Loss (%)	L	12%
13	Distribution loss in MU	M= K*L	203.45
14	Net Power requirement at MePDCL periphery for sale of power within the state	N=K+M	1695.42
15	Energy Requirement for Sale within the State at State Bus	O = N/1-4%	1766.06
16	**Surplus of power**	P=I-O	**749.71**

Commission considers Energy Balance and determines Surplus Energy at 749.71 MU for FY 2023-24

5.12. Capital Investment plan for implementation of RDSS project

Petitioner's Submission

Additional Business Plan

The Ministry of Power (MoP) vide letter No.REC/RDSS/Meghalaya/2022-23/09 dt 14/07/2022(Annexure-A) approved the action plan and DPR of MePDCL for Meghalaya under Revamped Distribution Sector Scheme (RDSS) for providing prepaid smart metering, and Infrastructure works under loss Reduction programme.

The additional investment, through this proposed project, will help the licensee improve its operational efficiency and help achieve an operational turnaround in the near future.

With the above works, the licensee is striving to not only achieve 100% smart meter implementation in the State but to strengthen its infrastructure works in order to reduce its ACS-ARR gap and AT&C loss in the coming years. It will strive its level best to achieve the targets fixed by the Monitoring Committee as given below:

Parameter	Units	Max marks	Base Year	Base line values	Targets			
					FY 2022	FY 2023	FY 2024	FY 2025
ACS-ARR Gap (cash adjusted)	Rs. / kWh	35	FY 21 [FY 20]	1.97 [1.96]	1.90	1.40	0.90	0.50
ACS-ARR Gap (cash adjusted)				2.11 [1.81]	1.75	1.25	0.75	0.25
AT&C loss	%	25	FY 21 [FY 20]	32.47% [34.32%]	30%	25%	21%	18%

Capital Investment Plan

There are number of internal and external factors which affect the planning of the company and thus the investment plan calls for regular reviews with a view to introduce any mid-term corrections considering the current business environment. Certain attributes have changed due to uncontrollable externalities with respect to projections in the Business Plan submitted for control period FY 2021-22 to FY 2023-24. Therefore, the project particulars need to be modified. These changes include the impact of the change in policy and introduction of new schemes by the Government of India, Ministry of Power.

Transformation of the power Distribution sector is crucial to the viability and sustainability of the Indian power sector. With the objective of expediting reforms in the power Distribution sector, Government of India has launched the Revamped Distribution Sector Scheme (RDSS).

This is aimed at improving the financial condition and operational efficiencies of state-owned DISCOMs. The Ministry of Power (MoP) vide letter No.REC/RDSS/Meghalaya/2022-23/09 dt 14/07/2022 (Annexure-A) approved the action plan and DPR of MePDCL for Meghalaya under Revamped Distribution Sector Scheme (RDSS) besides sanctioning of the same.

As per this sanction letter, approval is given to the following schemes/works

a) DPR for Smart metering works with total Project Cost of Rs 307.82 crore with GBS of Rs. 69.26 crore and PMA charges of Rs. 1.73 crore including GBS of Rs. 1.56 crore.

b) DPR for Infrastructure works- Loss reduction works (except IT/OT works) with total Project cost of Rs. 764.37 crore with GBS of Rs. 687.93 crores and PMA charges of Rs. 11.47 crore with GBS of Rs. 10.32 crore.

c) IT/OT works DPR for Loss reduction works with Project cost of Rs. 20.35 crore with GBS of Rs. 18.31 crore and PMA charges of Rs. 0.31 crore with GBS of Rs. 0.27 crore.

The (b) and (c) above together constitute the Distribution infrastructure works.

As per serial no. 6 of the said letter, the funding pattern may be summarized as:

Sl. No.	Name of work	GBS % (Max) by Central Govt.	Utility/State Govt/ Bidder
1	Prepaid Smart Metering solution including at consumer, DT, and feeder level including integration of existing infrastructure	22.5% of the approved cost metering including the operational cost, provided thatit is not more than Rs. 1350 permeter for consumer metering only.	77.5% or more subject to price discovery of the approved cost, to be borneby the Bidder.
2	Distribution Infrastructure works	90% the approved cost of Distribution Infrastructure works	10% to be borne by Utility/ State Government
3	PMA charge for Metering and infrastructure works	90% of the approved cost of PMA	10% to be borne by Utility/ State Government

REC vide letter No. REC/RDSS/20-21/72 Dt 22.10.2021 has issued guidelines to implement the above works and accordingly proposed to be taken up as follows:

1. For Smart metering works, the smart meters to be installed in prepaid mode only through TOTEX mode (i.e., CAPEX + OPEX); and
2. For Distribution Infrastructure works, the work is to be carried out under CAPEX mode.

The effect of O&M Expenditure/Total Expenditure, capital expenditure and capitalization of this project will be included in the Petition for revision of Tariff for FY 2023-24 of 3rd Control Period FY 2021-2024 over and above the approved capex and capitalization of the Business Plan order dated 09 October 2020.

PROJECT DETAILS AND EXPECTED CAPEX/TOTEX AND CAPITALIZATION PLAN:

Name and Details of the Project:

Details of Smart Metering works to be implemented under TOTEX (CAPAX+ OPEX) mode.

The details for implementing the Smart Metering works are given in the table below:

Tentative timeline for completion of Smart metering Works

S. No	Parameter	Units	Max marks	Base Year	Baseline values	Targets			
						FY 2022	FY 2023	FY 2024	FY 2025
1	Consumer Smart Prepaid Metering [Target: 4,60,000 nos.]	Nos.	20	FY-21	0%	0%	10%	50%	100%
2	Smart DT Metering [Target: 11,419 nos.]	Nos.	15	FY-21	0%	0%	100%	100%	100%
3	Smart FeederMetering [Target: 904 nos.]	Nos.	10	FY-21	0%	0%	100%	100%	100%

Tentative Project Cost and Funding:

S. No	Description	Number	Estimated Cost (Rs. Cr)
1	Consumer Metering		
1.a	1 Ph smart Consumer Meter	3,85,138	231.08
1.b	3 Ph whole current smart Consumer Meter	74,862	44.92
2	Smart DT Metering	11,419	26.26
3	Smart Feeder Metering	904	3.8
4	Smart Boundary Metering	420	1.76
	Sub Total	4,72,743	307.82
5	PMA charge for Smart Metering works		1.73
	Total Investment		309.55

Further, REC vide letter No. REC/RDSS/20-21/72 Dt 22.10.2021 (Annexure-B), has issued guidance note towards the implementation of this work. Some of the instructions are reproduced below:

8. *Project Structure.*

vii. Accounting process of AMISP payment:

a. Transaction Nature: Payment to the AMISP by the DISCOM will be considered as an Operational Expenditure on DISCOM's account.

b. Regulatory Treatment: DISCOM to consider AMISP payments as operation expenditure while filing ARR and tariff review petition to the state ERC

ix. The overall contract period shall be earlier of (a) 10(ten) years from the date of execution of the Contract or (b) As soon as the Meter-Months exceeds "Total Meter-months"

Installation Plan:

Project will be implemented on a turn-key basis where the Utility will strive to complete the installations tentatively within March 2025.

Funding Pattern:

The project will be funded on TOTEX mode where Rs. 69.26 Crore will be funded by the Central Government and the remaining amount Rs 238.56 crores to be recovered from Tariff under O&M for a period of 10 years subject to other conditions prescribed by the MoP.

Year wise additional recovery of the expenditure under O&M (i.e over and above the normal O&M expenditure) starting from FY 2023-24 tentatively will be about Rs 23.87 crores per year subject to the discovery of cost through tenders.

Details of Distribution infrastructure works to be implemented under Capex mode.

The details for implementing the Distribution infrastructure work share given in the table below

Tentative timeline for completion of Distribution infrastructure works :

S.No	Parameter	Units	Max marks	Base Year	Baseline values	Targets			
						FY 2022	FY 2023	FY 2024	FY 2025
1	LTABC Progress [Target: 1249.81Ckm.]	%	15	FY-21	0%	0%	20%	50%	100%
2	Reconductoring oflines [Target: 3755.07Ckm.]	%	15	FY-21	0%	0%	20%	50%	100%
3	HVDS Coverage: (inno. of DTs) [Target: 2595 DTs]	%	15	FY-21	0%	0%	20%	50%	100%
4	SCADA Coverage [Target: 3 towns]	Nos.	10	FY-21	0	0	0	1	3
	Sub-Total		**55**						

Year wise capital expenditure (subject to the discovery of cost through tenders) for the additional project is given below:

Tentative timeline for capital expenditure in crore of Distribution infrastructure works:

S. No	Parameter	Targets				
		FY 2022	FY 2023	FY 2024	FY 2025	Total
1	LTABC Progress [Target: 1249.81 Ckm.]	0.00	29.20	43.80	73.00	146.00
2	Reconductoring of lines [Target: 3755.07Ckm.]	0.00	96.48	144.72	241.19	482.39
3	HVDS Coverage: (in no. of DTs) [Target: 2595 DTs]	0.00	27.20	40.79	67.99	135.98
4	SCADA Coverage [Target: 3 towns]	0.00		5.09	15.26	20.35
	Sub-Total	**0.00**	**152.88**	**234.40**	**397.44**	**784.72**
	PMA Charges					**11.78**
	Total					**796.50**

Funding Pattern:

The project will be funded on Capex mode where Rs. 716.83 Crore will be funded by the Central Government and the remaining amount Rs.79.67 Crores to be funded by State Government/ Loan/ equity subject to other conditions prescribed by the MoP.

Commission's Analysis

Commission considers the Additional Business Plan filed by the MePDCL provisionally. The additional investment, through this proposed project, will help the licensee improve its operational efficiency and help achieve an operational turnaround in the near future.

The claim of the petitioner towards cost of prepaid smart meters shall be met under the TOTEX mode through PPP as per the action plan approved for MePDCL in the REC letter dated 14th July 2022. (Annexure B).

As part of the implementation of the project, the petitioner submitted in their letter dated 06th January 2023 that the NIT/RFP for appointment of advance metering infrastructure service provider (AMISP) was floated on 25.11.2022 and Bids are scheduled tentatively to be opened on 09.01.2023.

The NIT for loss reduction works was floated on 2.12.2022 and Bids are scheduled tentatively to be opened on 13.01.2023.

The status of the tenders/awarding of works shall be updated to the Commission.

MePDCL shall execute Phase-I target for prepaid smart metering project by December 2023 to the extent 50% for the project cost approved for Rs.307.82 Crore in the TOTEX mode through PPP.

Commission considers that capital expenditure (CAPEX) under this project to an extent of 50% shall be allowed at Rs.156.68 Crore for FY 2023-24.

The breakup of the CAPEX for the targets set above shall be as detailed below.

S.No	Description	Phase I (by Dec' 23)	Capex for FY 2023-24 (in Rs.Cr)
1	Consumer Metering		
1.a	1 Ph smart Consumer Meter	1,92,570	115.54
1.b	3 Ph whole current smart Consumer Meter	37,432	22.46
2	Smart DT Metering	5,705	13.12
3	Smart Feeder Metering	904	3.80
4	Smart Boundary Metering	420	1.76
	Total	2,37,031	156.68

Particulars	Total Project Cost	provision for CAPEX FY 2023-24
Total TOTEX approved in the additional Business Plan for FY 2023-24 under RDSS. (in Rs. Cr)	307.82	-
Capex under additional investment proposed (Prepaid Smart Metering 50%) (Annexure B) (in Rs. Cr)	-	156.68
Total Infrastructure works – Loss Reduction (Annexure D) under RDSS (No timeline set) (in Rs. Cr)	784.72	-
Total CAPEX (in Rs. Cr)	**1092.54**	**156.68**

The licensee has submitted in their letter dated 06.01.2023 that the Ongoing IPDS Projects have been completed to an extent of Rs.35.75 Crore and construction of 33 KV S/C from Rangkhon to Dadengre completed under NEC scheme for Rs.5.70 Crore. The Licensee has yet to file True up petitions for FY 2021-22.

The capital Cost and GFA has been computed deducting the value of completed projects for Rs.41.45 Crore and addition of RDSS Capex for smart metering amounted to Rs.156.68 Crore is added provisionally for FY 2023-24.

Considering the True up for FY 2020-21 and additional Business plan for FY 2023-24, the capital cost and GFA for the FY 2023-24 shall be as depicted in the table below.

Table 5.10 : Approved Capital Cost and GFA for the Control Period

(Rs.Crore)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24 (Estimated)
Opening GFA	481.15	1007.40	1160.82	1213.05
Additions during the year	526.25	153.42	52.23	1347.96
Retirements during the year	0.00	0.00	0.00	0.00
Closing GFA	**1007.40**	**1160.82**	**1213.05**	**2561.01**

The licensee shall ensure implementation of the RDSS project as per the guidelines issued vide Ministry of Power, Govt. of India letter no. REC/RDSS/Meghalaya/2022-23/09 dt. 14/07/2022.

Licensee shall ensure:

(i) Obtain approval of the Govt. of Meghalaya as required for implementation of the RDSS Project guidelines issued in the Ministry of Power letter dated 20.07.2021.

(ii) The investment plan is a least cost plan for undertaking investments on strengthening and augmentation of the Distribution system for meeting the requirement for smart metering, billing and collection system, etc. for reduction in Distribution losses, AT&C losses, improvement of supply and reliability.

(iii) The investment plan shall cover all capital expenditure to be undertaken by the Distribution licensee in the control period and shall be as may be stipulated in the Guidelines of Ministry of Power memorandum dated 20.07.2021.

The Distribution Licensee shall be required to ensure implementation of Project to enhance efficiency, productivity and meet performance standards stipulated in the Ministry of Power Govt. of India letter dt. 14/07/2022.

Commission provisionally approves the Additional Business plan (RDSS) for capital investment/expenditure plan as proposed by MePDCL, keeping in view the requirement of strengthening of Distribution system network and to achieve the growth in the State and also the schemes envisaged for system improvement and operational efficiency.

5.13. O&M Expenses

5.13.1 Employee Expenses

Petitioner' submission

The approved Employee Expenses by the Commission is reproduced below.

Table 5.11 : Approved Net Employee Expenses for the control period

(Rs.Cr)

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Estimated)	FY 2022-23 (Estimated)	FY 2023-24 (Estimated)
MePDCL Employee Costs	97.20	111.22	134.19	144.79	155.91	167.55
Employee Expenses of MeECL Apportioned (1/3rd ofTable9)	5.07	5.45	5.85	6.09	6.36	6.64
Net Total	**102.27**	**116.67**	**140.04**	**150.88**	**162.27**	**174.19**

Commission considers Employee expenses at Rs.150.88 Crore, Rs.162.27 Crore and Rs.174.19 Crore for 3rd MYT Control period FY 2021-22, FY 2022-23 and FY 2023-24 respectively.

Commission's Analysis

Regulation 94 of MSERC MYT Regulations 2014 specifies –

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

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

Commission had approved Employee expenses at Rs.174.19 Crore for FY 2023-24 including 1/3rd MeECL apportion able employee expenses in the MYT order 25.03.2021.

The licensee was asked to furnish the actual expenditure under Employee Cost for the FY 2021-22 (True up petition yet to be filed for FY 2021-22) in the commission's letter dated 22.12.2022.

Petitioner has submitted details of actual expenditure including MeECL apportion able employee benefit expenses for FY 2021-22 in their letter dated 10.01.2023.

The details of the actual expenditure as furnished by the licensee for FY 2021-22 are summarized below.

Table 5.12 : Summarized Employee expenses for FY 2021-22

Sl.no	Particulars	Rs. In Cr
1	Pay and allowances of MePDCL	144.45
2	Terminal benefits	0.12
3	Apportionment of Employee benefit expenses from Holding Company (MeECL)	12.85
	Sub total	**157.42**
4	Pension Payment (Apportionment of Terminal benefits from MeECL and CPS Contribution)	55.99
	Total	**213.41**

It may be observed that, details include apportion able employee expenses of holding company for Rs.12.85 Crore and Rs.55.99 Crore pension benefits which shall be met from the Trust funds.

The net expenditure amounts to Rs.157.42 Crore for FY 2021-22 including MeECL employee benefit expenses.

Commission had computed employee expenses considering the inflation for FY 2022-23 and FY 2023-24.

Thus the Employee expenses approved for FY 2023-24 including apportion able MeECL expenses suffice for ARR of FY 2023-24 as depicted in the table below.

Table 5.13 : Approved Employee Expenses for FY 2023-24

(Rs.Cr)

Particulars	**FY 2021-22 Actual**	**FY 2022-23 Estimated**	**FY 2023-24 (Approved in MYT Order)**
Employee expenses of MePDCL	144.45	162.27	**174.19**
Apportion able employee expenses of Holding Company	12.85	-	**-**
Total	**157.52**	**162.27***	**174.19***

***** Including MeECL Expenses***

Commission considers Employee expenses at Rs.174.19 Crore for ARR of FY 2023-24.

5.13.2 Repairs and Maintenance Expenses

Petitioner's submission

MePDCL has submitted an Additional business plan vide letter No. MePDCL/SE (RA)/FY2023- 24/2022/3 Dated 10 November, 2022. In this additional business plan, MePDCL has proposed to install prepaid smart meters and the cost of which is to be recovered through O&M. The detail funding is reproduced below:-

Funding Pattern:

The project will be funded on TOTEX mode where Rs. 69.26 Crore will be funded by the Central Government and the remaining amount Rs 238.56 crores to be recovered from Tariff under O&M for a period of 10 years subject to other conditions prescribed by the MoP.

Year wise additional recovery of the expenditure under O&M (i.e over and above the normal O&M expenditure) starting from FY 2023-24 tentatively will be about Rs 23.87 crores per year subject to the discovery of cost through tenders.

Since tendering process is yet to start, MePDCL proposes to recover Rs 23.87 crore as estimated in the Additional business plan for the FY 2023-24. This recovery is proposed to be given under the Head "Repairs and Maintenance Expenses" of this petition.

It may be noted that Commission has approved Rs 6.67 cr as Repairs and Maintenance expenses for FY 2023-24. Based on this additional cost, the Repair and maintenance expenses is proposed as follows:

Table 5.14 : Proposed Repairs and Maintenance Expenses of MePDCL for FY 2023-24

(Rs. Cr)

Particulars	FY 2023-24 (Estimated)
Approved Repairs and Maintenance Expenses	6.67
Recovery of Cost for Prepaid Smart Meters	23.87
Total	**30.54**

MePDCL requests the Commission to allow Rs 30.54 Cr as Repairs and Maintenance Expenses for FY 2023-24.

Commission's Analysis

The claim of the petitioner for recovery of prepaid smart meters cost amounting to Rs.23.87 Crore is not considered, in view of the fact that implementation of RDSS project has yet to be grounded.

The licensee has stated tendering process is yet to start and the Price of Prepaid Smart meter has to be discovered in the tenders.

The licensee shall obtain approval from Govt. of Meghalaya by signing the tripartite agreement notified in the RDSS Scheme and also hold public hearing from stakeholders before commencement of recovery cost of smart metering.

The recovery cost of the Smart meter shall be subject to Capitalization of asset in TOTEX mode through PPP which includes cost of the meter, erection and commissioning for which the utility has called for the Tenders as per the Guidelines issued by the Ministry of Power, Govt. of India.

Commission has allowed capital expenditure (CAPEX) to an extent of 50% of smart metering scheme cost as projected in the additional business plan for Rs.156.68 Crore for FY 2023-24.

Thus R&M Expenses shall be considered as approved in the MYT order dated 25.03.2021 at Rs.6.67 Crore including MeECL R&M expenses for FY 2023-24.

Table 5.15 : Approved R&M expenses for ARR of FY 2023-24

(Rs.Cr)

Particulars	FY 2023-24
R&M Expenses for MePDCL	6.63
R&M Expenses of MeECL Apportioned	0.04
Total R&M Expenses	**6.67**

Commission considers R&M expenses at Rs.6.67 Crore for ARR of FY 2023-24.

5.13.3 Adm & General Expenses

Commission's Analysis

Licensee has claimed Adm and General Expenses at Rs.13.02 Crore for ARR of FY 2023-24.

The A&G Expenses for ARR of FY 2023-24 shall be considered as approved in the MYT Order dated 25.03.2021 at Rs.13.02 Crore including MeECL Adm & General expenses.

<u>Total O&M Expenses</u>

Table 5.16 : Approved O&M expenses for FY 2023-24

(Rs. Cr)

S.No	Particulars	Filed by MePDCL	FY 2023-24
1	Employee Expenses Incl. $1/3^{rd}$ MeECL cost	195.59	174.19
2	Repairs and Maintenance Expenses	30.54	6.67
3	Adm & General Expenses	13.02	13.02
4	**Total**	**239.15**	**193.88**

Commission Considers O&M expenses at Rs.193.88 Crore for ARR of FY 2023-24.

5.14. Depreciation

Commission's Analysis

Commission had considered -NIL- depreciation for FY 2023-24 in MYT order dated 25.03.2021 considering the Govt. Grants and Contributions available with the Licensee is more than the Capital cost (GFA) of the Utility.

Commission Considers -NIL- Depreciation for computation of ARR for FY 2023-24.

5.15. Interest and Finance Charges

Commission's Analysis

Licensee has projected Interest and Finance charges for FY 2023-24 at Rs.9.82 Crore as approved in the MYT Order dated 25.03.2021.

Commission had approved True up of FY 2020-21 according to which, the outstanding loan would get modified for FY 2023-24 (True up petition of FY 2021-22 and FY 2022-23 are yet to be filed by the Licensee) as computed in the table below.

Table 5.17 : Computation of Interest and Finance charges for FY 2023-24

(Rs.Cr)

Sl.No	Source of Loan with Rate of Interest	FY2020-21	FY2021-22	FY2022-23	FY 2023-24
1	**8% REC Rescheduled** Opening Balance		17.00	9.85	2.13
	Additions during the year		-	-	-
	Repayment		7.15	7.72	1.54
	Closing Balance	17.00	9.85	2.13	0.59
	Average Loan		13.43	5.99	1.36
	Interest Charges		**1.07**	**0.48**	**0.11**
3	**RAPDRP-A at 9% PFC loan** -Opening Balance		33.89	27.81	21.73
	Additions during the year		**-**	**-**	-
	Repayment		6.08	6.08	6.08
	Closing Balance	33.89	27.81	21.73	15.65
	Average Loan		30.85	24.77	18.69
	Interest Charges		**2.78**	**2.23**	**1.68**
4	**RAPDRP-B at 9% PFC loan** - Opening Balance		59.26	52.68	46.10
	Additions during the year		-	-	-
	Repayment		6.58	6.58	6.58
	Closing Balance	59.26	52.68	46.10	39.52
	Average Loan		55.97	49.39	42.81
	Interest Charges		**5.04**	**4.45**	**3.85**
4	**Smart Metering Loan at 9.31% -** Opening Balance		0.62	0.56	0.50
	Additions during the year				
	Repayment		0.06	0.06	0.05
	Closing Balance	0.62	0.56	0.50	0.45
	Average Loan		0.57	0.53	0.48
	Interest Charges		**0.05**	**0.05**	**0.04**
5	**PFC Loan IPD Scheme 10.90%-** Opening balance		5.03	4.55	4.12
	Additions during the year		-	-	
	Repayment		0.48	0.43	0.39
	Closing Balance	5.03	4.55	4.12	3.73
	Average Loan		4.79	4.33	3.93
	Interest Charges		**0.52**	**0.47**	**0.42**
	Total Interest Charges				**6.10**

Commission considers Interest and Finance charges at Rs.6.10 Crore for ARR of FY 2023-24.

5.16. Return on Equity

Commission's Analysis

Commission had considered -NIL- Return on Equity for FY 2023-24 in MYT order dated 25.03.2021 considering the Govt. Grants and Contributions available with the Licensee is more than the Capital cost (GFA) of the Utility.

Commission Considers -NIL- Return on Equity for computation of ARR for FY 2023-24.

5.17. Bad and Doubtful Debts

Commission's Analysis

Licensee has projected -NIL- provision for Bad and doubtful debts in the petition.

Commission considers -NIL- provision for Bad and doubtful debts for computation of ARR for FY 2023-24.

5.18. Interest on Working Capital

Commission's Analysis

Licensee has claimed Interest on Working capital at Rs.22.68 Crore as approved in the MYT Order dated 25.03.2021.

Licensee has yet to file True up petitions for FY 2021-22 and FY 2022-23, and in the absence of data validation, the interest on working capital shall be considered as approved in the MYT Order dated 25.03.2021 for Rs.22.68 Crore for ARR of FY 2023-24.

Interest on Working Capital shall be considered at Rs.22.68 Crore for ARR of FY 2023-24.

5.19. Non Tariff and Other Income

Commission's Analysis

Commission had approved Rs.106.25 Crore in the MYT Order dated 25.03.2021 towards Non Tariff and Other income for FY 2023-24.

Licensee in their letter dated 10.01.2023 has submitted that Non Tariff and Other Income approved in the MYT order dated 25.03.2021 includes Rs.3.54 Crore towards Meter rent from consumers. MePDCL in their Board Meeting dated 20.12.2022 resolved that *"No meter rent shall be levied to all categories of consumers w.e.f. 1st April 2023 onwards irrespective of whether the meter is installed under ADB/RDS Scheme or any other earlier schemes or future schemes or supplied by the Corporation."*

It is to be notified that the meter rent included in the Non Tariff and Other income in the MYT Order for FY 2023-24 was estimated on the basis of previous years income.

The Non Tariff income shall be regulated in the True up process at actual on filing of the audited performance for FY 2023-24.

Commission considers Non Tariff and Other income at Rs.106.25 Crore as approved in MYT order dated 25.03.2021 for computation of ARR for FY 2023-24.

5.20. Revenue from Sale of Surplus Energy

Petitioner's Submission

Commission has approved the revenue from sale of surplus power as indicated below:

Particulars	FY 2023-24
Surplus Energy Crossed Up (MU)	1005.80
Unit rate (= average cost of power purchase) (Rs/Unit)	3.85
Revenue from Sale of Surplus power (INR Cr)	**387.23**

Based on the revised Power purchase cost above, the Revenue from Sale of Surplus power is

Table 5.18 : Revised Revenue from Sale of Surplus power projected for FY 2023-24

Particulars	FY 2023-24
Surplus Energy Crossed Up (MU)	954.13
Unit rate (= average cost of power purchase) (Rs/Unit)	4.12
Revenue from Sale of Surplus power (INR Cr)	**393.10**

MePDCL requests the Commission to allow Rs 393.10 Cr as the Revenue from sale of surplus power for FY 2023-24.

Commission's Analysis:

Commission has computed Energy Balance and surplus Energy determined for 749.71 MU and valued at average power purchase cost of Rs.5.26 Ps/Kwh for FY 2023-24.

Table 5.19 : Approved Revenue from Sale of Surplus Power for FY 2023-24

Particulars	FY 2023-24
Surplus Energy for FY 2023-24	**749.71**
Revenue from sale of surplus power @ Rs. 5.26 Ps/Kwh **(Rs.Cr)**	394.35

Commission considers Revenue from sale of surplus power at Rs.394.35 Crore for FY 2023-24.

5.21. Annual Revenue Requirement for FY 2023-24

Petitioner' submission

Based on the above submissions, the proposed revised ARR for FY 2023-24 is given below:

Table 5.20 : Revised ARR projected for FY 2023-24

S.No	Particulars	Rs Cr
1	Power Purchase cost	1229.97
2	Transmission Charges (PGCIL)	71.80
3	Transmission Charges (MePTCL)	92.38
4	Employee Expenses	195.59
5	Repair & Maintenance Expenses	30.54
6	Administration & General Expenses	13.02
7	Depreciation	0.00
8	Interest and Finance charges	9.82
9	Interest on working capital	22.68
10	Return on Equity	0.00
11	Bad & Doubtful Debt	0.00
	Gross Annual Revenue Requirement (ARR)	**1665.80**
12	Less: Non-Tariff Income and Other Income	106.25
13	Less: Sale of Surplus Power	393.10
	Net ARR	**1166.45**

Total Gap to be recovered through Tariff in FY 2023-24 and Carrying Cost

It may be noted that the approved ARR as well as the gaps of previous year due to true up and review petition on true up order is to be cumulatively recovered through the tariff of FY 2023-24. The Licensee had filed the petition for truing up for FY 2020-21 for MePDCL. The Gap from True up petition of FY 2020-21 of MePDCL is Rs 838.16 Crore.

MePDCL requests the Commission to also include the Gap/ surplus after truing up from the other subsidiaries namely MePTCL and MePGCL as and when the Commission passes the order(s).

Over and above the gap/surplus that may arise due to the truing up of business of MePDCL, MePTCL and MePGCL, MePDCL also requests the Commission to allow appropriate carrying cost due to late recovery of cost.

Net ARR for FY 2023-24

Based on the above submissions in Section 2.1 and 2.2 for approved ARR and gaps of past years, the net Revenue Requirement for FY 2023-24 would be as shown below:

Table 5.21 : Total Revenue Requirement for FY 2023-24

Sl No	Particulars	Amount (In Rs Cr)
1	Approved ARR of FY 2023-24	1166.45
2	Gap from True up of FY 2020-21 of MePDCL	838.16
	Total Revenue Requirement for FY 2023-24	**2004.61**

Thus, the retail supply tariff for FY 2023-24 would be determined based on the net Revenue Requirement as computed above.

Commission's Analysis

Commission after detailed analysis of the tariff petition, taking into consideration of the additional information/data submitted on 10.01.2023 and 10.02.2023, the suggestions/objections in the public hearing process and minutes of the State Advisory Committee meeting has approved the Aggregate Revenue Requirement for FY 2023-24 as per the MSERC MYT Regulations 2014 as depicted in the table below.

Table 5.22 : Approved Aggregate Revenue Requirement for FY 2023-24

(Rs.Crore)

S.No	Particulars	Approved in MYT Order	Filed by MePDCL	Approved for ARR
1	Power Purchase cost	1150.88	1229.97	1156.92
2	Transmission Charges (PGCIL)	71.80	71.80	71.80
3	Transmission Charges (MePTCL)	57.81	92.38	110.99
4	Employee Expenses	174.19	195.59	174.19
5	Repair & Maintenance Expenses	6.67	30.54	6.67
6	Administration & General Expenses	13.02	13.02	13.02
7	Depreciation	0.00	0.00	0.00
8	Interest and Finance charges	9.82	9.82	6.10
9	Interest on working capital	22.68	22.68	22.68
10	Return on Equity	0.00	0.00	0.00
11	Bad & Doubtful Debt	0.00	0.00	0.00
12	RPO	-	-	5.09
	Gross Annual Revenue Requirement (ARR)	**1506.87**	**1665.80**	**1567.46**
13	**Less:** Non-Tariff Income and Other Income	106.25	106.50	106.25
14	**Less:** Sale of Surplus Power	387.23	393.10	394.35
	Net ARR	**1013.39**	**1166.45**	**1066.86**

Commission considers Aggregate Revenue Requirement at Rs. 1066.86 Crore for FY 2023-24.

The claim of the carrying cost due to the delay in True up shall not be considered, since the petitioner MePDCL have filed true up petition along with audited accounts belatedly.

5.22. Tariff Proposal & Revenue Recovery from Tariff

Petitioner' submission

The methodology used here is in line with the methodology used in petition for revision of tariff for FY 2021-22 for estimating the revenue recovery at approved and proposed tariff. The methodology is explained in the subsequent sections.

Commission's Analysis

The methodology used by the petitioner for assessment of Revenue at existing Tariffs is considered.

5.23. Revenue for FY 2023-24 at Existing Tariff

Petitioner's Submission

Based on the above slab wise estimates, Licensee is estimating the revenue for FY 2023-24 at existing tariff as per Commission's approach.

Table 5.23 : Revenue assessed for FY 2023-24 from Energy Charges for Domestic LT at existing tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2022-23 (Rs/Unit)	Revenue from Energy Charge FY 2023-24 at existing Tariff (Rs. Cr)
First 100 Units	20.00%	81.75	4.10	33.52
Next 100 Units	13.30%	54.37	4.50	24.47
Above 200 Units	66.70%	272.68	6.10	166.33
Total	100.00%	408.82		224.32

For Commercial LT, revenue from energy charges at existing tariff:

Table 5.24 : Revenue assessed for FY 2023-24 from Energy Charges of Commercial LT at existing tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Charge FY 2022-23 (Rs/Unit)	Revenue from Energy Charge FY 2022-23 at existing Tariff (In Rs Cr)
First 100 Units	14.60%	11.56	6.50	7.51
Above 100 Units	85.40%	67.65	7.50	50.74
Total	100.00%	79.21		58.25

For BPL/Kutir Jyoti category, the number of consumers considered for direct connection is 10% of the total number.

The Revenue assessed for FY 2023-24 at existing tariffs is filed in the following statement.

Table 5.25 : Revenue at Existing Tariff for FY 2023-24 (Projected)

Sl.	Category	Load(MVA)	Tariff Fixed Charges (Rs/KW/Month)	Fixed Charges Revenue (In Rs Cr)	Energy Tariff (Rs/KWh)	MUs Approved	Avg Tariff	Revenue from EnergyCharge (In Rs Cr)	Total Revenue
		1	**2**	**3=1*2**	**4**	**5**	**6**	**7=4*5**	***8=(7+3) or6*5**
	LT Category								
1	Domestic	540.00	60.00	34.99		408.82		224.32	259.31
2	Commercial	87.00	120.00	11.28		79.21		58.25	69.53
3	Agriculture	0.00	110.00	0	3.00	1.07		0.32	0.32
4	Public Lighting	0.00	120.00	0	6.80	0.12		0.08	0.08
5	Water supply	8.00	120.00	1.04	7.10	13.83		9.82	10.86
6	General Purpose	21.00	120.00	2.72	7.40	17.52		12.96	15.68
7	Kutir jyoti	90.83	170	1.67	3.65	87.42	3.84	31.91	33.58
			Rs/Con/Month						
9	Crematorium	0.16	7000.00	0.01	4.10	0.23		0.09	0.1
			Rs./kVA/month		**Rs./kVAh**				
10	Industrial LT	11.00	6.34	1.58	6.50	6.34		4.12	5.7
	HT Category								
1	Domestic (HT)	20.00	230.00	5.52	6.75	25.50		17.21	22.73
2	Public water supply	10.00	230.00	2.76	7.00	33.87		23.71	26.47
3	General Purpose / BS	46.00	230.00	12.7	6.80	110.78		75.33	88.03
4	Commercial (HT)	34.00	230.00	9.38	7.20	28.02		20.17	29.55
5	Industrial (HT)	206.00	230.00	56.86	7.10	180.91		128.45	185.31
6	Ferro Alloy	11.00	200.00	2.64	4.70	37.58		17.66	20.3
	EHT Category								
1	Industrial (EHT)	10.70	230.00	2.95	6.80	116.34		79.11	82.06
2	Ferro Alloy	68.17	200.00	16.36	4.60	344.41		158.43	174.79
	Total	**1163.86**		**162.46**		**1491.97**		**861.94**	**1024.40**

Commission's Analysis

Licensee has submitted that 10% of the Kutir Jyoti Consumers 27647 considered for direct connection for the Tariff applicable at Rs.170/ per month. The Energy consumption for remaining 248830 consumers at 30 units per month is assessed for 87.42 MU as projected.

Accordingly Revenue assessed against Kutir Jyoti category works out to Rs.37.55 Crore as per the breakup given below.

Particulars	Total no. of Consumers for FY 2023-24	(90.83 MVA Connected load converted into (KW)	Energy (MU)	Tariff Payable (Rs/per Conn/pm)	Revenue Assessed (Rs. Cr)
Kutir Jyoti					
Unmetered	27647			170	5.64
Metered	248830 x 250 W	81.74	87.42	Rs.3.65 ps/Kwh	31.91
Total		81.74	87.42		**37.55**

<u>Special Tariff Industries</u>

Licensee has submitted in their letter 10.02.2023 that MoU with the BIA industrial consumers for supply of power under special tariff has been terminated and power supply was discontinued from 27.01.2022.

Accordingly, Commission has computed Revenue for other categories at existing Tariffs for FY 2023-24 as depicted in the table below:

Table 5.26 : Revenue from Existing Tariffs for FY 2023-24

Sl. No	Category	Connected Load (MVA)	KWH/ KVA	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs. Unit)
A)	**LT Category**					
1	Domestic(DLT)	540	486000	408.82	259.32	6.34
2	Commercial (CLT)	87	78300	79.21	69.53	8.78
4	Agriculture (Ape)	0	0	1.07	0.38	3.57
5	Public Lighting (PL)	0	0	0.12	0.09	7.57
6	Water supply (WSLT)	8	7200	13.83	10.86	7.85
7	General Purpose(GP)	21	18900	17.52	15.69	8.95
8	Kutir jyoti (KJT)	90.83	81747	87.42	37.55	4.30
9	Crematorium (CRM)	0.16	144	0.23	0.10	4.47
10	Industrial LT (ILT)	11	9900	6.34	5.55	8.75
B)	**HT Category**					
1	Domestic (HT)	20	20000	25.50	22.73	8.91
2	Public water supply	10	10000	33.87	26.47	7.81
3	Bulk Supply	46	46000	110.78	88.03	7.95
4	Commercial (HT)	34	34000	28.02	29.56	10.55
5	Industrial (HT)	206	206000	180.91	185.30	10.24
6	Ferro Alloys	11	11000	37.58	20.30	5.40
C)	**EHT Category**					
1	Industrial	10.70	10700	116.34	82.06	7.05
3	Ferro Alloys	68.17	68170	344.41	174.79	5.08
	Total	**1163.86**	**1088061**	**1491.97**	**1028.30**	**6.89**

5.24. Level of Cross Subsidy at Existing Tariff

Petitioner' submission

From the above revenue at Existing Tariff, the level of cross subsidy is shown below:

Table 5.27 : Level of Cross subsidy at existing Tariff

Sl.No	Consumer category	Level of Cross Subsidy (%)
A	**LT CATEGORY**	
1	Domestic (DLT)	-7.45
2	Commercial (CLT)	28.18
3	Industrial (ILT)	31.24
4	Agriculture (Ape)	-56.35
5	Public Lighting (PL)	-2.63
6	Water Supply (WSLT)	14.60
7	General Purpose (GP)	30.66
8	Kutir Jyoti (KJT)	-43.94
9	Crematorium (CRM)	-36.50
B	**HT CATEGORY**	
1	Domestic HT	15.47
2	Water Supply (WSHT)	14.16
3	Bulk Supply (BS)	16.06
4	Commercial (CHT)	54.01
5	Industrial (IHT)	49.49
6	Ferro Alloy	-21.17
C	**EHT CATEGORY**	
1	Industrial	2.92
2	Ferro Alloy	-25.84

(+ means above the overall Average Billing Rate, - means below the overall Average Billing Rate)

Commission's Analysis

In terms of section 61 (g) of the Act, the Appropriate Commission shall be guided by the objective that the Tariff progressively reflects the efficient and prudent cost of supply of electricity.

The existing Tariffs and Cross subsidy levels are as indicated in the table below.

Table 5.28 : Computation of Cross Subsidy at Existing Tariffs

Sl. No	Consumer category	Existing Tariff Payable	Existing Level of Cross Subsidy (%)
A	**LT CATEGORY**		
1	Domestic (DLT)	6.34	-7.98
2	Commercial (CLT)	8.78	27.43
3	Industrial (ILT)	8.75	27.00
4	Agriculture (Ape)	3.57	-48.19
5	Public Lighting (PL)	7.57	9.87
6	Water Supply (WSLT)	7.85	13.93
7	General Purpose (GP)	8.95	29.90
8	Kutir Jyoti (KJT)	4.30	-37.59
9	Crematorium (CRM)	4.47	-35.12
B	**HT CATEGORY**		
1	Domestic (HT)	8.91	29.32
2	Water Supply (WSHT)	7.81	13.35
3	Bulk Supply (BS)	7.95	15.38
4	Commercial (CHT)	10.55	53.12
5	Industrial (IHT)	10.24	48.62
6	Ferro Alloys	5.40	-21.63
C	**EHT CATEGORY**		
1	Industrial	7.05	2.32
2	Ferro Alloys	5.08	-26.27
	Average Cost of Supply	**6.89**	

National Tariff Policy 2016 mandates that, Consumers below poverty line who consume below a specified level, as prescribed in the National Electricity Policy may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.

For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are bought within ± 20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

Section 62 (3) of EA 2003 provides – “*The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.”*

5.25. Revenue Gap for FY 2023-24

Petitioner' submission

Based on the above submissions, the revenue gap for FY 2023-24 at existing tariff has been arrived at as follows:

Table 5.29 : Revenue Gap at existing tariff of FY 2023-24

Particulars	Amount in Rs Cr
Total Revenue Requirement in FY 2023-24	2004.61
Less: Projected Revenue at Existing Tariff Rates (As per Section3.2)	1024.40
Revenue Gap for FY 2023-24 at Existing Tariff	980.21

Commission's Analysis

Commission has considered ARR for FY 2023-24 at Rs. 1066.86 Crore. The True up gap for FY 2020-21 is approved at Rs. 228.48 Crore

Commission has assessed the Revenue at existing Tariffs at Rs.1028.30 Crore for FY 2023-24.

Thus the Revenue gap at existing Tariffs shall be as depicted in the table below

Table 5.30 : Approved Revenue Gap at existing Tariff for FY 2023-24

Particulars	Amount in Rs Cr
Net ARR for FY 2023-24	**1066.86**
Add: True up Gap for FY 2020-21	228.48
Aggregate Revenue Requirement in FY 2023-24	**1295.34**
Less: Revenue at Existing Tariffs	1028.30
Revenue Gap at Existing Tariff for FY 2023-24	**267.04**
Less : Recovery of Proposed Penalty for Non Compliance of the Directives as analyzed vide page no.65 & 66 of this Order	**0.04**
Total Surplus of Revenue for FY 2023-24	**267.00**

Commission approves Revenue Gap at existing Tariffs for Rs. 267.00 Crore for FY 2023-24.

5.26. Time of the Day Tariff for FY 2023-24

Petitioner' submission

Table 5.31 : Proposed Time of Day Tariff for FY 2023-24

Time Slot	Existing Energy Charges (Rs./kVah)		Proposed Energy Charges (Rs./kVah)	
	HT Industrial	EHT Industrial	HT Industrial	EHT Industrial
0600 hrs to 1700 hrs (normal)	7.10	6.80	9.23	8.84
1700-2300hrs (peak)	+20% of Normal	+20% of Normal	+20% of Normal	+20% of Normal
2300-0600hrs (night off-peak)	-15% of Normal	-15% of Normal	-15% of Normal	-15% of Normal

Commission's Analysis

Commission considers existing Time of the day Tariff shall be continued for FY 2023-24.

5.27. Unmetered Public Lighting

Petitioner's Submission

The licensee is requesting for an extension till 31/03/2024 for replacement of existing fittings with LEDs. The licensee also requests the Commission to allow it to bill the existing fixtures at the prevailing rates of the old lamps &LEDS till all are metered.

Commission's Analysis

Commission had notified in the Tariff Order for FY 2022-23 that *"All the public lighting fitting and fixtures should be invariably metered and the existing fittings should be phased out immediately with metered LED fittings and fixtures."*

The licensee has not complied with the Commission's notification nor has disclosed the number of fittings and Revenue so far received from the unmetered public lighting fittings. The inaction of the licensee may be contributing to add up of distribution losses for unaccounted consumption of Energy. Seeking further extension for replacement of existing fittings with LED's upto 31.03.2024 would boost up the distribution loss for non accounting of Energy.

MePDCL shall henceforth file a status report in phasing out the unmetered incandescent lamps along with the details of no. of fittings and Revenue so far billed by 30.06.2023.

The licensee may continue with the present servicing as a stop gap measure.

5.28. Temporary Supply Tariff

Petitioner' submission

MeECL has proposed to continue their existing arrangement where the fixed and energy charges shall continue to be double of the normal applicable rates for all categories.

Commission's Analysis

Commission considers Temporary supply Tariff for FY 2023-24 as proposed by the petitioner.

5.29. Load Factor Rebate

Commission had considered and fixed Threshold Load factor at a minimum of 78% to power intensive nature of industries like Ferro Alloys in FY 2022-23.

Failure to maintain the load factor of 78%, for reasons other than force majeure and/or grid failure or major break down at consumer end, penal charges of INR Rs.1.70 per KVAH for EHT consumers and INR Rs.1.50 Per KVAH for HT Consumer will be applicable on the 33 KV level IHT Consumer and 132 KV level EHT Consumer respectively, for non-drawl of units up to the load factor of 78% to be calculated on Monthly billing cycle period.

During the Public hearing process, stake holders and representatives of industries have requested the commission to consider a rebate on excess consumption above the Threshold load factor level of 78% in the Tariffs for FY 2023-24. This demand has been there for the last 3 to 4 years.

Commission after due prudence consideration have decided to introduce Load Factor rebate to incentivise the HT and EHT consumers for FY 2023-24 including Ferro Alloy, whose load factor exceed 78% at a rate of 20 paise per unit on energy charges for energy consumption over and above 78% load factor during billing month.

The above rebate will be available only on monthly basis and consumers with arrears shall not be eligible for the above rebate. However, the applicable rebate shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate court.

5.30. Tariff for Electric Vehicle charging Stations

MePDCL has yet to submit the status report with regard to the prospective consumers seeking electric supply for vehicle charging stations registered with the Discom.

Therefore, the Commission direct the Licensee to come up with the latest status and file the tariff petition separately for the same.

6. Tariff Principles, design and Approved Tariffs

6.1 Background

The Commission while determining the Revenue Requirement and retail tariff for MePDCL for FY 2023-24, has been guided by the provisions of the Electricity Act, 2003, Revised National Tariff Policy, Regulations on Terms and Conditions of Tariff issued by Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by MSERC. The Act mandates that the tariff determination shall be guided by the factors which encourage competition, efficiency, economical use of resources, good performance and optimum investment. The National Tariff Policy (NTP) notified by Govt. of India provides comprehensive guidelines for determination of tariff and also in working out the revenue requirement of power utilities. The Commission has endeavoured to follow these guidelines as far as possible. The mandate of National Tariff Policy is that tariff should be within ±20% of the average cost of supply for the year. It is not possible for the Commission to lay down the road map for reduction of cross subsidy, mainly because of lack of data regarding Cost of Supply (CoS) at various voltage levels. In view of the prevailing situation, the Commission has gone on the basis of average cost of supply for working out consumer category wise cost of supply. The Commission has always stressed to the licensee that better performance in reduction in loss levels would result in substantial reduction in average cost of supply, and would be of benefit to the consumer.

6.2 Determination of Retail Supply Tariff for FY 2023-24

Petitioner's Submission

From the previous section, it is evident that in order to meet the projected revenue gap of Rs.980.21 Crore, the existing tariff rates need to be enhanced by around 98.69%.

Since this would be a huge tariff shock to the consumers, MePDCL proposes that there may be a tariff hike of only 30% and the remaining amount may be treated as regulatory asset to be liquidated over the future years.

The proposed tariff rates for different category of consumers with the 30% tariff hike is given below:

Table 6.1 : Proposed Tariffs for FY 2023-24

Sl. No	Category	Existing Tariff		Proposed Tariff	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
		Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
	Low Tension				
1	**Kutir Jyoti**				
	Unmetered (Per Connection)	170	-	220	
	Metered in excess of 30 units	-	3.65		4.75
2	**Domestic**				
	First 100 Units	60	4.10	80	5.33
	Next 100 Units	60	4.50	80	5.85
	Above 200 Units	60	6.10	80	7.93
3	**Commercial**				
	First 100 Units	120	6.50	155	8.45
	Above 100 Units	120	7.50	155	9.75
4	Public Lighting(Metered)	120	6.80	155	8.84
5	Public Water Supply	120	7.10	155	9.23
6	General Purpose	120	7.40	155	9.49
7	Agriculture	110	3.00	145	3.90
8	Electric Vehicle Charging Station	120	9.70	155	9.70
		Rs./KW/Month	**Rs./kWh**	**Rs./KW/Month**	**Rs./kWh**
9	Crematorium	7000	4.10	9100	5.33
		Rs./KW/Month	**Rs./kWh**	**Rs./KW/Month**	**Rs./kWh**
10	LT Industrial	120	6.50	155	8.06
	High Tension	**Rs./kVA/month**	**Rs./kVAh**	**Rs./kVA/month**	**Rs./kVAh**
11	Domestic	230	6.75	300	8.78
12	General Purpose/Bulk Supply	230	6.80	300	8.84
13	Commercial	230	7.20	300	9.36
14	Industrial	230	7.10	300	9.23
15	Ferro Alloy	200	4.70	260	6.11
16	Public Water Supply	230	7.00	300	9.10
17	Electric Vehicle Charging Station	230	9.90	300	9.90
	Extra High Tension	**Rs./kVA/month**	**Rs./kVAh**	**Rs./kVA/month**	**Rs./kVAh**
18	Industrial	230	6.80	300	8.84
19	Ferro Alloy	230	4.60	260	5.98

Commission's Analysis

Regulation 101 of MSERC Regulations 2014 specifies that -

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

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

The mandate of National Tariff Policy is that tariff should be within ± 20% of the average cost of supply for the year.

The Annual Revenue Requirement for FY 2023-24 works out to be Rs. **1295.34** Crore including True up gap for FY 2020-21. The Revenue assessed from the Existing Tariffs works out to Rs.1028.30 Crore there by a Revenue gap of Rs. 267.04 Crore to be bridged by increasing tariffs not exceeding 20% of the existing Tariffs for FY 2023-24.

The proposed increase in the Tariffs by the licensee at 30% shall not be considerable.

Commission observed that there is huge variance in the Cross subsidy levels among the consumer categories.

Commission considers it is desirable to neutralise the cross subsidy levels to some extent among the consumer categories in terms of section 62.(3) of Electricity Act 2003 read with Regulation 103 of MSERC MYT Regulations 2014.

Commission accordingly determines to carry out revision of rates of Energy and fixed charges for FY 2023-24.

The above revision in the Tariff rates provides Revenue to the Licensee at Rs.107.41 Crore which works out to increase over FY 2022-23 at 10.44 %.

Accordingly the Tariff rates for FY 2023-24 are notified in next page.

Table 6.2 : Approved Category wise Tariffs for FY 2023-24

Sl. No	Category	Existing Tariff		Approved Tariff	
		Fixed Charges	**Energy Charges**	**Fixed Charges**	**Energy Charges**
		Rs./KW/Month	**Rs./kWh**	**Rs./KW/Month**	**Rs./kWh**
	Low Tension				
1	Kutir Jyoti				
	Unmetered (Per Connection)	170/conn/month		200/conn/month	
	Metered upto 30 units /month		3.65		3.75
2	Domestic				
	First 100 Units	60	4.10	80	4.50
	Next 100 Units	60	4.50	80	5.00
	Above 200 Units	60	6.10	80	6.70
3	Commercial				
	First 100 Units	120	6.50	140	6.70
	Above 100 Units	120	7.50	140	7.80
		Rs./kVA/month	**Rs./kVAh**	**Rs./kVA/month**	
4	LT Industrial	120	6.50	140	6.80
		Rs./KW/month	**Rs./kwh**	**Rs./KW/month**	
5	Public Lighting (Metered)	120	6.80	140	7.00
6	Public Water Supply	120	7.10	140	7.30
7	General Purpose	120	7.40	140	7.60
8	Agriculture/Irrigation	110	3.00	120	3.50
9	Crematorium	7000/conn/month	4.10	7500/conn/month	4.50
	High Tension				
10	Domestic	230	6.75	300	6.90
11	General Purpose/Bulk Supply	230	6.80	300	6.90
12	Commercial	230	7.20	300	7.40
13	**Industrial**				
a)	Other HT Industries	230	7.10	300	7.80
14	Ferro Alloys	200	4.70	230	5.00
15	Public Water Supply	230	7.00	300	7.30
	Extra High Tension				
16	**Industrial**				
a)	Other EHT Industries	230	6.80	300	7.50
17	Ferro Alloys	200	4.60	230	4.90

Table 6.3 : Revenue from Revised Tariffs for FY 2023-24

Sl. No	Category	No. of Consumers	Connected Load (MVA)	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs./Unit)
A)	**LT Category**					
1	Domestic(DLT)	360933	540	408.82	293.33	7.18
2	Commercial (CLT)	34894	87	79.21	73.67	9.30
3	Industrial LT (ILT)	695	11	6.34	5.97	9.42
4	Agriculture (Ape)	465	0	1.07	0.44	4.13
5	Public Lighting (PL)	64	0	0.12	0.09	7.90
6	Water supply (WSLT)	519	8	13.83	11.31	8.17
7	General Purpose(GP)	2566	21	17.52	16.49	9.41
8	Kutir jyoti (KJT)	276477	90.83	87.42	39.42	4.51
9	Crematorium (CRM)	1	0.16	0.23	0.11	4.89
B)	**HT Category**					
1	Domestic (HT)	104	20	25.50	24.80	9.72
2	water supply	27	10	33.87	28.33	8.36
3	Bulk Supply	269	46	110.78	93.00	8.39
4	Commercial (HT)	167	34	28.02	32.97	11.77
5	Industrial (HT)	132	206	180.91	215.27	11.90
6	Ferro Alloys	2	11	37.58	21.83	5.81
C)	**EHT Category**					
1	Industrial	7	10.70	116.34	91.11	7.83
2	Ferro Alloys	4	68.17	344.41	187.58	5.45
	Grand Total	**677326**	**1163.86**	**1491.97**	**1135.71**	**7.61**

Table 6.4 : Computation of Cross Subsidy at Revised Tariffs for FY 2023-24

Sl. No	Consumer category	ACS with Revised Tariff Payable	Level of Cross Subsidy (%)
A	**LT CATEGORY**		
1	Domestic (DLT)	7.18	-5.74
2	Commercial (CLT)	9.30	22.17
3	Industrial (ILT)	9.42	23.79
4	Agriculture (Ape)	4.13	-45.80
5	Public Lighting (PL)	7.90	3.73
6	Water Supply (WSLT)	8.17	7.39
7	General Purpose (GP)	9.41	23.65
8	Kutir Jyoti (KJT)	4.51	-40.77
9	Crematorium (CRM)	4.89	-35.74
B	**HT CATEGORY**		
1	Domestic (HT)	9.72	27.74
2	Water Supply (WSHT)	8.36	9.86
3	Bulk Supply (BS)	8.39	10.28
4	Commercial (CHT)	11.77	54.60
5	Industrial (IHT)	11.90	56.32
6	Ferro Alloys	5.81	-23.70
C	**EHT CATEGORY**		
1	Industrial	7.83	2.88
2	Ferro Alloys	5.45	-28.45
	Average Cost of Supply	**7.61**	

6.3 Revenue Gap after Revision of Tariff rates for FY 2023-24

Commission Considers the Revenue Gap after Revision of Tariff rates for FY 2023-24 as depicted in the Table below.

Table 6.5 : Approved Revenue Gap at Revised Tariffs for FY 2023-24

Particulars	Amount in Rs Cr
Net ARR for FY 2023-24	**1295.34**
Less: Revenue at Revised Tariffs	1135.71
Revenue Gap at Revised Tariff for FY 2023-24	**159.63**

Commission approves Revenue Gap at Revised Tariffs for Rs. 159.63 Crore for FY 2023-24.

The Licensee shall meet the Revenue Gap by improving Operational performance in the areas of Energy Sales, Power Purchase and AT&C loss reduction during the FY 2023-24.

7. Wheeling Charges and Cross Subsidy Surcharge

7.1 Wheeling Charges

Petitioner's Submission

The Wheeling Charges applicable for Distribution Open Access consumers at 33 kV voltage level for FY 2020-21 has been determined as per the Clause 23 MSERC (Terms and Conditions of Open Access) Regulations, 2012 which is stated below:

"Wheeling charges payable to distribution licensee, by an open access customer for usage of its system and associated facilities shall be determined as under:

Wheeling Charges = (ARR – PPC – TC) / (ALSD X365) (in Rs. /MW-Day)

Where,

ARR= Annual Revenue Requirement of the distribution licensee in the relevant year

PPC= Total Power Purchase Cost of distribution licensee in the relevant year

TC = Total transmission charges paid by distribution licensee for State and associated facilities and Inter-State transmission system for the relevant year

ALSD= Total average load projected to be served by the concerned distribution system in the relevant year

Provided that Wheeling charges shall be payable on the basis of contracted Capacity/Scheduled Load or actual power flow whichever is higher."

Wheeling Charges has been determined from the ARR FY 2023-24 of the Distribution Wires Business, as determined in the below table:

Table 7. 1 : Wheeling Charges for FY 2023-24

Particulars		Amount
Gross ARR of Distribution Business (In Rs. Cr)	A	1665.80
Power Purchase Cost Within State (In Rs. Cr)	B	1229.97
Inter and Intra State Transmission Charges (In Rs. Cr)	C	164.18
Net ARR of Wire Business (In Rs. Cr)	D=A-B-C	**271.65**
Estimated Load for FY 2023-24 (MW)	E	252.00
Wheeling Charges (Rs/MW-Day)	F=D/(E*365)	**29,533.59**
Total Sale within State for FY 2023-24 (MUs)	G	1491.57
Wheeling Charges (Rs/Unit)	H=D*10/G	**1.82**

The Licensee humbly requests the Commission to review the wheeling charges as per the calculations shown above.

Commission's Analysis

The Commission has noted the submission of the Petitioner and taken a view in this Order. The Commission has determined the ARR of MePDCL for FY 2023-24 as per the Regulations and adopted as the basis for determining the wheeling charges in accordance with MSERC (Terms and conditions of open Access) Regulations, 2012.

Computation of wheeling charges shall be on the basis of approved sales at 1491.97 MU.

Table 7. 2 : Approved Wheeling charges for FY 2023-24

Particulars	(Rs. Crore)
ARR of MePDCL for FY 2023-24 excluding Non- Tariff income (1567.46-106.25)	1461.21
Less: Power Purchase cost of MePDCL	1156.92
Less: Transmission Charges of MePTCL	110.99
ARR – PPC - Transmission Charges	193.30
Energy Sales (MU)	1491.97
Wheeling Charges (193.30/ 1491.97)	**1.30 Ps/KWh**

Wheeling charges per unit works out to Rs. 1.30 Ps/kWh.

Commission directs the licensee to recover the wheeling charges as per Regulations payable from open access consumers on the basis of contracted capacity/ scheduled load or actual power flow whichever is higher.

7.2 Cross Subsidy Surcharge

Petitioner's Submission

There are six (6) categories of consumers under HT supply and two (2) categories of consumers under EHT supply. MePDCL proposes to have a single Cross subsidy surcharge for all categories of consumers under HT supply and single Cross subsidy surcharge for all categories of consumers under EHT supply.

As per the formula prescribed by the National Tariff Policy notified by Ministry of Power Resolution dated 28th January 2016, the computation of cross subsidy surcharge is shown below:

Table 7. 3 : Computation of Cross Subsidy Surcharge for FY 2023-24 (Projected)

V = Voltage Level	T = Tariff (Rs./Kvah)	C = Average Cost of Power Incl. PGCIL Cost	L = Losses (%)	D = Wheeling Charges	R = Regulatory Assets	S = Surcharge	Limited to 20% of Tariff (Rs./KVah)
	1	**2**	**3**	**4**	**5**	**6**	**7**
HT Level	13.33*	4.12	6%	1.82	4.46	2.67	2.67
EHT Level	9.17*	4.12	4%	1.82	4.46	-1.4	1.83

Therefore, the Commission has the discretionary power not to strictly follow the formula but to devise any other means provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

In light of this, MePDCL proposes that the surcharge be limited to 20% of the tariff applicable to the category of the consumers seeking open access as indicated below.

Table 7. 4 : Proposed Cross Subsidy Surcharge for FY 2023-24

Sr. No	Particulars	Existing (INR/Kwh)	Proposed (INR/Kwh)
1	Cross Subsidy Surcharge for HT Consumers	1.90	2.67
2	Cross Subsidy Surcharge for EHT Consumers	1.47	1.83

Commission's Analysis

The Tariff determined for Ferro Alloys industries was as a measure of industrial promotion in the state of Meghalaya and as mandated in terms of section 62 (3) of EA 2003.

The licensee shall file the status report as required vide para 5.26 of this order for further review and take appropriate decision.

The Cross subsidy surcharge shall be computed as per the Regulations and National Tariff policy notified by Ministry of Power Resolution dated 28th January 2016 as analysed below.

Surcharge Formula:

S= T – [C/ (1-L/100) + D+ R]

Where

S is the surcharge

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

Obligation

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

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

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

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

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

Table 7. 5 : Weighted Average Power Purchase Cost for FY 2023-24

Sl.No	Particulars	(Rs. in Crores)
1	Power Purchase Cost	1156.92
2	PGCIL Cost	71.80
3	**Total (1+2)**	**1228.72**
4	Power Purchase (MU)	2547.91 **(MU)**
5	**Weighted Avg. Power Purchase cost (3/4)**	**Rs. 4.82/ Kwh**

Formula:

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

Table 7. 6 : Computation of Cross Subsidy Surcharge for FY 2023-24

Voltage Level	T = Tariff (Rs./Kvah)	C = Average Cost of Power Incl. PGCIL Cost	L = Losses (%)	D = Wheeling Charges	R = Regulatory Assets	S = Surcharge	Limited to 20% of Tariff (Rs./KVah)
	1	**2**	**3**	**4**	**5**	**6**	**7**
HT Level	11.90	4.82	6%	1.30	0	5.47	2.38
EHT Level	7.83	4.82	4%	1.30	0	1.51	1.57

Commission considers Cross subsidy surcharge for HT consumers at Rs.2.38/Kvah and EHT consumers at Rs.1.51/Kvah for FY 2023-24.

Separate CSS for Ferro Alloys Industries:

Computation of Cross Subsidy Surcharge for Ferro Alloy Industries for FY 2023-24

Voltage Level	T = Tariff (Rs./Kvah)	C = Average Cost of Power Incl. PGCIL Cost	L = Losses (%)	D = Wheeling Charges	R = Regulatory Assets	S = Surcharge	Limited to 20% of Tariff (Rs./KVah)
	1	**2**	**3**	**4**	**5**	**6**	**7**
HT Level	5.81	4.82	6%	1.30	0	0.62	1.16
EHT Level	5.45	4.82	4%	1.30	0	0.87	1.09

Commission considers Cross subsidy surcharge for HT Ferro Alloys consumers at Rs.0.62 ps /Kvah and EHT Ferro Alloys consumers at Rs.0.87 ps/Kvah for FY 2023-24.

8. Directives

8.1 Compliance of Directives

1) Energy audit

As per the MOU entered for implementation of UDAY scheme, energy audit upto 11Kv level has been made mandatory; licensee shall ensure energy audit as contemplated in the MOU and report progress of loss levels to the Commission every month.

Status:

MePDCL has filed updated action taken report on 22.03.2023 with the following status of the Directive.

Energy Manager for energy accounting which is required as per Energy Conservation Act 2001 was appointed on 8th December 2022.

Energy Auditor namely A-Z Energy Engineers Private Limited, New Delhi was appointed on 7th December 2022.

Energy Audit for MePDCL for FY 2020-21 and FY 2021-22 has already been carried out by A-Z Engineers Private Limited, the empanelled Energy Auditor of BEE for DISCOMS.

The pockets of loss-making network have been identified. Under NERPSIP and ADB schemes some new 33/11 KV Substations, 33 KV lines and 11 KV lines are being constructed, some of which, have already been completed, some are in progress and some are yet to start. Under RDSS scheme, the works to reduce the AT&C loss include (a) strengthening of some 33 KV, 11 KV & LT lines (wherever necessary) (b) construction of 11 KV lines with DTs to reduce LT line length (c) conversion from overhead line to MVCC for 33 KV & 11 KV lines (wherever necessary) (d) Conversion from overhead line to ABC for LT line (wherever necessary) (e) Feeder, boundary & DT metering (f) installation of smart meters for consumers which have not been covered under ADB Scheme (g) Unified Billing System. With the completion of the RDSS scheme, energy accounting and energy audit can be carried out at different levels and the report will be system generated.

Feeder and DT Meterings have been installed. However, Loss analysis has not been carried out successfully due to shortage of Man power and some of the metering equipment become defective. With the launching of RDSS (Revamped Distribution Sector Scheme) by the Government of India, all the above meters are expected to be replaced with smart meters which will eliminate the necessity to have more man power to carry out the loss study and could retrieve the data in real-time and, as and when required.

Commission's Views

Licensee has filed study report carried out for FY 2020-21 and FY 2021-22 by the A-Z Energy Engineers Private Ltd. on 22.03.2023 on the Commission's Directive reviewed during Public hearing held on 15.03.2023.

The Energy audit report reveals T&D loss at 27.04% and AT&C loss at 26.72%. The Study report with reference to the input Energy and Metered Energy disclosed AT&C loss % at 61% and 71% in the West Garo and East Garo circles which is more than T&D losses claimed at 26.75% and AT&C loss at 29.67%.

It can be observed from the study that substantial loss of Energy purchased has been lost in the T&D and AT&C losses causing performance deficiency in the operations of the Discom.

The Status of T&D and AT&C losses during the FY 2021-22 in respect of the West Garo hills reported at 58.80% and East Garo hills circle had further increased to 78.64%. Added to the above AT&C loss study, Jantia hills and Tura Circles recorded 33.51% and 64.26% which is more than the overall T&D and AT&C loss levels of 24.85 % and 24.96% for FY 2021-22.

The licensee has reported various infrastructural strengthening activity such as construction of 33 KV substation and lines, 11 KV and LT lines, providing feeder boundary and DT metering, conversion of overhead line to AB cables for LT lines wherever necessary, installation of smart meters for consumers who were not covered under ADB scheme and unified billing system. With the completion of RDSS scheme, Energy audit can be carried at different levels and system generated report will be filed.

Licensee's endeavors would facilitate reduction in the T&D and AT&C losses provided Capex has been capitalized resulting in savings in power purchase cost and reduction in the Tariffs to the users.

Commission has approved RDSS scheme to be commenced in the current MYT period FY 2023-24. The licensee shall expedite implementation of RDSS scheme for which 90% of the investment has been proposed to be funded by the Govt. of India.

The licensee shall submit progress report for every quarter in the FY 2023-24.

2) Energy conservation and DSM

MeECL submitted that in fact the Government has observed that CFL is to be phased out and consumers are encouraged to use LED bulbs for lighting purpose. It may be mentioned that the M/s Energy Efficiency Services Limited is being engaged as consultant to assist MePDCL to implement energy conservation and DMS. The Licensee shall advise the local Government to avoid use of fluorescent, Mercury, sodium vapour, CFL fittings, incandescent lamps by replacing existing street lights with LED lamps and fittings in order to ensure implementation of energy conservation and DSM. Commission had not considered the tariffs for public lighting with CFL fittings in the Tariff Order for FY 2018-19, proposals for Tariff rates for CFL fittings in the petition for FY 2020-21 is not considered.

Status:

MePDCL has filed updated action taken report on 22.03.2023 with the following status of the Directive.

There were 277 nos of CFL fittings in the year 2020-21 and the amount realized from these fittings during FY 2020-21 was Rs.12.61 lakhs.

It may be mentioned that energy conservation activities are being done by the Office of Senior Electrical Inspector being State Designated Agency. Only DSM part is being taken up by MePDCL.

In the Month of May 2022, BEE had given a proposal to provide man power support to MePDCL for DSM activities. In response MePDCL had given consent in the month of July 2022. The final response from BEE is awaited.

Commission's Views

Commission directs that 100% (277 nos.) CFL fittings shall be replaced with metered LED fittings by September 2023 which will boost the Energy sales and Revenue for sale of power.

3) Man power utilization study

Licensee submitted that the Manpower mapping is being done by Corporate Affairs wing of the MeECL.

Commission directs the Licensee to expedite submission of report for optimum utilisation of manpower, which would not affect efficiency while at the same time reducing costs. Report to be made available to the Commission by 30/06/2020.

Status:

MePDCL had carried out an exercise for the bare minimum manpower and submitted to the State Government vide letter no. MeECL/CA/GA/73/2022/46 dated 20th September 2022 for approval. The same is awaited. It is expected that an approval will be received shortly and accordingly, an additional employee cost will also involve. The additional employee cost will be intimated in due course of time before the Hon'ble Commission for consideration in the Tariff.

Commission's Views

The licensee shall pursue the matter with the MeECL and State Govt. on the subject for deployment of additional manpower.

Commission shall examine financial commitment in the ARR wherever considered necessary.

Licensee shall report progress periodically to the commission.

4) Energy Accounting Under UI/Swapping

The Commission directs the Licensee that payables/receivables towards UI/Swapping are properly scrutinized so that any excess allowed in the power purchase cost, due to difference in scheduling and actual drawl, by the open access consumer is not collected twice.

Status:

MePDCL has filed updated action taken report on 22.03.2023 with the following status of the Directive.

The Source wise swapping, banking details (sale and purchase) is enclosed as Annexure A3 in Annual Energy Audit Report.

The swapping purchase account filed for the period FY 2013-14 to FY 2021-22 amounted at 2437.37 MU.

The swapping sale of power filed for the period FY 2013-14 to FY 2021-22 amounted at 2210.19 MU.

The Payable/receivables towards UI (deviation) against Open Access customers are under direct control of SLDC.

MePDCL prepares only Cross Subsidy Surcharges bills for Open Access customers based on data from SLDC. There has been instances of complaints about double billing of Cross Subsidy surcharge from Open Access Customers.

Commission's views

The Energy Account under swapping purchase and sale is disclosed that 227.18 MU is returnable for the period FY 2013-14 to FY 2021-22.

The cost of the purchase and sale is reported to be inclusive of surcharge which is not admissible for determination of Tariff.

The Licensee shall ensure to furnish the source wise swapping account with actual cost of purchase and sale excluding surcharge and shall be reported through audited accounts for Regulatory process.

MePDCL has been filing the True up petitions for approval of the commission wherein the licensee is filing the bilateral power procurement under swapping and Banking arrangement from various Traders/Vendors during the period of supply Regulation. Commission had issued Directive to ascertain quantum of energy source wise receivable/returnable at the end of the year under swapping and banking arrangement.

Licensee shall obtain data from the SLDC/Transmission utility and furnish the details along with the True up petition. The same data shall be reported through the Audited accounts for Energy accounting in the True up process.

5) Restructuring of MeSEB/Functioning of the Trust

The Commission directs the Licensee to place the details of transaction of pension, terminal liabilities and status of the functioning of Trust made for disbursement of the retired employees in its next ARR so as to make necessary adjustments, if any, in accordance with the Regulations.

Status:

MePDCL has filed updated action taken report on 22.03.2023 with the following status of the Directive.

Contribution of the MeECL towards the Trust was last given in March 2013. As all investment was redeemed fully since May 2021 (as per Board of Trust resolution dt 05.12.2017), no extra fund for investment to the Pension Trust was made except Monthly Pension and Other payments.

The Accounts of the Pension Trust has been included in the Statement of Accounts of MeECL (Holding Company) and the expenses towards the Terminal benefits has been apportioned accordingly to the subsidiaries. This is due to the fact that the Corpus Fund has not been made available to the Trust as per the Transfer Scheme 2010. The Trust will be made functional on Receipt of Corpus Fund from the government of Meghalaya as per the Transfer Scheme and also subsequent Terminal Benefit Contribution from the utilities shall be deposited into Trust Account.

Commission's Views

Commission during the discussions had with the MeECL officials on 24.11.2021, held that the interests of the consumers must be kept in mind and the burden of pension and terminal benefits cannot be passed on to Tariff.

Commission was willing that some part of the Employees terminal benefits shall be allowed in the True up process strictly subject to the condition that immediate action on progressive funding of the pension Trust fund was ensured.

MeECL/MePDCL shall pursue with the Govt. of Meghalaya and ensure operationalise the Trust accounts expeditiously.

6) Reduction in AT&C losses

a. Reduction in T & D losses

b. Reduction in commercial losses

c. Improvement in metering, billing and collection

Status:

MePDCL has filed updated action taken report on 22.03.2023 with the following status of the Directive.

The Progress Report on the action to reduce AT&C loss is appended in Annexure A4 of Annual Energy Audit Report.

Efforts are being made by MePDCL to reduce the AT&C losses. The AT&C losses for FY 2017-18, 2018-19,2019-20 as approved by the Hon'ble Commission in the True up orders are 38.00%, 36.20% & 32.07%. Further, the AT&C loss for FY 2020-21 as per petition filed on 1st November 2022 is 26.75%. This clearly shows that MePDCL has made every effort to reduce the AT&C losses despite the fact there are innumerable constraints like, old distribution network (lines, cables, DTs etc) long LT lines, especially in rural areas where phase balancing is not possible, acute shortage of man power, unrealistic target for reduction of AT&C losses by Hon'ble Commission etc.,

Commission's Views

Licensee has reported various infrastructural activities taken up with the funding assisted from ADB in order to achieve reduction of AT&C losses. The Status reported reveals that 09 nos 33/11 KV substations completed between April 2020 and January 2023. The Capital cost of these projects shall be brought into the books from which depreciation and RoE shall be admissible in the ARR. The objective of reduction in the AT&C losses would be achieved on Capitalization of the completed works.

The status of the ongoing improvement works shall be updated by 30th September 2023.

Regulation 83.1 of MSERC MYT Regulations 2014 specifies that – *"in case a licensee whose AT&C losses during the previous year are less than 30 percent, it would be obligatory for such licensee to reduce such AT&C losses by a minimum of 1.5 percent only during the year for which a Tariff Application is made. Failure to achieve this level of reduction may be penalized in the same manner as set out in clause (a)"*.

The licensee shall ensure reduction of AT&C losses by implementation of RDSS programmed in FY 2023-24.

7) Power Purchase:

Licensee has been projecting high volume of power procurement without corresponding increase in the level of energy sales. As a result a huge quantum of energy is being surrendered to UI/exchange, IEX which at times does not even cover cost price. This results in high cost of procurement and ultimately resulted in substantial increase in tariffs. The Licensee shall properly estimate the demand and follow the procedure laid down for sale to the consumers in the licensed area. The Licensee shall invariably obtain prior approval from the Commission where it is proposed to purchase power from sources other than approved vendors bilaterally, as specified in Regulations.

Commission directs the licensee to ensure optimum level of energy procurement in order to reduce the costs & tariffs, since there is a surplus of about 1100 MU available for FY 2020-21.

Status:

Power is purchased as per PPA from the Central generating stations and from MePGCL. Based on the daily entitlement schedule projected by NERLDC and the projected availability from MePGCL, the tentative Surplus/ Shortfall on the Demand is determined in every 15-minute time block (96 time blocks in a day). Should there be surplus, the energy is either sold to exchange or banked with different utilities, and should there be deficit, the required energy is either swapped with other utilities to be returned or purchased from exchange under RTM. Generally, power is sold or banked during monsoon period, and purchased or received back the banked power during the lean period.

In a month or a year the Energy purchase may seem to be excess, but the reality is that if we go into 15 minute time block, we can see that there will be time period where there is shortfall and at some other time block there will be surplus. In general there will be surplus during the monsoon. And MePDCL is the worst sufferer in the sense, that its sources of power are mostly hydel. During this high availability, MePDCL is even penalised for under drawl power from the GRID because it is not allowed to inject in case of no takers of power.

It is because of thus that wherever no taker for swapping, MePDCL is trying to sell in the exchange to get whatever minimal income than to stop MePGCL to stop its generation. As the case to merit order dispatch, priority of generation is allowed first for CPSYs and next State PSUs to inject in the common Grid.

The Surplus of 1100 MU for FY 2020-21is the projected figure for BgTPP, Farakka, Kahalgoan St-I & II, Talcher STPS from NTPC and Kopili HEP Stage I & II and Kjandong HEP of NEEPCO where actually due to outage of power Station/ Surrender of power, regulation of power, no power was actually drawn from these power stations during this financial year.

The Source wise energy account for the Transactions under swapping, banking etc is enclosed as Annexure A3 in Annual Energy Audit Report.

Further, MePDCL has been penalised every year on account of unaccounted energy. MePDCL cannot understand how can there be unaccounted energy in the True up Orders when all the power sold and purchased have been accounted for while calculating T&D loss. Therefore MePDCL requests the Hon’ble Commission to kindly illustrate by giving example how the T&D loss and balance energy in its true up Order is calculated so that there will be no unaccounted energy.

Commission’s Views

Regulation 85.1 of MSERC MYT Regulations 2014 specifies that the licensee shall procure power from approved sources. Additional Energy required after taking into account the availability of energy from such approved sources, shall be reasonably **estimated well in advance** and procurement arrangement made.

Licensee has been projecting regional losses upto the distribution periphery in the Energy balance statement. The licensee has been claiming intrastate losses at 4% to arrive at the surplus power at the end of the year after deduction of distribution loss without Grossing up of surplus power before injecting into the interstate network. This is how Energy account variations are observed and pointed out in the True up analysis.

Licensee shall re-verify the Energy balance computation and point out specifically where it went illogical.

The licensee shall keep in a record of advance estimate of surplus power in the manner estimated before procurement as per Regulations.

8) Metering, Billing and Collection Efficiency:

The Licensee is directed to ensure 100% metering of all consumers. Similarly, all 33kV and 11kV feeders and distribution transformers in towns and urban areas, as this would enable the Licensee to conduct energy audit, and accounting for assessing the exact T&D losses. While no new unmetered connections shall be given hence forth, an action plan may also be formulated to meter all unmetered connections existing at present. Licensee shall send a status report and plan of action by 30.06.2020.The licensee shall also target 100% of billing every month by employing IT tools like hand held spot billing machines.

The Licensee should provide multiple options for bill payment by consumers in order to improve the collection efficiency. It is also to be ensured that disconnection of supply is enforced for non-payment, as multiple facilities have been provided for the convenience of the consumer. All the consumer service centres at sub-division level should co-relate with entire metering, billing and collections, so that errors like wrong billing etc are avoided.

Status:

At present the consumer service centres at Sub Division level are co-relating with the entire metering, billing, collection etc., The metering is almost 100% except for few BPL consumers. Smart metering for about 1.80 lakh consumers is being implemented under ADB project. The remaining meters of the consumers are proposed to be replaced by smart meters under RDSS.

Further, at present all consumers are under one billing software which is user friendly. It has the up to date facilities available for both the utility and the consumers. The consumers can download the “meghapower application” both android and i-phone mobiles. The application is providing consumers, the facility to pay online, lodge complaints, see the historical consumption, billing and payment etc. The software can handle for both postpaid and prepaid billing for both types of meters (conventional and smart meters). Consumers can pay their electricity bills offline as well as online for both post paid and prepaid meters.

The Progress Report on the installation of smart meters is appended as Annexure A5 in Annual Energy Audit Report.

Commission’s Views

The Progress achieved as on 31.12.2022 was 46.48% in providing smart meters and 19% of smart metering in respect of bulk consumers achieved, while smart meters for LT-CT for DTRs is yet to start.

Licensee shall expedite this process.

The licensee shall file a quarterly report on the number of consumer complaints received and complaints addressed and the reasons for pendency for unresolved complaints in the areas of metering, billing and collections (MBC) as an obligatory under standards of performance as per the EA 2003.

9) Un Billed Consumers

An analysis of data submitted by the licensee gives rise to the suspicion that there are large numbers of metered consumers who have not been billed for years together. The Director Distribution shall constitute a Taskforce consisting of at least three senior officers of the level of Superintendent Engineer and above to confirm that all such consumers who have not been billed at least once in three months are identified, and to suggest systemic changes to ensure that such anomalies do not arise in future.

This issue has been raised in state advisory committee meeting held on 12.03.2020. Licensee shall expedite action taken on this aspect and report.

Status:

MePDCL has filed updated action taken report on 22.03.2023 with the following status of the Directive.

The nos. of unmetered consumers of BPL/Kutir Jyoti is about 9.00 % only. All out effort is being made to complete 100% metering of these remaining consumers (18520 out of 206572 nos of KJ/BPL)

With launching of new billing software, the unbilled consumers can be tracked and reports could be generated so that appropriate action can be taken for unbilled consumers. Further, under RDSS, all consumers are expected to be metered with prepaid smart meters, hence unbilled consumers will not arise.

Commission's Views

Licensee shall expedite the process.

10) Regulatory Accounts

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

Status:

Noted.

Commission's Views

Commission had notified Directive no.11 of Tariff Order for FY 2022-23 dated 25.03.2022 for filing of impending Regulatory accounts in the absence of specific formats.

Regulatory Accounts are to be evaluated mainly for the following fixed ARR elements considering the activities of the Power Distribution performance.

1. Depreciation
2. Interest and Finance charges
3. Return on Equity

4. O&M Expenses
5. Interest on Working Capital

Commission had suggested to maintain the Regulatory books with reference to the Trued up financials for future filings.

Depreciation :

The utility shall file asset wise breakup figures with values approved in the True up orders of the latest financial year. The same format may be provided with an additional column to record the Regulatory approved values/figures in the True up orders for evaluation of subsequent year depreciation.

The Regulatory account shall be adopted based on the last approved Depreciation in the True up exercise for evaluation of subsequent year Depreciation.

Interest and Finance charges:

The interest and finance charges however shall be evaluated on the capital investment plan and actual outstanding loans borrowed for capital investment.

The Regulatory account shall be adopted based on the last approved figures of Interest and Finance charges in the True up exercise for evaluation of subsequent year Interest and Finance charges.

Return on Equity:

The Return on Equity shall be evaluated based on the approved GFA after deduction of the Govt Grants and contributions for capital assets as per Regulation 31 read with 27.

The Regulatory account shall be adopted based on the last approved RoE in the True up exercise for evaluation of subsequent year RoE.

O&M Expenses:

The O&M expenses of the distribution utility shall be evaluated considering the last approved values in the True up orders as per Regulation 94.4 which reads as – “ *In the absence of any norms for O&M expenses, Commission shall determine operation and maintenance expenses based on prudence check of the estimates submitted by* *the licensee and consumer price index/wholesale price index/inflation."* for subsequent years.

The Regulatory account shall be adopted based on the last approved O&M expenses in the True up exercise for evaluation of subsequent year O&M expenses.

Interest on Working capital:

The Interest on working capital shall be evaluated on the actual performance of the previous year and value approved on the parameters considered for True up of the previous year.

Licensee shall follow and adopt the approved figures in the last True up orders for filing of subsequent petitions with the Regulatory Accounts approved in the True up and projections for subsequent year ARR.

11) Power Purchases Invoices

Purchase invoices should be matched with the actual energy drawn. MePDCL shall ensure to file the purchase invoices with the energy details in the true-up petition.

Status:

Due diligence is being made while passing and pay any invoice (including power purchase). While filing the true up petitions the detailed invoices are also submitted to substantiate the claims. With respect to NTPC for Bongaigaon, the invoices without energy drawn relate to fixed charge component for non drawl of energy due to Regulation of power imposed.

Commission's Views

Commission noted the status. Directive is dropped.

12) Electric Vehicle Charging Stations

The Licensee has proposed a Tariff for electric vehicle charging stations vide table no.16 of the petition with fixed charges and energy charges under LT commercial category and HT commercial category without projecting the number of consumers and the connected load of the services. The Commission does not find it prudent to decide on the categorization of the proposed electric charging stations. The Licensee shall submit a status report as soon as the consumers registered their charging stations with the Distribution Company as per the IE rules and safety norms. Commission shall take suitable decision based on the status report.

Status:

At present there is no applicant for Electric Vehicle Charging stations. Status report shall be furnished as soon as the consumers register their charging stations.

Commission's Views

Commission noted the status.

13) Tariff rates for the Year FY 2022-23

Honourable SAC members during the SAC meeting have opined to arrange circulation of the tariff rates to all the consumers

In this respect, the licensee shall circulate/display the tariff rates approved for the year to every consumer. In this regard, licensee may arrange the pre-printed bills duly notified tariff rates on the back side of the bill. This would have one time commitment in a year.

Compliance report on the above directive may be furnished by 30.06.2022.

Status:

Pamphlets have been circulated along with the bills and the same had been intimated to MSERC vide letter Memo No. MePDCL/SE(RA)/71(C)/Pt-VII/2022/32(a) dated 18 May 2022.

Commission's Views

Commission noted the action taken report and this process shall be followed in every Tariff Order.

14) Installation of ABT/Smart meters for Ferro Alloy Consumers

There are altogether seven (7) no of Ferro alloy consumers. Out of these 7 nos, 4 nos are EHT and all but one have been installed with ABT meters both at injection point and Consumer end Installation is in the process.

For the other 3 nos HT consumers, installation of smart meters under ADB funded scheme is in the process.

Commission's Views

The Licensee shall update the progress on this and penalty clause shall be implemented for under drawl of 78% of LF.

Utility shall file Status of the Directives not complied with by 30.09.2023.

9. Schedule of Approved Tariffs for FY 2023-24

A. LOW TENSION TARIFF

1. Domestic (Low Tension)

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

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

1.1 Kutir Jyoti/ BPL

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

Metered Kutir Jyoti

The MePDCL has proposed tariff of metered Kutir Jyoti consumers at Rs. 4.75 per unit for monthly consumption within 0-30 units. They have also proposed that if the monthly consumption in any month exceeds the limits of 30 units then their excess consumption over and above 30 units shall be done on the Tariff as prescribed for normal domestic consumers. Commission has allowed Rs. 3.75 per unit for BPL metered category up to consumption of 30 units. In case, they consumes more than 30 Units then the billing of excess units shall be done on the Tariff prescribed for normal domestic consumers at appropriate slab rates.

Tariff for Kutir Jyoti/BPL (Metered) for FY 2023-24

Category	Existing Tariff (Rs./kWh)	Proposed Tariff (Rs. /kWh)	Approved Tariff (Rs. /kWh)
Kutir Jyoti (Unmetered) (Rs./Conn/month)	170	220	200
Kutir Jyoti (upto 30 units PM) Rs. Per/conn.	3.65	4.75	3.75

1.2 Domestic Consumers

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

Fixed Charges

Fixed charges for Domestic Consumers for FY 2023-24

Category	Existing Tariff (Rs. /kW/month)	Proposed Tariff (Rs./kW/month)	Approved Tariff (Rs. /kW/month)
Domestic (DLT)	60	80	80

Energy Charges

Energy charges for Domestic Consumers for FY 2023-24

Category	Slabs	Existing Tariff (Rs./kWh)	Proposed Tariff (Rs./kWh)	Approved Tariff (Rs./kWh)
Domestic (DLT)	First 100 units	4.10	5.33	4.50
	Next 100 units	4.50	5.85	5.00
	Above 200 units	6.10	7.93	6.70

2. Non-Domestic (Low Tension)

The existing Tariff has a structure of 2 part Tariff. The fixed charges are levied on the basis of KW load per month and energy charges are applicable for two slabs with different rates for each slab. Commission has not made any changes in the structure and approved the same. The approved rate for each slab and the fixed charges per KW are given below in the Tariff.

Fixed Charges

Fixed charges for Non- Domestic consumers for FY 2023-24

Category	Existing Tariff (Rs. /kW/month)	Proposed Tariff (Rs./kW/month)	Approved Tariff (Rs. /kW/month)
Non- Domestic (CLT)	120	155	140

Energy Charges

Energy charges for Non- Domestic consumers for FY 2023-24

Category	Slabs	Existing Tariff (Rs./kWh)	Proposed Tariff (Rs./kWh)	Slabs	Approved Tariff (Rs./kWh)
Non Domestic (CLT)	First 100 units	6.50	8.45	First 100 Units	6.70
	Above 100 Units	7.50	9.75	Above 100 Units	7.80

3. Low Tension Industrial

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

Fixed Charges

Fixed charges for Industrial (LT) consumer for FY 2023-24

Category	Existing Tariff (Rs. /kVA/Month)	Proposed Tariff (Rs./kVA/Month)	Approved Tariff (Rs. /kVA/Month)
Industrial (ILT)	120	155	140

Energy Charges

Energy charges for Industrial (LT) consumer for FY 2023-24

Category	Existing Tariff (Rs. / kVAh)	Proposed Tariff (Rs./ kVAh)	Approved Tariff (Rs. /kVAh)
Industrial (ILT)	6.50	8.06	6.80

4. Public Lighting Low Tension

This category comes under Public Lighting Connection given supply through LT lines. The public lamps are generally unmetered and their Tariff is based on the fixed charges per KW per month. However, since no connection under the Act can be given without meters, the Licensee is required to install meters on all new connections and shall also progressively fix meters on the existing connections. The Commission approves Tariff for metered connections only for the FY 2023-24. All the existing street light fixtures shall be replaced immediately with LED fixtures and 100% fixtures shall be metered.

5. Public Lighting (Metered)

Fixed Charges

Fixed charges for Public Lighting (Metered) for FY 2023-24

Category	Existing Tariff (Rs. /kW/Month)	Proposed Tariff (Rs./kW/Month)	Approved Tariff (Rs. /kW/Month)
Public Lighting (Metered)	120	155	140

Energy Charges

Energy charges for Public Lighting (Metered) for FY 2023-24

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Lighting (PL)	6.80	8.84	7.00

Public Lighting (Unmetered)

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

6. Public Water Supply /Sewage Treatment Plants

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

Fixed Charges

Fixed charges for Public Water Supply for 2023-24

Category	Existing Tariff (Rs/kW/ Month)	Proposed Tariff (Rs/kW/ Month)	Approved Tariff (Rs/kW/ Month)
Public Water Supply (WSLT)/ Sewage Treatment Plants	120	155	140

Energy Charges

Energy charges for Public Water Supply for FY 2023-24

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Water Supply (WSLT)/ Sewage Treatment Plants	7.10	9.23	7.30

7. General Purpose

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

Fixed Charges

Fixed charges for General purpose for FY 2023-24

Category	Existing Tariff (Rs/kW/ Month)	Proposed Tariff (Rs/kW/ Month)	Approved Tariff (Rs/kW/ Month)
General purpose (GP)	120	155	140

Energy Charges

Energy charges for General purpose for FY 2023-24

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
General Purpose (GP)	7.40	9.49	7.60

8. Agriculture

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

Fixed Charges

Fixed charges for Agriculture for FY 2023-24

Category	Existing Tariff (Rs/kW/HP/ Month)	Proposed Tariff (Rs/kW/HP/ Month)	Approved Tariff (Rs/kW/HP/Month)
Agriculture (AP)	110	145	120

Energy Charges

Energy charges for Agriculture for FY 2023-24

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Agriculture (AP)	3.00	3.90	3.50

9. Crematorium

This category is meant for crematorium using electricity for day to day operations. As per the proposal there is only one consumer in this category. In the last Tariff Order the Commission has considered the nature and purpose of this crematorium which is meant for service to the society and operating on no profit no loss basis. Commission held that on the basis of their nature of activity the rates are considered on par with first slab of domestic category. The similar treatment has been given this year to this category with fixed charges on per connection basis and energy charges on metered consumption.

Fixed Charges

Fixed charges for Crematorium for FY 2023-24

Category	Existing Tariff (Rs/conn/Month)	Proposed Tariff (Rs/conn/Month)	Approved Tariff (Rs/conn/Month)
Crematorium (CRM)	7000	9100	7500

Energy Charges

Energy charges for Crematorium for FY 2023-24

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Crematorium (CRM)	4.10	5.33	4.50

10. Electric Vehicle Charging Stations

Commission shall notify the tariff rates after receipt of status report and a separate petition from the licensee.

B. HIGH TENSION TARIFF

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

11. Domestic High Tension

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

Fixed Charges

Fixed charges for Domestic (HT) for FY 2023-24

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Domestic HT (DHT)	230	300	300

Energy Charges

Energy charges for Domestic (HT) for FY 2023-24

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kVAh)
Domestic HT (DHT)	6.75	8.78	6.90

12. Non Domestic High Tension/Commercial High Tension

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

Fixed Charges

Fixed charges for Non Domestic (HT) FY 2023-24

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Non Domestic HT (CHT)	230	300	300

Energy Charges

Energy charges for Non Domestic (HT) for FY 2023-24

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Non Domestic HT (CHT)	7.20	9.36	7.40

13. High Tension Industrial

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

The Tariff is fixed as follows.

Fixed Charges

Fixed charges for Industrial (HT) for FY 2023-24

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial High Tension	230	300	300

Energy Charges

Energy charges for Industrial (HT) for FY 2023-24

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial High Tension	7.10	9.23	7.80

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

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

(a) Ferro Alloys (HT)

Fixed Charges

Fixed charges for Ferro Alloys (HT) for FY 2023-24

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial High Tension	200	260	230

Energy Charges

Energy charges for Ferro Alloys (HT) for FY 2023-24

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial High Tension	4.70	6.11	5.00

14. General Purpose Bulk Supply

Fixed Charges

Fixed charges for General Purpose Bulk (HT) for FY 2023-24

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
General Purpose Bulk Supply (BS)	230	300	300

Energy Charges

Energy charges for General Purpose Bulk (HT) for FY 2023-24

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/KVAh)	Approved Tariff (Rs/kWh)
General Purpose/ Bulk Supply	6.80	8.84	6.90

15. Public Water supply/ Sewage Treatment Plant

Fixed Charges

Fixed charges for Public Water Supply (HT) for FY 2023-24

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Public Water supply	230	300	300

Energy Charges

Energy charges for Public Water Supply (HT) for FY 2023-24

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Public Water Supply	7.00	9.10	7.30

16. Electric Vehicle Charging Stations (HT)

Commission shall notify the tariff rates after receipt of status report and a separate petition from the licensee.

C. EXTRA HIGH TENSION

17. Extra High Tension Industrial

Fixed Charges

Fixed charges for Industrial (EHT) for FY 2023-24

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	230	300	300

Energy Charges

Energy charges for Industrial (EHT) for FY 2023-24

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	6.80	8.84	7.50

18. Extra High Tension Ferro Alloys Industries

Fixed Charges

Fixed charges for Ferro Alloys (EHT) for 2023-24

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	200	260	230

Energy Charges

Energy charges for Ferro Alloys (EHT) for 2023-24

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	4.60	5.98	4.90

19. TIME OF DAY TARIFF

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

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

D. <u>OTHERS</u>

20. Temporary Supply

MePDCL has proposed to continue the existing arrangement where the fixed and energy charges shall continue to be double of the normal tariff applicable rates for all categories.

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

Annexure-I

RECORD NOTE OF THE STATE ADVISORY COMMITTEE MEETING HELD ON 21.03.2023 at State Convention Centre, Shillong. Time: 13:00 Hours

Members Present in the Meeting

1 **Shri. P W Ingty, IAS (Retd.)**
Chairman, Meghalaya Sate Electricity Regulatory Commission, Shillong.

2 **Shri. R. Keishing**
Legal Consultant, Meghalaya State Electricity Regulatory Commission, Shillong.

3 **Shri. Ronald Rikman Sangma**

4 **Shri. Shyam Sunder Agarwal**
CMD (Pioneer Carbide Pvt. Ltd.)

5 **Shri. F.B. Chyne**
CEO, Shillong Municipal

6 **Shri. B.L.Lawai**
SE(PHE) Govt. of Meghalaya

7 **Shri. Eswoll Slong,**
Secretary MSERC, Convenor

Special Invitees

1. Shri. Sanjay Goyal, CMD MeECL.
2. Shri. Timothy Passah, Chairman CGRF Shillong.
3. Shri. Balnang M. Sangma, Chairman CGRF Tura.
4. Shri. M. Shangpliang, Director MePDCL.
5. Shri. M. Rymbai, Director MePGCL
6. Shri. A. Kharpan, Director MePTCL

Minutes

Calling the 25th Meeting of the State Advisory Committee (SAC) to order, the Chairman welcomed all the members of Advisory Committee and the special invitees.

The meeting commenced with a power point presentation from Distribution Company given by Shri. Synran Kharmih SE (RA) , MePDCL, on the Retail Tariff proposed for the FY 2023-24.

The Chairman invited suggestions from the participants on the proposal of MePDCL and any other issues. Members of the SAC raised the following issues:

1. **Shri. Ronald Rikman Sangma**
   i. The Member stated that even after celebrating 50 (fifity) years of statehood and 75 years of India Independence some villages in Meghalaya are still living without power and still used latern. These villages are Sanjanpara (Welgitim), Wadagre, Arakgitim, Matrongkolgre songgital, Paglapara Songgital, Ambarigitim(Gujangpara), Moronggitim (Gopinathkila), Dinapara (Mikusgitim) of South West Garo Hills and Shiragre, Rangtia, A-gitalgre, Kapua(near Rohonpara), Naronggre songgitcham, Gobindopara(A-dinggre) of West Garo Hills. It was also mentioned that despite getting schemes from the Govt. of India like SAUBHAGYA, MeECL/MePDCL failed to provide electricity connection to these villages.
   ii. Regular transfer of Engineers: It was opined that the Engineers and other officials staff of MeECL needs to be transferred on a regular basis as per the provision of the state service rules for transparency, efficiency, minimizing corruption and economic growth. In Garo Hills region, some engineers stayed throughout their services till retirement.
   iii. Functioning of Regional Ombudsman for Garo Hills Region: It was suggested that the functioning of regional ombudsman in Tura be started at the earliest to look into the grievances of the consumers and to pass such orders to the corporation to rectify them. It was also informed that the major challenges in Garo Hills region is replacement of transformers which are out of service takes months. Hence, it is opined that the corporation should take necessary steps to rectify this issue.
   iv. Drawing of H.T. power lines: It was observed that in areas like Tura A-dinggre (Chandmari), Ringrey, the HT lines has been drawn without providing any guard wire for public safety thereby leaving the residents in danger.

v. Removal of defective and faulty meters: MeECL should install a reliable meter with reputed company name throughout the state and removed all the faulty meters so that people can rely upon the meters and the corporation as a whole.

vi. Enhancement or revision of power tariff for FY 2023-24 by DISCOM: It was suggested that a public hearing should be conducted in every district head quarter before enhancing the tariff and in case of any tariff hike by the Commission it should not be more than 7% from the existing tariff.

vii. Bill payment: It is requested that the DISCOM should allow online payment of bill in order to reduce corruption and enhance productivity.

2. Shri. Shyam Sunder Agarwal, CMD (Pioneer Carbide Pvt. Ltd.).

The Member pointed out that the loss on the utility is mainly because of two factors one is the sale of surplus power at very lower rate and the other is the AT&C loss. It was observed that the Power Purchase of MePDCL as per the audited account for the FY 2020-21 is to a tune of 2522.52 MU for which the sale to Ferro Alloy Consumers is 424.95MU, sale to other industries is 191.68 MU and sale to other consumers is 709.82MU totaling to a sum of 1326.45 MU which is 52.81% of the total power purchase and the balance surplus energy of 594. 94 MU is being sold at the rate of Rs. 1.42 per unit as against average power purchase cost of Rs. 4.09 per unit.

Hence, it was opined that in order to avoid the sale of surplus power at a very lower rate, the utility needs to promote load factor based tariff to the bulk consumers of the state with penal and bonus clauses to reduce AT&C losses.

Secondly, the T&D loss needs to be monitored through energy audit by an independent agency for all the three utilities separately i.e; Generation, Transmission and Distribution. Further, MeECL being the Guardian of the three utilities, should strive to install feeder wise smart ABT meters for all major consumers and sub-stations with online live data kWh units of injection meter and consumption meter in each feeder. It was also suggested that the total substation wise losses should be published online on monthly basis to initiate time bound corrective measures for reducing the losses.

Thirdly, it was observed that the fixed charges for NTPC is approximately to a tune of Rs. 198 Cr each year, despite no power is drawn from this station. Hence, it was suggested that effort should be made by the utility to cancel the PPA with NTPC as this is a burden to the consumers.

The member concluded by opining that MeECL should form a State Consumer Advisory Committee for better suggestions from Consumers, for better coordination and better results.

3. **Shri. F.B. Chyne, CEO, Shillong Municipal.**

   The member stated that all the public lightings will be replaced by LED fittings and this will reduce the maintenance cost. Hence, it is suggested that the Commission while fixing the tariff for public lightings may do away with the maintenance charges or the utility may impose maintenance charges when the need arise.

4. **Shri. B.L. Lawai, SE (PHE) Government of Meghalaya.**

   The member pointed out that the tariff proposed by DISCOM at a 30% hike is very high as PHE department is not a profit making company. Therefore, it is requested that the Commission may look into this matter and examined properly before finalizing the tariff.

Special invitees:

5. **Shri. Sanjay Goyal, CMD MeECL.**

   CMD MeECL, has clarified on the issues raised by members of the advisory regarding unelectrified villages and informed the members that SAUBHAGYA scheme has been projected by the Government of India and the fund requirements got curtailed which have led to non covering of some villages under this scheme. However, it was informed that a new scheme called the Revamped Distribution Sector Scheme (RDSS) is under tendering process and it is expected that under this scheme the major issues which have been raised will be solved.

   In regards to replacement of transformer which are out of service, it was informed that the Corporation has been able to replace around 530 Nos. of transformer within 3 months span and the delay in replacement is due to non availability of a full fledge workshop in Garo Hills for which most of the materials are being transported from Khasi Hills. However, it is expected that in the near future a full fledged store will be set up in Garo Hills.

6. **Chairman CGRF, Shillong**.

   The Chairman CGRF, Shillong Shri. Timothy Passah pointed out that in the proposal of DISCOM for meeting its Annual Revenue Requirement (ARR) the existing tariff needs to be enhanced by around 80 %, however DISCOM has proposed a tariff hike of only 30%. Therefore, It was being questioned as to how the DISCOM will recover the balance gap.

Secondly, it was mentioned that under IPDS it is mandatory to form a committee at every district to look after the implementation of schemes.

Thirdly, regarding outstanding dues from the consumer it was being raised as to how the utilities will recover this amount.

7. **Chairman CGRF, Tura**.

The Chairman CGRF Tura Shri. Balnang. M. Sangma, briefed about the news items which has appeared in Shillong Times dated 5.02.2023 and 19.02.2023 on the allegation that some of the villages in Garo Hills are unelectrified and secondly these unelectrified household are being served with an electricity bill. The CMD, MeECL requested that a report on the aforesaid may be shared for action by the corporation.

Summing up the discussion Legal Consultant of MSERC Shri. Roland Keishing, expressed his profound gratitude to the Hon'ble Members present, for their valuable suggestions and submissions and assured that these would be kept in view, while finalizing the Tariff for the financial year 2023-24. He also thanked Shri. Ronald Rikman Sangma for raising the issue in the last advisory meeting for setting up of CGRF at Tura and informed the members that this action has been taken by the Commission and at present both CGRF Shillong and Tura are functioning. It was also suggested to the Chairman CGRF Shillong and Tura to consider the grievances made by the consumers and try to dispose the case at the earliest. It was also opined that the consumers may approach the Ombudsman of the Commission in case no action is being taken by the CGRF.

The State Advisory committee meeting ended with a vote of thanks.

Sd/-

Secretary
MSERC

Annexure-II

List of Participants in the Public Hearing on the Petition filed by MePDCL for True up of FY 2020-21

Date: 15.03.2023| Venue: State Convention Centre, Shillong. | Time: 11:00 Hours

Present:

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

MeECL/MePDCL

1. Shri. Sanjay Goyal, IAS, CMD, MeECL
2. Shri. C. Rama Krishna, IAS, D(F), MeECL
3. Shri. P. Sahkhar, CE, MePDCL
4. Shri. S.S.Kharmih,SE(RA),MePDCL
5. Shri. M. Swer, ACE (Projects), MePDCL
6. Shri. M. Shangpliang, Dir.Distribution, MePDCL
7. Shri. H. Jywra, ACE (CZ), MePDCL
8. Shri. B. Wankhar, SE (EM), MePDCL
9. Shri. G.A. Dkhar, Law Officer, MeECL
10. Shri. B.K. Nongkhaw, AO, MeECL
11. Shri. I. Pyngrope, AO, MeECL
12. Shri. R. Laloo, Sr. AO, MeECL
13. Shri. L. Kharpran, AO, MeECL
14. Shri. Adhitya Pandey, Advocate, MePDCL
15. Shri. Himansha Sherawat, Advocate
16. Shri. E. Chyne, Advocate
17. Shri. S.K. Nongrum, Advocate

Byrnihat Industries Association (BIA)

1. Shri. Shyam Sundar Agarwal, Secretary, BIA
2. Shri. Rahul Bajaj, Member, BIA
3. Smt. Mandakini Ghosh, Advocate for BIA & JHCMA
4. Shri. Saurabh Srivastava, Mercados for BIA
5. Shri. Sangam Asati, Mercados for BIA

Others

1. Shri. Pankaj Jah, DGM, Green Valley Industries
2. Shri. Krishna Raj, AGM, Green Valley Industries
3. Shri. D. Agarwal, Hills Cement.
4. Shri. S. Mittal, Pawan Castings.
5. Shri. Narayan, NEZONE.

Annexure-III

List of Participants in the Public Hearing on the Petition filed by MePDCL for ARR & Retail Tariff for FY 2023-24

Date: 15.03.2023| Venue: State Convention Centre, Shillong. | Time: 13:00 Hours

Present:

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

MeECL/MePDCL

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5. Shri. M. Swer, ACE (Projects), MePDCL
6. Shri. M. Shangpliang, Dir.Distribution, MePDCL
7. Shri. H. Jywra, ACE (CZ), MePDCL
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10. Shri. B.K. Nongkhaw, AO, MeECL
11. Shri. I. Pyngrope, AO, MeECL
12. Shri. R. Laloo, Sr. AO, MeECL
13. Shri. L. Kharpran, AO, MeECL
14. Shri. Adhitya Shankar Pandey, Advocate
15. Shri. Himansha Sherawat, Advocate
16. Shri. E. Chyne, Advocate

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4. Shri. Saurabh Srivastava, Mercados for BIA.
5. Shri. Sangam Asati, Mercados for BIA

Others

1. Shri. Shri. Pankaj Jah, DGM, Green Valley Industries
2. Shri. Krishna Raj, AGM, Green Valley Industries
3. Shri. Jayanta Das, Manager, Meghalaya Cements Ltd.
4. Shri. P.K. Mishra, Director (O), Maithan Alloys Ltd.
5. Shri. D. Agarwal, Hills Cement.
6. Shri. S. Mittal, Pawan Castings.
7. Shri. Narayan, Director, NEZONE.