



Meghalaya State Electricity Regulatory Commission

TARIFF ORDER

Case No. 26 of 2022

Aggregate Revenue Requirement

and

Transmission Tariff and Open Access Charges

for FY 2023-24

For

Meghalaya Power Transmission Corporation Limited

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

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

Lower Lachumiere, **Shillong-793001**

East Khasi Hills District, Meghalaya

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ABBREVIATIONS

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

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
1ST Floor (Front Block Left Wing), New Administrative Building
Lower Lachumiere, Shillong-793001
East Khasi Hills District, Meghalaya
Case No. 26/2022

In the matter of,

Petition for determination of Aggregate Revenue Requirement (ARR) and Transmission Tariff and open access charges for FY 2023-24 in the State of Meghalaya.

AND

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

Coram

P W Ingty, IAS (Retd.)

Chairman

ORDER

(Date: 30.03.2023)

1. The Meghalaya Power Transmission Corporation Limited (herein after referred to as MePTCL) is a deemed licensee in terms of section 14 of the Electricity Act 2003 (herein after referred to as Act), engaged in the business of transmission of electricity in the state of Meghalaya.
2. MSERC had approved the ARR for 3rd MYT Control period FY 2021-22 to FY 2023-24 on 25.03.2021 in which the ARR of Transmission business for FY 2023-24 was notified.
3. As per the Regulation 6 of MYT Regulations 2014, the licensee shall file the petition for approval of ARR and Transmission Tariff and Open access charges for financial year 2023-24.
4. MePTCL has filed petition on 30.11.2022 for approval of ARR and Transmission Tariff and Open Access Charges for FY 2023-24.

Commission has provisionally admitted the petition on 30.11.2022

5. In exercise of the powers vested under section 61 and section 64 of the Electricity Act 2003 and MSERC MYT Regulations, 2014 (herein after referred to as Tariff Regulations) and other enabling provisions in this behalf, Commission finalizes this order for approval of the ARR and determination of Transmission Tariff & Open Access charges for Transmission of electricity in the state of Meghalaya for FY 2023-24.
6. Regulation 19 of the Tariff Regulations, 2014 stipulates for giving adequate opportunity to all stake holders and general public for making suggestions/ objections on the ARR and Tariff Petition. Commission directed MePTCL to publish the ARR and Tariff Petition for FY 2023-24 in an abridged form as public notice in the news papers having wide circulation in the state inviting suggestions/objections on the Tariff Petition.
7. MePTCL has published the Tariff Petition as public notice in various news papers and the Tariff petition was also placed on the website of MePTCL calling for the suggestions/objections within 30 days from the date of publication of notice.
8. Commission in order to ensure transparency and convenience of the stakeholders and general public across the state, decided to hold a public hearing at head quarters of the state on 14.03.2023.
Accordingly, the Commission held public hearing at Shillong as scheduled.
9. The Petition filed by MePTCL 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. Commission took into consideration of the views/advice of the State advisory committee on the ARR and Tariff Petition for FY 2023-24.
10. Commission took into consideration of facts presented by the MePTCL in its petition for revision of ARR and Transmission Tariff for FY 2023-24 and additional information/data, the suggestions/objections received from stakeholders, consumer organizations, general public and the response of MePTCL to those suggestions/objections and views of the State Advisory Committee.
11. Commission taking into consideration of all the facts which came up during the public hearing, minutes of the meeting of the State Advisory Committee, approves ARR and Transmission Tariff and open access charges for FY 2023-24 as per the MSERC MYT Regulations 2014 as analysed in the chapters appended to this order.

12. Commission has reviewed the Directives issued earlier in the Tariff Orders for FY 2013-14 to FY 2020-21 and noted that some of the Directives are complied and some are partially attended. Commission has dropped the Directives complied with and the remaining Directives are consolidated and fresh Directives are issued.
13. This Order has been divided into 7 chapters as detailed below.
- Chapter 1** : Introduction
 - Chapter 2** : Summary of ARR & and proposal for Revision of Transmission Tariff and Open Access charges for FY 2023-24.
 - Chapter 3** : Public Hearing process
 - Chapter 4** : Commission’s Approach
 - Chapter 5** : Analysis and approval of ARR for FY 2023-24
 - Chapter 6** : Determination of Transmission Tariff and Open Access Charges for FY 2023-24
 - Chapter 7** : Directives
14. MePTCL shall ensure implementation of the Tariff order from the effective date and compliance of the same shall be submitted to the Commission within a week.

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
MSERC

1. Introduction

1.0 Background

1.1 Meghalaya Power Transmission Corporation Limited

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

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

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

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

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

1.2 Meghalaya State Electricity Regulatory Commission

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

1.3 Performance Highlights

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

The key physical achievements of MePTCL are highlighted below:

Table 1.1 : Transmission Network Data

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

1.4 Filing of the Petition

Meghalaya Power Transmission Corporation Limited (herein after referred to as MePTCL or Petitioner) has filed petition on 30.11.2022 for approval of Aggregate Revenue Requirement and determination of Transmission tariff and open access charges for FY 2023-24.

Commission admitted the Petition provisionally on 30.11.2022.

1.5 Public Hearing Process

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

MePTCL has issued the public notice, inviting objections/suggestions within 30 days from the date of publication from the stakeholders and general public on the ARR and tariff petition filed by the licensee.

Notification has been published in the following news papers on the dates noted against each.

Sl. No	Name of News paper	Language	Date of Publication
1	The Shillong Times	English	04.12.2022 & 05.12.2022
2	Nongsain Hima	Khasi	04.12.2022 & 05.12.2022
3	Salantini Janera	Garo	04.12.2022 & 05.12.2022

Petitioner has also placed the public notice in the website (www.meecl.nic.in).

MePTCL/Commission received some of the objections/suggestions from stakeholders, consumer organizations. Commission examined the objections/suggestions received and sent them to MePTCL for their response.

Communication was also sent to the objectors to take part in the public hearing on 14.03.2023 for presenting their views in person before the Commission.

The Public hearing was conducted at Shillong as scheduled.

1.6 The Objections/Suggestions on the main issues raised by the objectors in the written submission and also in the public hearing along with response of MePTCL and the Commission’s views in brief are annexed in the chapter-3.

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

1.8 Commission also held meeting with State Advisory committee on 21.03.2023

Minutes of the SAC meeting are annexed in Annexure-I

2. Summary of ARR and proposal for Revision of Transmission Tariff and Open Access charges for FY 2023-24

2.1. Aggregate Revenue Requirement (ARR) for FY 2023-24

The Meghalaya Power Transmission Corporation Limited (MePTCL) has submitted the Petition on 30.11.2022 seeking approval for revised Aggregate Revenue Requirement and Determination of Transmission Tariff and Open Access Charges for FY 2023-24.

2.2. Revision of ARR and Tariff for FY 2023-24

Commission has approved ARR of Rs 92.38 Cr for FY 2023-24 in its MYT order dated 25th March 2021. The Commission has not considered review of ARR. Therefore, the petition for review of Net ARR for FY 2023-24 for determination of transmission tariff will be based on the approved ARR of FY 2023-24 and gaps of the previous years till truing up of the same.

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

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

The apportionment of employee cost of holding company for FY 2023-24 to be borne by MePTCL was estimated to be Rs.73.92 Crores in the MYT petition as well as the review petition of MYT. This expense was disallowed in totality by the Commission in its order dated 25th March 2021. In the review petition order dated 18th August

2021, the Commission has stated that it shall consider the other components/items of employee cost while truing up and accordingly the variation in the employee cost/O&M expenses shall be allowed.

It is respectfully submitted that the expenses to be incurred in connection with the Employee cost are projected as per the actual expense incurred in this regard and therefore, are liable to be included as part of the reviewing exercise. It is also respectfully submitted that as per the statutory mandate for tariff determination, it is the requirement of law for the Hon’ble Commission to necessarily include in this process, the costs which have been incurred by the corporation in respect of the employee costs. Even otherwise, it is also necessary to point out that the present petition is also necessitated in view of the fact that the expense which has been not included are expenses which have been actually incurred by the Corporation.

It is submitted that non-inclusion of these costs shall result in depriving the Corporation of much needed revenue. Therefore, on the one hand the expense towards employee costs would continue to be incurred as per actuals, without the expense being reflected in the tariff. Based on this the estimated apportionment of the Holding company expenses is as depicted below:

Table 2.1: Apportionment of employee cost of Holding Company for FY 2023-24 (projected)

Particulars	MePTCL
Pay & Allowances expenses	50.44
Staff Welfare expenses	0.02
Corporation Contribution to CPS Fund	1.06
Ex-Gratia payment	0.00
Pension & pension related expenses	58.57
TOTAL	110.08

It is requested that the Commission consider the apportionment of employee cost of the Holding Company for FY 2023-24 amounting to Rs.110.08Cr as claimed above in addition to the approved O&M expenses.

Four new Grid Substations at Mawphlang, New Shillong, Mynkre and Phulbari are to be commissioned very soon. The Government and the Board of Directors has approved recruitment of fresh technical staff for these new substations on contractual basis at present. The annual financial involvement against this

recruitment is Rs.3.22 Cr. The Hon’ble Commission has approved recruitment against these new substations in the approved Business Plan for the third control period FY 2021-22 to FY 2023-24. It is requested that the Commission allows this expenditure as claimed in the O&M expenses.

2.3. Total Gap to be recovered through Tariff in FY 2023-24.

It may be noted that the approved ARR as well as the gaps/(surplus) of previous years due to true up and amendment on true up order is to be cumulatively recovered through the tariff of FY 2023-24. The Licensee has filed the True Up petition for FY 2020-21 to the Hon’ble Commission on 02.11.2022 for which the order is still awaited.

That, since the MePTCL has filed a petition on True Up for FY 2020-21, this will have an impact on the ARR requirement for FY 2023-24 and thereby the utility requests the Hon’ble Commission to allow the gap in the True up of the Transmission ARR for FY 2020-21 which amounts to Rs 159.07 crores respectively as shown below:

Table 2.2 : True Up Gap Claimed by MePTCL for FY 2020-21

(Rs. Cr)

Particulars	Approved for FY 2020-21 in Tariff Order	Claimed by MePTCL in Truing up of FY 2020-21	Revenue Gap/ (Surplus)
Aggregate Revenue Requirement	52.45	211.52	159.07

2.4. Net ARR for FY 2023-24

The Petitioner has stated that Based on the above submissions for approved ARR and gaps/(surplus) of past years, the net Revenue Requirement for FY 2023-24 would be as shown below:

Table 2.3 : Net ARR for FY 2023-24

(Rs. Cr)			
Sl. No.	Particulars	Approved by MSERC dated 28.03.2020	Review presently Filed by MePTCL
1	Return on Equity (RoE)	15.67	15.67
2	Interest and Other Finance Charges	5.15	5.15
3(a)	Operation and Maintenance expenses incl.of MeECL Cost	60.04	60.04
3(b)	Apportionment of Employee BenefitExpenses (from Holding Company		110.10
3(c)	Recruitment for four new grid sub stationson contractual basis		3.22
	Total O&M Expenditure		173.36
4	Interest on working Capital	3.28	10.27
5	Depreciation as may be allowed	28.86	28.86
6	SLDC Charges	1.54	1.54
7	Prior Period Expenses		
8	Total Annual Expenditure	114.54	234.85
9	Less: SLDC ARR	3.08	3.08
10	Net Annual Expenditure	111.46	231.77
11	Less: Other Income	19.08	19.08
12	Net Annual Revenue Requirement	92.38	212.69
13	Add: Gap of Revenue in the True up for FY2020-21 (petitioned)		159.07
14	Add: Amendment as requested arising due to True up for FY 2017-18 and ARR of FY 2021-22 and 2022-23		29.83
15	Net Revenue Requirement for FY2023-24	92.38	401.59

***Before the issue of next tariff order, any further orders from Hon'ble Commission on the above gap against the True-up of FY 2020-21 for MePTCL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2023-24.**

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

The Petitioner has submitted that the Transmission charges for Short Term Open Access consumers is to be considered on the ALST in Rs/MW for the concerned year. The State Load Despatch Centre (SLDC) has computed the projected average load of MePTCL for the period from FY 2019-20 to FY 2021-22 based on the actual State Energy Accounts, estimation for FY 2022-23 and projected for FY 2023-24 is shown as follows:

Table 2.4 : Average Load

Particulars	FY 2019-20 (Actuals)	FY 2020-21 (Actuals)	FY 2021-22 (Actuals)	FY 2022-23 (Estimated)	FY 2023-24 (Projected)
Average Load (MW)	236.05	230.90	237.48	267	283

2.6. Transmission Tariff for 2023-24

Based on the above, the petitioner requested the Commission to allow the transmission tariff for FY 2023-24 as given below:

Table 2.5 : Transmission Tariff for FY 2023-24

Sl.No	Particulars	FY2023-24
1	Annual Transmission Charges (Rs.Crores)	401.59
2	Average Load (MW)	283
3	Energy Transfer(MU) *	1627.37
4	Transmission Tariff (1/3) Rs per unit	Rs.2.47 per unit
5	Open Access Charge (1/2/365)	Rs. 38878/ MW per day

***Energy Transfer (MU):** As per the approved Energy Balance in the DISCOM MYT for FY2021-22 to FY 2023-24 vide Order dated 25.03.2021, the net power to be sold to consumers within the state (including ASEB) is 1627.37 MU.

2.7. Request of the Petitioner

The Meghalaya Power Transmission Corporation Limited (MePTCL) requested before the Commission to approve the proposed tariff for implementation from 01.04.2023, based on the facts and circumstances as submitted above.

3. Public Hearing Process

3.1. General

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

In pursuance of the publication of the Tariff petition in the leading newspapers, M/s Byrnihat Industries Association (BIA) and Jaintia Hills Cement Manufacturer Association(JHCMA) has filed written suggestions/objections on the petition filed by the MePDCL seeking approval of ARR and Determination of Retail Tariff for FY 2023-24.

3.2. Objections / Suggestions of Stake Holders

I. Objections by Byrnihat Industries Association (BIA)

- (1-2) BIA has presented the True up petition for FY 2020-21 claiming deviations and violations to MSERC MYT Regulations 2014

MePTCL Reply

MePTCL has filed response to the Objections raised by BIA in following paragraphs.

- (1) 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.
- (2) The corresponding paragraph is a matter of record and as such need no specific reply. However, it is seen that the BIA has annexed some report of consultancy firm engaged by BIA annexed as ANNEXURE-A of their objections without any such direction or permission from this Hon'ble Commission and therefore the same cannot be taken on record or considered by this Hon'ble Commission while adjudicating the Petition filed by MePGCL. It is also submitted that the tariff rates

over the years is the consequence of the Tariff Determination exercises done by this Hon'ble Commission, with the appropriate public consultations.

Commission's Views

Commission noted the submission of the petitioner.

True up of FY 2020-21

- (3-6) BIA has submitted that the licensee has filed true up petition for FY 2020-21 without any Public Notice inviting suggestions/ comments issued by the licensee 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 licensee 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.

It is further mentioned that since the financial burden (owing to True up Gap/ Surplus) on account of True up exercise is transferred as an adjustment in ARR of ensuing year (Tariff year) which is subsequently recovered from the consumers of the state, the consumers must have a say in the True up exercise. While the Tariffs across the state has been increasing year on year, every expense needs to be passed on by thoroughly going through the procedure enshrined by the Regulatory framework. It is noteworthy that despite raising such issue during the Public Hearings last year, the Utilities have not adhered to it and have continued to conduct True up without going through Public scrutiny.

MePTCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that Suggestions/comments were invited qua a public notice for the True-up and Determination of Tariff for FY 2023-24.

Commission's View

Commission noted the submission of the petitioner.

BIA’s Rejoinder to the Reply filed by MePTCL in the Matter of True up of 2020-21

(3-5) BIA submitted that the True up forms an integral part of the Tariff proceedings for inviting Suggestions and comments.

There was consensus in the public hearing dated 14.03.2023 that the True up in future may have to pass through public consultation process.

The petitioner was also convinced that if the Hon’ble Commission directs, they would do the needful in the interest of justice and fairness.

(6) BIA has referred the subject outstanding dues of certain consumers. It is the responsibility of the petitioner to recover the dues taking such issue as a resort at the instant forum exhibits the petitioner’s lack of understanding of the issue and as such deserves no merit.

Return on Equity

(7-8) Licensee (MePTCL) has claimed RoE of Rs. 56.19 Crore for FY 2020-21. By order dated 25.03.2020, the Hon’ble Commission had determined the RoE at Rs. 21.68 crores for FY 2020-21. It is submitted that the additional claim of Rs. 34.51 cores has been made in contravention of applicable regulations and in absence of necessary details such as capitalization.

It is submitted that MePTCL has not filed details of capitalization for FY 2020-21. Even though the Annual Financial Statement mentioned asset addition no justification has been given for capitalization. Thus, it is prayed that no equity addition be considered for the True-up of the concerned years. In light of the same RoE must be allowed based upon the True-up of 2019-20, closing GFA and equity balances as under:

Particulars	FY 2020-21	
	Claimed	Allowable
Opening GFA as on 31.03.2020		461.29
Additions during the FY2020-21		-
Closing GFA as on 31.03.2021		461.29
Average GFA		461.29
Less: Grants & Subsidies available		81.67
Net Asset Cost		379.62
70% considered Debt		265.74
30% Considered Equity		113.89

Rate of return on equity		14%
Return on Equity	56.19	15.94

MePTCL Reply

- (7) The objections of BIA is denied as misconceived and incorrect in law as well as on facts. It is submitted that the claim of Return on equity is based as per actual and as per the Statement of Accounts which has been audited by the Statutory Auditors. The contention of BIA is wholly incorrect to say that addition to GFA is not justified. It is submitted that BIA has raised absurd objection with just quoting the relevant Regulation without giving any basis for its objection. The objection is unsupported by any documents and is without merits thus liable to be rejected at the outset.
- (8) The objections of BIA is denied as misconceived and incorrect in law as well as on facts. BIA has proposed that Return on Equity be calculated as follows:

Particulars	FY 2020-21 (Amount in Cr)	
	Claimed	Allowable
Opening GFA		461.29
Addition during the Year		-
Closing GFA		461.29
Average GFA		461.29
Less: Grant Available		81.67
Net Asset cost		379.62
70% considered Debt		265.79
30% Considered Equity		113.89
Rate of return on equity		14%
Return on Equity	56.19	15.94

It is submitted that the above principle used by the objector is inherently flawed. The objector has considered Grants in totality whereas the Asset considered is only against the GFA that is Asset capitalized. Actually, the Grants are not only against the asset that is capitalized but also against the capital-work-in-progress.

It is submitted that the method proposed by BIA is nothing but a deliberate under costing of the assets. It is illogical to imagine that MePTCL with so many Assets will have such a miniscule amount as Return on Equity as depicted by BIA. It is submitted the contention of the objectioner is without merits and should be rejected at the outset.

Commission’s View

Commission noted the submission of the petitioner.

BIA’s Rejoinder to the Reply filed by MePTCL in the Matter of True up of 2020-21

(7-8) BIA has pointed out the methodology adopted by the petitioner for computation of RoE without considering Grants for working out RoE.

BIA has commented, the Claim of the petitioner for addition of the GFA without reasoning shall not be allowed.

Operation and Maintenance Expenses (O&M expenses)

(9-13) MePTCL has claimed O&M expenses at Rs.118.19 Crore for True up of FY 2020-21.

BIA Submits that Commission in its Order dated 25.03.2021 had noted that Licensee was called to submit details of network and norms for computation of O&M expenses as per Regulations.

Commission further noted that the norms for O&M expenses would be the criteria for computation of O&M expenses for transmission system as per the applicable Regulations, notified by the CERC. Finally Commission in absence of norms computed O&M expenses based on the actuals reported in the petition, provisionally.

Further, MePTCL has also erroneously considered the claims pertaining to holding company expense. It is submitted that there is no provision which allows pass through of the expenditure of the holding company.

BIA suggests that that the claim of the petitioner towards O&M Expenses of the holding company is unjust and does not merit any consideration. The component wise O&M Expenses as claimed by the licensee and as assessed by the Objector are shown in the tables below:

Employee expenses	FY 2020-21	
	Claimed	Allowable
Salaries and wages	32.16	32.16
Contributions to provident and otherfunds	0.88	0.88
Staff Welfare Expenses	0.01	0.01
Apportionment of Employee Benefit Expenses (from Holding Company)	66.39	-
Total Employee Expense of MePTCL	99.43	33.05
1/3 rd Employee Expenses of MeECL(actual)	7.44	-
Net Actual Employee Expense for True up	106.86	33.05

O&M Expenses	FY 2020-21	
	Claimed	Allowable
	106.86	33.05
	6.26	6.23
	5.07	1.97
	118.19	41.25

BIA suggests Hon’ble Commission that the O&M expenses of the Licensee for FY 2020-21 be allowed to the tune of Rs. 41.25 Crore.

MePTCL Reply

(9-10) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the objector has raised contention that MePTCL has failed to give any norms for the control period of FY 2018-21 and FY 2021-24. It is submitted that this is patently false as MePTCL has petitioned for consideration of norms as per the approved CERC Transmission Tariff for FY 2019-24. Furthermore, the validated network details were submitted along with the Review Petition for FY 2021-22 on 28.06.2021 before the Hon’ble Commission. However, the Hon’ble Commission did not consider the same for calculation of O&M expenses vide its order dated 18.08.2021. Further Truing up of Tariff has to be as per the audited Statement of Accounts. It is submitted that the details of the nature of expenses of MeECL proposed to be apportioned to the MePTCL at Rs. 48.60 Crore was submitted and the Hon’ble Commission has already considered the relevant amount in the True up order of FY 2019-20 vide its order 22.02.2022. It is thus submitted that the contentions raised by the Objector are completely false and unjustified without any material basis.

(11-13) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that 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. MePTCL, therefore the objections of BIA should be rejected at the outset. It is submitted that the apportionment of the cost of MeECL (Holding Company) for O&M is necessary as there is 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 manpower and functioning is replicated into the three subsidiary companies, and therefore ultimately benefiting the consumers. The Holding Company provides vital and essential services to the Subsidiaries without which they could not function such as the Company Secretary, Corporate Affairs, Planning & Design, Accounts Wing, Materials Management etc. Therefore, the contention that Holding Company expenses should not be passed through to the Subsidiaries does not merit any consideration by the Hon'ble Commission as it appears to be an anathema of the statutory policy. The Hon'ble Commission has in page 16 of its Order dated 18.08.2021 observed:

"... The contribution towards terminal benefits for the service rendered by the personnel with effect from 1st April 2012 shall be made to the trust/MeECL from time to time based on the actuarial valuation of terminal benefits and as determined by the utility. These contributions towards terminal benefits made from time to time shall be pass through in ARR and claimed through tariffs. However, the accrued liability up to the period of 31.03.2012 shall not be pass through in ARR as the same is already brought into the books and vested with MeECL through transfer scheme..."

It is also submitted that Actuarial Valuation of Pension and other Terminal Benefits of MeECL and its Subsidiaries as on 31st March, 2022 was completed and as per the report submitted by M/s Kapadia Global Actuaries, Mumbai, the total valuation is as follows:

1.	Pension	Rs. 3271.67 Cr.
2.	DCRG	Rs. 109.02 Cr.
3.	LEB	Rs. 137.83 Cr.
	TOTAL	Rs. 3518.52 Cr.

It is thus humbly submitted that the pension and terminal benefits are eligible to be passed through in the tariff of MePTCL.

Commission's View

Commission noted the submission of the petitioner.

BIA’s Rejoinder to the Reply filed by MePTCL

(9-13) BIA submitted that O&M expenses shall be admitted based on the O&M norms as per the Regulations. Further Submitted that the O&M expenses of holding company are not admissible under the ambit of Tariff Regulations without reasoning put forth by the petitioner.

On a similar note ever in a state like Uttar Pradesh, O&M expenses of UPPCL are not allowed. It is urged that responsibility of O&M claim pertaining to Holding company is not admissible in Meghalaya as well.

The O&M expenses of erstwhile MeSEB which is claimed by the subsidiaries of MeECL (MePGCL, MePTCL and MePDCL) is also not admissible under the Tariff Regulations.

Interest and Finance Charges

(14) Licensee has claimed Interest and Finance charges at Rs. 24.83 Crore for True up of FY 2020-21 as against Rs.4.81 Crore approved by the Commission in the order dated 25.03.2020.

BIA stated that the same claims have been raised in contravention of the MYT Regulations, 2014.

The Licensee has also considered the interest and finance charges for the holding company. This approach of MePTCL is incorrect. Further, this Hon’ble Commission in true-up order for 2019-20 dated 22.02.202 had categorically noted that interest on loans projected from MeECL/ holding company will not be considered.

BIA suggests that that the following be allowed as Interest and Finance Charges for True up of FY 2020-21:

Interest Charges	FY 2020-21		
	Claimed	Allowable	
		REC of BIA 400/ 200 KV	State Govt loan
Opening balance		8.17	20.86
Additions during the year		-	-
Repayment in default		0.81	2.09
Closing balance		7.36	18.77
Average Loan		7.77	19.82
Rate of Interest		11.00%	9.31%

Interest payable		0.85	1.84
Total Interest	24.83	2.70	

MePTCL Reply

The objections of BIA is denied as misconceived and incorrect in law as well as on facts. It is submitted that the Interest and Finance Charges are as per actuals and depicted in the audited Statement of Accounts. It is pertinent to state that the loans undertaken by the MeECL is on behalf of and for the purpose of utilization by the Subsidiaries. It is thus submitted that the amount on Interest and Finance Charges proposed by BIA are wholly without basis and should be rejected.

Commission’s View

Commission noted the submission of the petitioner.

BIA’s Rejoinder to the Reply filed by MePTCL

Interest and Finance charges of Holding company shall not be admissible as per Tariff Regulations.

Interest on Working Capital

(15-16) Licensee has claimed Interest on Working Capital at Rs.6.41 Crore for True up of FY 2020-21 as against Rs.2.39 Crore approved for ARR FY 2020-21.

BIA suggests as per regulations the interest has to be allowed at the rate equal to SBAR as on 1st April of the financial year in which the petition has been filed. The SBAR as on 01.04.2022 is 12.30%. Accordingly, the allowable interest on working capital is as under:

Interest on Working Capital	FY 2020-21	
	Claimed	Allowable
O&M expenses for 1 month (Excl. MeECL)	9.85	3.44
1% Maintenance spares on opening GFAescalated at 6%	4.90	0.07
Receivables for 2 months	34.97	10.53
Total working capital	49.72	14.03
SBAR	12.90%	12.30%
Interest on working capital	6.41	1.73

MePTCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the finance costs are legitimate and are based on actuals as duly audited. It is submitted that the methodology and amount for Interest on

Working Capital proposed by the BIA and the amount on different parameters proposed by BIA are not correct and do not seem to be based on reality thus should be rejected at the outset.

Commission’s View

Commission noted the submission of the petitioner.

BIA’s Rejoinder to the Reply filed by MePTCL

Interest on Working Capital shall be admissible on Normative basis as per Tariff Regulations.

Depreciation

(17-21) Licensee has claimed Depreciation at Rs.23.55 Crore for True up of FY 2020-21 as against Rs.21.42 Crore approved in the ARR of FY 2020-21.

BIA pleaded that the Depreciation as allowable as per the Regulations for FY 2020-21 at Rs17.57 Crore as shown in the table below:

Depreciation	FY 2020-21	
	Claimed	Allowable
Opening GFA		461.29
Additions during the year		-
Closing depreciable value of GFA		461.29
Average value of GFA		461.29
90% of Assets Considered for Depreciation		415.16
Depreciation as per Regulation		21.34
Average rate of Depreciation		4.63%
Govt. subsidy and grants		81.67
Less: Depreciation on Grants		3.78
Net Depreciation	23.55	17.57

MePTCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the claim of Depreciation is based as per actual and as per the audited Statement of Accounts. The amount of Depreciation corresponds to the actual assets that are capitalized, and the value calculated are as per CERC guidelines. The corresponding Grants component is taken care through Amortization of Grants which is included as part of Other Income. The Objector BIA has proposed following method for calculation of Depreciation:

Particulars	FY 2020-21 (Amount in Cr) Allowable
Opening GFA	461.29
Addition during the Year	-
Closing depreciable value of GFA	461.29
Average value of GFA	461.29
90% of Assets Considered for Depreciation	415.16
Depreciation as per Regulation	21.34
Average rate of Depreciation	4.63%
Govt. subsidy and grants	81.67
Net Depreciation	17.57

It is submitted that the above principle is flawed and is not as per the CERC Regulations. Further, the Grants are considered 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. It is submitted that as per Accounting Principle adopted by MePTCL, 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 GFA, 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 17: Other Income in FY 2020-21 (INR Cr) of the petition. It is submitted that this method proposed by BIA is nothing but to deliberately under cost the ARR and it is illogical to imagine that MePTCL with so many Assets cannot get any amount on Depreciation. It is submitted thus that the claim of objector should be rejected at the outset.

Commission’s View

Commission noted the submission of the petitioner.

BIA’s Rejoinder to the Reply filed by MePTCL

Depreciation shall be admissible after deducting the Capital Grants.

Other Income

(22-23) Licensee has projected Other income at Rs.11.61 Crore for True up of FY 2020-21

BIA pleaded that other income projected by MePTCL also includes Rs. 1.64 Crore towards 'Amortization of Grant' which has been accounted for while evaluating the Licensee's claim of Depreciation for the FY 2020-21.

Accordingly, the Hon'ble Commission is requested to approve Rs. 9.97 Crore (11.61 – 1.64) towards Non-tariff Income for the FY 2020-21.

MePTCL Reply

(22) The objections of BIA is denied as misconceived and incorrect in law as well as on facts. It is submitted that the figures put up by Petitioner are based on actuals hence there is no basis by the objector to submit provisional figures. It is submitted that the contention of objector should be rejected on this count alone furthermore the methodology and amount for Other Income proposed by the BIA should be rejected since the amount on different parameters proposed by BIA are not correct.

(23) The objections of BIA is denied as misconceived and incorrect in law as well as on facts. It is submitted that the contention of the BIA should be rejected at the outset since the methodology and amount for Non-tariff Income proposed by the BIA and the amount on different parameters proposed by BIA are not correct.

Commission's View

Commission noted the submission of the petitioner.

BIA's Rejoinder to the Reply filed by MePTCL

The Impact of amortization of grants is accounted in Depreciation hence the same is removed from here to avoid double accounting.

Revenue from Operations

(24-25) Licensee has projected Revenue from Operations at Rs.52.45 Crore for True up of FY 2020-21.

BIA pleaded that Accounting of Revenue based on realization is an imprudent practice and does not warrant consideration of Revenue at Rs. 52.45 Crore.

Therefore, it is respectfully submitted before this Hon'ble Commission to consider Revenue Rs. 60.69 Crore for determination of Revenue Gap/ Surplus for the True up of FY 2020-21.

MePTCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the balance revenue amount of Rs. 8.24 crore has already been considered by the MePTCL before the Truing up of FY 2017-18. It is submitted that it is wrong to infer that the amount of Rs. 60.69 Crore pertains to the current year, as the income for the current year is Rs. 52.45 Crore only. The amount of Rs.8.24 Cr is the balance revenue of FY 2017-18 and recognized during FY 2020-21 Statement of Accounts. It is submitted that the True up ARR of transmission tariff for FY 2017-18 is Rs. 41.94 Cr approved vide order dated 28.09.2020 by the Hon'ble Commission and the surplus was already adjusted in full in the tariff of FY 2021-22 by the Hon'ble Commission vide order dated 25.03.2021. The amount of Rs. 8.24 Cr was already deducted in the tariff of FY 2021-22. Thus, it is submitted that the balance revenue of Rs. 8.24 Crores cannot be considered at present as it will be tantamount to double deduction from the ARR of MePTCL i.e., once in the tariff of FY 2021-22 and again in the truing up of FY 2020-21. Hence the balance revenue of Rs. 8.24 Crores cannot be considered at present as it will be tantamount to double deduction from the ARR of MePTCL.

Commission's View

Commission noted the submission of the petitioner.

BIA's Rejoinder to the Reply filed by MePTCL

As per Accounting Standards prevalent in India, Revenue/Expenses are booked on accrual basis.

The petitioner's claim of Revenue realised during FY 2020-21 include Rs.8.24 Crore relates to FY 2017-18 is grossly incorrect.

Holding Company Expenses

(26-29) Licensee has claimed Holding Company expenses at Rs.90.46 Crore for True up of FY 2020-21.

The licensee’s claim of Holding company expenses is summarised for FY 2020-21 as shown below.

Particulars	FY 2020-21
	MePTCL
Own O&M Expenses	41.25
Holding Company O&M Expenses	76.96
% Holding Company O&M to Own O&M	187%
Own Interest Expenses (Allowable)	2.70
Holding company Interest Expenses	13.50
% Holding Company Interest to Own Interest	500%
Own Expenses – Total	43.95
Expenses towards Holding company – Total	90.46
% Holding Company to Own Expenses – Total	206%

BIA pointed out that various SERCs have adopted such approach of not allowing such claims over and above the expenses permissible within their respective State Tariff Regulations to safeguard the interest of the consumers of the state. It may also be relevant to point out that such expenses being claimed on actuals over and above the licensee’s claim defies the very purpose of the MYT Regulations, 2014 as O&M Expenses and Interest Expenses are to be admitted on normative basis which provide sufficient coverage to the interests of the transmission business.

MePTCL Reply

(26-28) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that 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. MePTCL, therefore the objections of BIA should be rejected at the outset. It is submitted 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 manpower and functioning is replicated into the three subsidiary companies, and therefore ultimately benefitting the consumers. The Holding Company provides vital and essential services to the Subsidiaries without

which they could not function such as the Company Secretary, Corporate Affairs, Planning & Design, Accounts Wing, Materials Management etc. Therefore, the contention that Holding Company expenses should not be passed through to the Subsidiaries does not merit any consideration by the Hon'ble Commission as it appears to be an anathema of the statutory policy.

- (29) The objections of BIA is denied as misconceived and incorrect in law as well as on facts. It is submitted that the claims on expenditure incurred are not over and above the claims. In fact, these are legitimate and genuine expenses which are being claimed in the truing exercise as per MSERC MYT Regulations which are claimed in the truing up exercise. It is thus submitted that the contention raised by the Objector should be rejected.

Commission’s View

Commission noted the submission of the petitioner.

True up of ARR for FY 2020-21

- (30) BIA suggests the allowable ARR for FY 2020-21 True up is as depicted in the table below.

Particulars	FY 2020-21		
	Approved in Tariff Order dated 25.03.2020	Claimed by MePTCL in the True up	Allowable as per Objector’s assessment
Return on Equity (RoE)	21.68	56.19	15.94
Operation and Maintenance Expenses	45.11	118.19	41.25
Interest and Finance charges	4.81	24.83	2.70
Interest on Working Capital	2.39	6.41	1.73
Depreciation	21.42	23.55	17.57
SLDC charges	1.33	1.33	1.33
Total Annual Expenditure	182.71	230.50	80.52
Less: SLDC ARR	2.66	2.66	2.66
Less: Other Income	36.92	11.61	9.97
Gross Annual Expenditure	57.16	216.23	67.89
Suo Moto True up for FY 2013-14 & FY 2014-15 Gap	1.75	1.75	1.75
True up (Surplus) for FY 2015-16	(5.72)	(5.72)	(5.72)
True up Gap/(Surplus) for FY 2016-17 Review order	(-0.74)	(-0.74)	(-0.74)
Aggregate Revenue Requirement	52.45	211.52	63.18
Revenue from Tariff/Operations approved/recovered		52.45	60.69
True Up Gap / (Surplus)		159.07	2.49

BIA requests the Commission to approve the allowable Net ARR amounting to Rs. 67.89 Crore against Rs. 216.23 Crore claimed by the licensee for FY 2020-21.

MePTCL Reply

The objections of BIA are denied as misconceived in light of the submission made in the proceeding paragraphs and incorrect in law as well as on facts.

Commission's View

Commission noted the submission of the petitioner.

Revision of Tariff for FY 2023-24

- (1-2) MePTCL has filed the petition for Approval ARR of for FY 2023-24 claiming the additional provisions over and above the approved ARR in the MYT order dated 25.03.2021.

BIA has pleaded that the Industrial consumers are few in number but at the same time contribute a substantial part of the revenue requirements of the electricity utilities in the state. It is submitted that the industries have been set up in the State of Meghalaya based on the representations made on the sustained supply of electricity at competitive prices. The cost of electricity has however increased substantially over the years which have made the operation of industries in the State more and more unviable.

MePTCL Reply

MePTCL has filed response to the Objections raised by BIA in following paragraphs.

- (1) 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.
- (2) The corresponding paragraph is a matter of record and as such need no specific reply. However, it is seen that the BIA has annexed some report of consultancy firm engaged by BIA annexed as ANNEXURE-A of their objections without any such direction or permission from this Hon'ble Commission and therefore the same cannot be taken on record or considered by this Hon'ble Commission while adjudicating the Petition filed by MePTCL. It is also submitted that the tariff rates over the years is the consequence of the Tariff Determination exercises done by this Hon'ble Commission, with the appropriate public consultations.

Commission's Views

Commission noted the submission of the petitioner.

- (3-4) MePTCL has filed True up petition for FY 2020-21 belatedly in contravention of MSERC MYT Regulations 2014.

MePTCL has failed to file petition seeking true-up of FY 2021-22 along with tariff determination of FY 2023-24.

BIA opines that such approach of MePTCL is unfair to the end consumers who are denied their rightful dues.

BIA pointed out that year on year, there has been significant delay in Auditing Accounts of the Licensee's company by Statutory Auditor and C&AG. It is thus, prayed that strict directions be issued to MePTCL seeking immediate compliance with Regulations.

MePTCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That BIA has wrongly contended that the instant petition has been filed with significant delay and that strict action may be taken in this regard. It is submitted that the petitions are filed timely by MePTCL and according to the Regulation 18 of the MYT Regulations. It is submitted that the contention of BIA that there has been delay in filing of Audited Accounts is denied. It is submitted that the True up Petition has been supported by the accounts and documents which detail the breakdown of costs and expenses. It is submitted that the Petitioner has been timely uploading all the Tariff Petitions in compliance with all the provisions of the MYT Regulations. That all the Petitions are submitted in compliance of the Regulation 11.3 of the MYT Regulations,

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

Commission's View

Commission noted the submission of the petitioner.

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

BIA has pleaded that petitioner has filed claiming the ARR approved in the MYT Order dated 25.03.2021 instead of complete application duly estimating the actual capitalization during FY 2021-22 and FY 2022-23 for the ARR components as per Regulation 54.

Employee Expenses

(5-12) MePTCL has claimed apportionment of Employee benefit expenses from Holding company at Rs.110.10 Crore apart from Rs.60.04 Crore O&M expenses approved in the MYT order dated 25.03.2021 for ARR of FY 2023-24.

BIA has pointed out that the claim of MePTCL towards enhanced O&M Expenses for MeECL for FY 2023-2024 is unjust and does not merit any consideration by the Hon'ble Commission. It is requested that this Hon'ble Commission may restrict the O&M expenses to Rs. 60.04 Crore as allowed by this Hon'ble Commission in MYT order dated 25.03.2021.

Licencee has claimed additional O&M expenses towards recruitment of fresh technical staff for its soon to be newly constructed grid substations. The Objector humbly submits that such claim based on fresh recruitments is absurd as there are employee retirements also taking place in parallel. Claims based on such an approach is not envisaged in the framework of the MYT Regulations, 2014. Such claims again warrant the approval of norms based expenditure on normative basis as against actuals. In view thereof, the claim of MePTCL towards holding company is outside the purview of the instant proceedings and merits no consideration. Furthermore, in the absence of any necessitating evidence put forth by the Licensee, the Objector submits before the Hon'ble Commission to not consider such claims of the Licensee.

MePTCL Reply

(5-11) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted 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. It is submitted that as per Notification dated 31st March 2012 the common service of Accounts, Corporate Affairs and HR, etc. is being provided by the Holding Company. It may be seen that due to the services availed from the Holding Company on the above areas, the employee cost is understated in the Accounts of the generating company. The holding company (i.e., MeECL) has no revenue of its own and depends on the contribution from its revenue-earning subsidiaries for meeting its day-to-day expenses. MeECL is doing all the administrative works of the three subsidiaries. The Accounts wing, Materials Management wing, etc. for all the subsidiaries fall under MeECL. These offices render vital services to each of the three subsidiaries. By not allowing the expenses of MeECL to be included in the ARR's of the subsidiaries will result in severe crippling of their performance. It is submitted that by not allowing the expenses of MeECL to be included in the ARR's of the subsidiaries will result in severe crippling of their performance. The following assets among others are shared as common with the holding company MeECL:

- i. The office establishment and other buildings and land, not covered elsewhere in any subsidiaries which are predominantly occupied and used for the common activities as on the effective date of transfer.
- ii. Head Office building of the Board at Shillong including all independent and stand-alone rest houses, which are not part of any substations and installations of the Board and not included in any subsidiaries.

It is submitted in light of the above averments that 1/3rd of the O&M expenses of the holding company has to be borne by each subsidiary for their smooth functioning.

- (12) The objections of BIA is denied as misconceived and incorrect in law as well as on facts. That it is submitted that the number of retired employees retiring per year are not equivalent to the number of employees recruited. Also, it is submitted there are expenditure involved in respect of the retired employees and as such these warrant

the revised approval of the Hon’ble Commission. It is submitted that the objection of BIA is baseless and without merits.

Commission’s View

Commission noted the submission of the petitioner.

BIA’s Rejoinder to the Reply filed by MePTCL

BIA submitted that O&M expenses shall be admitted based on the O&M norms as per the Regulations. Further Submitted that the O&M expenses of holding company are not admissible under the ambit of Tariff Regulations without reasoning put forth by the petitioner.

On a similar note ever in a state like Uttar Pradesh, O&M expenses of UPPCL are not allowed. It is urged that responsibility of O&M claim pertaining to Holding company is not admissible in Meghalaya as well.

The O&M expenses of erstwhile MeSEB which is claimed by the subsidiaries of MeECL (MePGCL, MePTCL and MePDCL) is also not admissible under the Tariff Regulations.

Net ARR for FY 2023-24

(13-14) BIA has requested the Commission to approve ARR of Rs. 94.87 Crore as against Rs. 401.59 Crore claimed by the Petitioner for the FY 2023-24 with the allowable Cumulative Gap to be recovered in the ARR for FY 2023-24 is depicted below.

Sr. No	Particulars	Approved vide Order dated 25.03.2021	Claimed by MePTCL for the True up	As per Objector’s assessment
1	Return on Equity (RoE)	15.67	15.67	15.67
2	Interest and Other Finance Charges	5.15	5.15	5.15
3(a)	Operation and Maintenance expenses incl. of MeECL Cost	60.04	60.04	60.04
3(b)	Apportionment of Employee Benefit Expenses (from Holding Company	-	110.10	-
3(c)	Recruitment for four new grid sub stations on contractual basis	-	3.22	-
4	Total O&M Expenditure	-	173.36	-
5	Interest on working Capital	3.28	10.27	3.28
6	Depreciation as may be allowed	28.86	28.86	28.86
7	SLDC Charges	1.54	1.54	1.54
8	Prior Period Expenses	-	-	-
9	Total Annual Expenditure	114.54	234.85	114.54
10	Less: SLDC ARR	3.08	3.08	3.08
11	Net Annual Expenditure	111.46	231.77	111.46
12	Less: Other Income	19.08	19.08	19.08

13	Net Annual Revenue Requirement	92.38	212.69	92.38
14	Gap/(Surplus) from True up of FY 2020-21 allowable		188.9	2.49
15	Net Revenue Requirement for FY 2023-24	92.38	401.59	94.87

MePTCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is denied that the Petitioner is seeking revised ARR without any justification. It is submitted that the Net Revenue Requirement for FY 2023-24 of Rs. 401.59 Crore included Net ARR of Rs. 212.69 Crore plus Rs. 159.57 Crore which is due to effect of true up of FY 2020-21 and Rs. 29.83 due to True up of FY 2017-18 and ARR of FY 2021-22. It is submitted that the petition including supporting documents and annexures have been uploaded on the MeECL website and the objection of Net ARR being Rs. 94.87 Crore is baseless and finds no support with any documents thus liable to be rejected as pure conjecture.

Commission’s View

Commission noted the submission of the petitioner.

Transmission Tariff for FY 2023-24

(15-16) BIA has suggested the Commission to approve the Transmission Tariff with Gap of Rs.2.49 Crore as shown in the table below

Sr. No.	Particulars	Claimed	Allowable
1	Annual Transmission Charges (Rs .Crores)	401.59	94.87
2	Average Load (MW)	283.00	283.00
3	Energy Transfer (MU) *	1,627.37	1,627.37
4	Transmission Tariff (1/3) Rs per unit	2.47	0.58
5	Open Access Charge (1/2/365) (Rs/MW/day)	38,877.97	9,184.25

BIA opines that the suggestions made in the petition for the True up of FY 2020- 21, the Objector submits that the allowable Revenue Gap is Rs. 2.49 Crore as against the claim made by the Petitioner amounting to Rs.188.90 Crore. Further, going by the past instances of True up exercise conducted by this Hon’ble Commission, it is safely said that such Gap is highly exaggerated and needs serious examination of expenses claimed in respect of prevailing Regulatory framework and guiding principles adopted by this Hon’ble Commission. This is also evident from the fact that the Transmission Tariff proposed by MePTCL for FY 2023-24 is more than 5-6 times of the Transmission Tariff prevailing across other states. The table below highlights the

Transmission Tariff prevailing across other states, existing tariff in Meghalaya and the Tariff proposed by MePTCL for FY 2023-24.

Particulars	MP	Assam	Gujarat	HP	Punjab	UP	MePTCL existing	MePTCL proposed	MePTCL allowable
Transmission Tariff (Ps./ kWh)	43	43	36	25	23	25	47	247	58

MePTCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that determination of transmission tariff will be based on the approved ARR of FY 2023-24 and gaps of previous years till truing up of the same with the filing of Revision Petition for determination of Transmission Tariff the Petitioner seeks to determine the tariff on approval of net ARR of Rs. 401.59 Crore as including the gaps of previous years and the actual as depicted by the submitted statement of accounts and expenses with the petition and as such the contention of Objectitioner is liable to be rejected as without any material basis. It is submitted that the request of approval of erroneous Transmission Tariff is being claimed by the Objectitioner without any material facts and supporting documents. It is submitted that the comparison with other states is erroneous and should be rejected by the Hon’ble Commission as misleading.

Commission’s View

Commission noted the submission of the petitioner.

BIA’s Rejoinder to the Reply filed by MePTCL

BIA pointed out that Comparison of Transmission Tariff among similarly placed different states found to be more than 425 %.

Directives issued by Hon’ble Commission

- (17) It is respectfully submitted that year on year, this Hon’ble Commission has been consistently issuing directives to the Petitioner. However, these directives are routinely not complied with by the Petitioner. By order dated 25.03.2022, this Hon’ble Commission had directed the Petitioner to ensure that it files a separate ARR petition for the SLDC. However, no separate petition has been filed by the Petitioner. The Hon’ble Commission had directed the following:

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

transmission through the interface metering point. The licensee shall update the records of SLDC and file separate ARR from next filings.”

MePTCL Reply

The objections of BIA is denied as misconceived and incorrect in law as well as on facts. It is submitted that directives have been noted by the Hon’ble Commission. It is submitted that instant petition is a revision petition for determination of tariff.

Commission’s View

Commission noted the submission of the petitioner.

- (18-20) The Hon’ble Commission had directed the Petitioner to file data regarding its assets and the time period for which it has remained functional. This would have the effect of determining tariff for the useful life of the assets, i.e., assets which are yet to complete 35 years and ensuring the consumers do not get burdened by illegal tariff for assets that have completed more than 35 years of operation from date of commissioning. By order dated 25.03.2022, the Hon’ble Commission has directed as follows:

“The useful life of the Transmission lines is 35 years from the date of commissioning. The Fixed assets of the STU are in use for more than 35 years of its life for which the MePTCL is claiming Depreciation and Return on Equity. The Licensee shall ensure withdrawal from Gross fixed assets block whose life term has been completed. Licensee shall ensure reduction in the claim of depreciation and ROE for the assets completed lifetime for determination of tariff henceforth, so that the cost and tariff can be reduced. MePTCL shall file the data as pointed out for commission’s review by 30th June 2021.

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

By MYT Order, the Hon’ble Commission had also directed the Petitioner to disclose the amounts of grants/contributions received by it. This would be reduced from the GFA and no depreciation etc. would be provided for the same. This would ensure reduction in transmission tariff. The Hon’ble Commission had directed as follows:

“The Licensee has not disclosed the grants and contributions for implementation of the new investment for the MYT control period FY 2018-19 to FY 2020-21, whereas capitalization of assets has been projected for the entire value of proposed capital investment during the control period in the business plan. As the ARR is considered on the basis of estimates,

Commission considers that the grants and contributions data may be made available during the course of project execution.”

It is respectfully submitted that none of the above-mentioned directives have been complied with by the Petitioner. Therefore, it is requested that this Hon'ble Commission take action under Section 142 of the Electricity Act 2003, show-cause the Petitioner and impose penalty. Due to the lackadaisical attitude of the Petitioner, the consumers are suffering from higher uncompetitive tariff which is against the provisions of Section 61(d) of the Act. Hence, it is prayed that this Hon'ble Commission allow the Net ARR for FY 2023-24 in terms of the MYT Order, provisions of the MYT Regulations, 2014 and the Electricity Act, 2003.

MePTCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that MePTCL has replied to the directives to the Hon'ble Commission.

Commission's View

Commission noted the submission of the petitioner.

True up of FY 2021-22

The petitioner during the Public hearing dated 14.03.2023 has submitted that Petition for the True up of FY 2021-22 be filed within 10-15 days. It is humbly submitted before Hon'ble Commission to issue a Directive in this regard. Moreover non-timely filing of the True up Petition should be strictly penalized under powers vested to this Hon'ble Commission.

II. JAINTIA HILLS CEMENT MANUFACTURERS ASSOCIATION

- (1-4) 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.

The Petitioner MePTCL has projected ARR for FY 2023-24 including Gaps of the previous years for Rs.401.59 Crore as against Rs.92.38 Crore approved in the MYT order dated 25.03.2021.

The Objector submitted that Hon'ble Commission may not consider the petition filed for higher ARR claiming for Rs.401.59 Crore for determination of Tariff for FY 2023-24.

MePTCL Reply

MePTCL has filed response to the Objections raised by JHCMA in following paragraphs.

- (1) The objections of JHCMA is denied as misconceived and incorrect in law as well as on facts. That it is submitted that the requirement stands fulfilled as the Revision Petition has been supported by the accounts and documents which detail the breakdown of costs and expenses.
- (2) 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.
- (3) 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.
- (4) The corresponding objections of JHCMA is denied as misconceived and incorrect in law as well as on facts. That it is submitted that determination of transmission tariff will be based on the approved ARR of FY 2023-24 and gaps of previous years till truing up of the same with the filing of Revision Petition for determination of Transmission Tariff the Petitioner seeks to determine the tariff on approval of net ARR of Rs. 401.59 crores as including the gaps of previous years and the actual as depicted by the submitted statement of accounts and expenses with the petition and as such the contention of Objector is liable to be rejected as without any material basis.

Commission's Views

Commission noted the submission of the petitioner.

Employee Expenses

- (5-8) Commission had approved Employee Expenses for FY 2023-24 at Rs.60.04 Crore including 1/3rd apportionable Holding company expenses in the MYT order dated 25.03.2021.

Whereas MePTCL now projected the apportionable employee expenses of Holding Company for FY 2023-24 at Rs.110.08 Crore which includes pension and related expenses for Rs.58.57 Crore.

The Objector suggested that Hon'ble Commission may restrict the O&M expenses to Rs.60.04 Crore as approved in the MYT order dated 25.03.2021.

MePTCL Reply

The objections of JHCMA are denied as misconceived and incorrect in law as well as on facts. It is submitted 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. It is submitted that this set up reduces the expenditure which would have otherwise increased three times, if the same manpower and functioning is replicated into the three subsidiary companies, and therefore benefitting the consumers. It is submitted that the objections raised by the Objector is without any material basis and the same does not merits any consideration by the Hon'ble Commission as it appears to be an anathema of the statutory policy. The holding company (i.e., MeECL) has no revenue of its own and depends on the contribution from its revenue-earning subsidiaries for meeting its day-to-day expenses. MeECL is doing all the administrative works of the three subsidiaries. The Accounts wing, Materials Management wing, etc. for all the subsidiaries fall under MeECL. These offices render vital services to each of the three

subsidiaries. By not allowing the expenses of MeECL to be included in the ARR's of the subsidiaries will result in severe crippling of their performance.

Commission's Views

Commission noted the submission of the petitioner.

Short term open access charges

(9-12) The Objector submitted that petitioner is seeking levy of short term open access charges at Rs.38878/Mw per day and Rs.1.62 Ps/Kwh Transmission charges in respect of open access consumers.

Hon'ble commission had fixed Open access charges for FY 2022-23 at Rs.8251.74 /Mw per day and Rs.0.47 Ps/Kwh Transmission Charges.

Objector requests the Commission to specify the rate of short term open access charges in terms of Rs./Kwh and issue directions to the Petitioner to levy the correct charges on open access consumers.

MePTCL Reply

The objections of JHCMA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the Open Access charges are recovered as revenue from the Net ARR. It is submitted that the Open Access Consumer are all bearing STU Charges at Rs. 0.47 / unit as approved by this Hon'ble Commission for the period FY 2022-23.

Commission's Views

Commission noted the submission of the petitioner.

Enhanced ARR as sought by MePTCL

(13-14) The Objector stated that the True up of earlier period forms an integral part of the Tariff Determination exercise for the current year.

The Petitioner is seeking a Net Revenue Requirement for FY 2023-24 of Rs.401.59, which includes enhanced Net ARR of Rs.212.69 crore, plus Rs.159.07 crore as the effect of True up of FY 2020-21 and Rs.29.83 Crore due to alleged amendment arising due to True up for FY 2017-18 and ARR of FY 2021-22 and 2022-23. However there is no calculation or justification provided for seeking additional Rs.29.83 Crore. Hence,

it is requested that such unsubstantiated and arbitrary amount sought must not be passed through in the present ARR.

It is submitted that the True up petitions have not been made available to the Objector.

As a result, the Objector is unable to assist this Hon'ble Commission on the same. Hence, it is requested that this Hon'ble Commission direct the licensee to share copies of the True up petitions and grant us a reasonable time to make submissions on the same.

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

MePTCL Reply

The objections of JHCMA are denied as misconceived and incorrect in law as well as on facts. That it is denied that the Petitioner is seeking revised ARR without any justification. It is submitted that the Net Revenue Requirement for FY 2023-24 of Rs. 401.59 Crore included Net ARR of Rs. 212.69 Crore plus Rs. 188.9 Crore which is due to Gap / Surplus from True up of FY 2020-21. It is submitted that the petitions have been uploaded on the MeECL website and the objections are baseless without any merits.

Commission's Views

Commission noted the submission of the petitioner.

Directives issued by Hon'ble Commission

(15-18) Commission had issued Directives to the licensee to file separate ARR for SLDC and to delete the value of the assets completed 35 years in service and the data of the Govt. Grants and Contributions to be filed for True up petitions, but none of the Directives are complied with by the petitioner.

The Objector requests the Hon'ble Commission to take action u/s 142 of EA 2003 and impose penalty.

MePTCL Reply

(15) The objections of JHCMA is denied as misconceived and incorrect in law as well as on facts. It is submitted that directives have been noted by the Hon'ble Commission. It is submitted that instant petition is a revision petition for determination of tariff.

(16-18) The objections of JHCMA are denied as misconceived and incorrect in law as well as on facts. It is submitted that MePTCL has replied to the directives to the Hon'ble Commission.

Commission's Views

Commission noted the submission of the petitioner.

Commission has conducted public hearing on 14.03.2023 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
<p>True up of FY 2020-21</p>	<p><u>BIA Objections</u></p> <ul style="list-style-type: none"> • True up Petition for FY 2020-21 not published in the Public Notification. Gujarat, Bihar and Uttar Pradesh allowed hearing. • Holding Company Expenses shall not be allowed for True up. • Interest and Finance charges, Depreciation of MeECL shall not be allowed in the True up. • Interest on Capital loan only shall be allowed. <p><u>JHCMA Objections</u></p> <ul style="list-style-type: none"> • Holding Company Expenses shall not be allowed for True up, Breakup for serving and Retired employees may be considered • O&M expenses norms shall be adopted as per Regulation 69.3. • Grants to be deducted from RoE and Depreciation.
<p>ARR & Tariff FY 2023-24</p>	<p><u>BIA Suggestions</u></p> <ul style="list-style-type: none"> • ARR for FY 2023-24 shall be as approved in the MYT order dated 25.03.2021. • Holding Company expenses shall not be allowed for ARR. • Additional cost on account of new recruitment against new substations shall not be considered. <p><u>JHCMA Suggestions</u></p> <ul style="list-style-type: none"> • Employees cost claimed for Rs.110.08 Crore as against Rs.60.04 Crore shall not be allowed. • Utility shall file Separate ARR for SLDC functions. • Assets in service for more than 35 years shall be withdrawn from the books

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 14.03.2023 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 Compliance of filing of Regulatory Accounts along with True up petition and Tariff Petition (Directive no.02 of FY 2022-23).
- b) Non Filing of SLDC ARR (Directive no. 03 of FY 2022-23)
- c) Non filing of the O&M norms as per Regulation 69.3 of MYT Regulations 2014.

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 16.03.2023.

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. 3.00 Lakh (Rupees Three Lakh), One Lakh each of the three Directives noted above not complied with, 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”**.

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 held on 14.03.2023 on the petition filed by MePTCL for True up of FY 2020-21 and ARR and Transmission Tariff and open access charges for FY 2023-24 is attached as Annexure II and Annexure III respectively.

4. Commission's Approach

4.1. Introduction

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

4.2. O&M Expenses

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

4.3. ARR and Transmission Tariff 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.

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

5. Analysis of ARR and Transmission Tariff and Open Access charges for FY 2023-24

5.1. Revision of ARR for FY 2023-24

Petitioner’s Submission

The Commission has approved ARR of Rs 92.38 Cr for FY 2023-24 in its MYT order dated 25th March 2021. The Commission has not considered review of ARR. Therefore, the petition for review of Net ARR for FY 2023-24 for determination of transmission tariff will be based on the approved ARR of FY 2023-24 and gaps of the previous years till truing up of the same.

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

Commission’s Analysis

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

Table 5.1 : Approved ARR for FY 2023-24

(Rs.Cr)

Sl. No	Particulars	FY 2023-24 (Estimated)
1	Return on Equity (RoE)	15.67
2	Interest and Other Finance Charges	5.15
3	Operation and Maintenance expenses incl. of MeECL Cost	60.04
4	Interest on Working Capital	3.28
5	Depreciation as may be allowed	28.86
6	SLDC Charges	1.54
7	Prior Period Expenses	-
8	Total Annual Expenditure	114.54
9	Less: SLDC ARR	3.08
10	Net Annual Expenditure	111.46
11	Less: Other Income	19.08
12	Net Annual Revenue Requirement	92.38

5.2. Employee Cost

Petitioner’s Submission

The apportionment of employee cost of holding company for FY 2023-24 to be borne by MePTCL was estimated to be Rs.73.92 Crores in the MYT petition as well as the review petition of MYT. This expense was disallowed in totality by the Commission in its order dated 25th March 2021. In the review petition order dated 18th August 2021, the Commission has stated that it shall consider the other components/items of employee cost while truing up and accordingly the variation in the employee cost/O&M expenses shall be allowed.

It is respectfully submitted that the expenses to be incurred in connection with the Employee cost are projected as per the actual expense incurred in this regard and therefore, are liable to be included as part of the reviewing exercise. It is also respectfully submitted that as per the statutory mandate for tariff determination, it is the requirement of law for the Hon’ble Commission to necessarily include in this process, the costs which have been incurred by the corporation in respect of the employee costs. Even otherwise, it is also necessary to point out that the present petition is also necessitated in view of the fact that the expense which has not been included are expenses which have been actually incurred by the Corporation.

It is submitted that non-inclusion of these costs shall result in depriving the Corporation of much needed revenue. Therefore, on the one hand the expense towards employee costs would continue to be incurred as per actuals, without the expense being reflected in the tariff. Based on this the estimated apportionment of the Holding company expenses is as depicted below :

Table 5.2 : Apportionment of employee cost of Holding Company for FY 2023-24 (projected)

(Rs Cr)	
Particulars	MePTCL
Pay & Allowances expenses	50.44
Staff Welfare expenses	0.02
Corporation Contribution to CPS Fund	1.06
Ex-Gratia payment	0.00
Pension & pension related expenses	58.57
TOTAL	110.08

It is requested that the Commission consider the apportionment of employee cost of the Holding Company for FY 2023-24 amounting to Rs.110.08Cr as claimed above in addition to the approved O&M expenses.

Commission’s Analysis

Commission had approved O&M expenses at Rs.60.04 Crore for FY 2023-24 in the MYT Order dated 25.03.2021 including apportionable O&M expenses of MeECL.

The licensee was asked to furnish the actual O&M expenses for FY 2021-22 (licensee has yet to file True up petition for FY 2021-22) in the Commission’s letter dated 03.01.2023. Licensee has submitted the following details in their letter dated 18.01.2023 for first half year of the FY 2022-23.

Sl.No	Particulars	Amount (in Lakhs)
1	Finance costs	48.13
2	Depreciation and Amortization expenses	1215.80
3	Employee benefit expenses	5076.06
4	Other expenses	329.10

Breakup of O&M expenses

Sl. No	Particulars	Amount in Lakhs
1	Repairs and Maintenance	206.85
2	Administration, Operating and General Expenses	122.25
3	<u>Employee Expenses</u>	
	i) Salaries and wages	1682.58
	ii) Contribution to provident and other funds	64.55
	iii) Apportionment of Employee Benefit Expenses	3328.93
	Total	5405.16

It is observed that the breakup figures filed by the licensee for first half year of FY 2022-23 covers apportionment of Employee benefit expenses from Holding Company for Rs.33.29 Crore which includes DCRG pension contribution of deputation personnel amounting to Rs.27.76 Crore. Thus remaining apportion able employee expenses for first half year of FY 2022-23 shall be Rs.5.53 Crore. The DCRG and pension contributions part shall be met from the Trust funds.

Commission considers the O&M expenses of MePTCL including apportion able O&M expenses of MeECL shall be escalated at 5% for computation of O&M expenses for FY 2023-24 provisionally as depicted in the table below.

Table 5.3 : Computation of O&M expenses for ARR of FY 2023-24

(Rs. Cr)

Particulars	First Half year	Full Year FY 2022-23	Escalation @ 5%	Estimates for FY 2023-24
MePTCL employee expenses	17.48	34.96	1.75	36.71
Apportionment of employee benefit expenses from holding company	5.53	11.06	0.55	11.61
R&M exp incl. MeECL exp	2.07	4.14	0.21	4.42
A&G exp incl. MeECL exp	1.22	2.44	0.12	5.72
Total				58.46
Approved in the MYT Order dated 25.03.21				60.04

Commission considers O&M expenses at Rs. 60.04 Crore as approved in the MYT order for ARR of FY 2023-24.

5.3. Total Gap to be recovered through Tariff in FY 2023-24

Petitioner's Submission

It may be noted that the approved ARR as well as the gaps/(surplus) of previous years due to true up and amendment on true up order is to be cumulatively recovered through the tariff of FY 2023-24. The Licensee has filed the True Up petition for FY 2020-21 to the Hon'ble Commission on 02.11.2022 for which the order is still awaited.

That, since the MePTCL has filed a petition on True Up for FY 2020-21, this will have an impact on the ARR requirement for FY 2023-24 and thereby the utility requests the Commission to allow the gap in the True up of the Transmission ARR for FY 2020-21 which amounts to Rs 159.07 crores respectively as shown below:

Table 5.4 : True Up Gap claimed by MePTCL for FY 2020-21

(Rs. Cr)

Particulars	Approved for FY 2020-21 in Tariff Order	Claimed by MePTCL in Truing up of FY 2020-21	Revenue Gap/ (Surplus)
Aggregate Revenue Requirement	52.45	211.52	159.07

Commission Analysis

Commission had approved True Up Gap for FY 2020-21 at Rs.18.61 Crore shall be appropriated for the ARR of FY 2023-24.

5.4. Net ARR for FY 2023-24**Petitioner’s Submission**

MePTCL has submitted that based on the above submissions for approved ARR and gaps/(surplus) of past years, the net Revenue Requirement for FY 2023-24 would be as shown below:

Table 5.5 : Net ARR for FY 2023-24

(Rs. Cr)			
Sl. No.	Particulars	Approved by MSERC dated 28.03.2020	Review presently Filed by MePTCL
1	Return on Equity (RoE)	15.67	15.67
2	Interest and Other Finance Charges	5.15	5.15
3(a)	Operation and Maintenance expenses incl.of MeECL Cost	60.04	60.04
3(b)	Apportionment of Employee BenefitExpenses (from Holding Company		110.10
3(c)	Recruitment for four new grid sub stationson contractual basis		3.22
	Total O&M Expenditure		173.36
4	Interest on working Capital	3.28	10.27
5	Depreciation as may be allowed	28.86	28.86
6	SLDC Charges	1.54	1.54
7	Prior Period Expenses		
8	Total Annual Expenditure	114.54	234.85
9	Less:SLDC ARR	3.08	3.08
10	Net Annual Expenditure	111.46	231.77
11	Less: Other Income	19.08	19.08
12	Net Annual Revenue Requirement	92.38	212.69
13	Add: Gap of Revenue in the True up for FY2020-21 (petitioned)		159.07
14	Add: Amendment as requested arising due to True up for FY 2017-18 and ARRof FY 2021-22 and 2022-23		29.83
15	Net Revenue Requirement for FY2023-24	92.38	401.59

MePTCL has further submitted that before the issue of next tariff order, any further orders from Hon’ble Commission on the above gap against the True-up of FY 2020-21 for MePTCL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2023-24.

Commission’s Analysis

Commission had passed an amendment for adjustment of Revenue Surplus on 06.08.2021 declaring the Net Surplus for FY 2017-18 at Rs.7.55 Crore out of Rs.27.63 Crore adjusted in ARR of FY 2021-22. The difference of excess surplus amounted to Rs.20.08 Crore has been adjusted in the ARR for FY 2022-23.

There is no claim pending adjustment in this respect.

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

The Surplus / gaps approved in the True up for FY 2020-21 shall be included in the revised ARR for FY 2023-24 as shown in the table below.

Table 5.6 : Approved Aggregate Revenue Requirement for FY 2023-24

(Rs. Crore)

Sl. No.	Particulars	Filed by Petitioner	Approved by Commission FY 2023-24
1	Return on Equity (RoE)	15.67	15.67
2	Interest and Other Finance Charges	5.15	5.15
3	Operation and Maintenance expenses incl. of MeECL Cost	173.36	60.04
4	Interest on Working Capital	10.27	3.28
5	Depreciation as may be allowed	28.86	28.86
6	SLDC Charges	1.54	1.54
7	Prior Period Expenses	-	-
8	Total Annual Expenditure	234.85	114.54
9	Less: SLDC ARR	3.08	3.08
10	Less: Non Tariff and Other Income	19.08	19.08
11	Net Annual Revenue Requirement	212.69	92.38
12	Add: Revenue Gap in True up of FY 2020-21	159.07	18.61
13	Add: Amendment as requested arising due to True up for FY 2017-18 and ARR of FY 2021-22 and FY 2022-23.	29.83*	-
14	Total ARR for FY 2023-24	401.59	110.99
15	Less : Recovery of Proposed Penalty for Non Compliance of the Directives as analyzed and notified vide page no.46 & 47 of this Order		0.03
16	Net Gap for FY 2023-24		110.96

* This Transaction has been regulated in the ARR of FY 2022-23

Commission considers ARR at Rs.110.99 Crore for FY 2023-24.

6. Transmission Tariff and Open Access Charges

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

Petitioner's Submission

The Transmission charges for Short Term Open Access consumers are to be considered on the ALST in Rs/MW for the concerned year. The State Load Despatch Centre (SLDC) has computed the average load of MePTCL for the period from FY 2019-20 to FY 2021-22 based on the actual State Energy Accounts and estimation for FY 2022-23 and projected for FY 2023-24 is shown as follows:

Table 6.1 : Average Load (MW)

Particulars	FY 2019-20 (Actuals)	FY 2020-21 (Actuals)	FY 2021-22 (Actuals)	FY 2022-23 (Estimated)	FY 2023-24 (Projected)
Average Load (MW)	236.05	230.90	237.48	267	283

Commission's Analysis

The licensee has projected ALST at 283 MW for FY 2023-24, the transmission tariff and open access charges are computed for the Energy transfer approved in the Energy balance of MePDCL as depicted in the table below for FY 2023-24.

6.2. Computation of Transmission and Open Access Charges:

Petitioner's Submission

Based on the above, the petitioner requests the Commission to allow the transmission tariff for FY 2023-24 as given below:

Table 6.2 : Transmission Tariff projected for FY 2023-24

Sl. No.	Particulars	FY 2023-24
1	Annual Transmission Charges (Rs. Crores)	401.59
2	Average Load (MW)	283
3	Energy Transfer (MU) *	1627.37
4	Transmission Tariff(1/3) Rs per unit	Rs.2.47 per unit
5	Open Access Charge (1/2/365)	Rs.38878/MW per day

**Energy Transfer (MU): As per the approved Energy Balance in the DISCOM MYT for FY2021-22 to FY 2023-24 vide Order dated 25.03.2021, the net power to be sold to consumers within the state (including ASEB) is 1627.37 MU.*

Commission’s Analysis

The recovery of charges from open access consumers shall be done strictly as per Regulation 21 of MSERC (Terms and Conditions of Open Access) Regulations, 2012. The transmission charges shall be payable on the basis of contracted Capacity/Scheduled Load or actual power flow whichever is higher, at the rate determined by the Commission. All other charges shall be as per the Regulations and the Commission’s order issued from time to time. The Commission also directs MePTCL to recover the charges of previous period in the same manner as per the Orders and Regulations and show it in the final true up of the previous years. MePDCL has projected Quantum of Energy sales within the State at 1491.97 MU are considered for computation of Wheeling charges for FY 2023-24.

Table 6.3 : Determination of Transmission Tariff for FY 2023-24

Sl.No	Particulars	Transmission ARR Projected	Approved by Commission
1	MePTCL ARR (Rs.Cr.)	401.59	110.99
2	Average Load in (MW)	283	283
3	Units to be Handled (MU)	1627.37	1491.97
4	Transmission Tariff (1/3)	2.47/kwh	0.74 ps/Kwh
5	Open Access Charges(1/2/365)	Rs.38878/MW per day	Rs. 10745/MW per day

Commission considers the Transmission Tariff at Rs. 0.74 ps/Kwh for FY 2023-24 and the open access charges shall be billed at Rs. 10745 /MW/per day.

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

7. Directives

7.1 Earlier Directives

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

2. Regulatory Accounts

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

Status:

MePTCL has not furnished asset wise breakup with value for the Transmission Gross Fixed Assets as has been reporting in the audited accounts vide note no.2 of SoA.

Commission's view:

Regulatory Accounts are to be evaluated mainly for the following fixed ARR elements considering the growth of the STU performance.

1. Depreciation
2. Interest and Finance charges
3. Return on Equity
4. O&M Expenses
5. Interest on Working Capital

Commission had notified Directive no.2 of Tariff Order for FY 2022-23 dated 25.03.2022 for filing of impending Regulatory accounts in the absence of specific formats.

Commission had suggested to maintaining 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 years 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 licensee shall file the Transmission network data for evaluation of base year norms to assess O&M expenses as per Regulation 69.3

MePTCL shall evaluate the O&M expenses based on the actual value for FY 2020-21 True up by allocating ratio of No. of personnel deployed for O&M activity on the number of substations (voltage wise) number of Bays (voltage wise) and CKT KMs length of line (Voltage wise) as base year norm. The sum shall be escalated for subsequent years O&M expenses considering the percentage increase in the Growth of Network addition.

MePTCL shall furnish the above norm for consideration of the commission to fix the O&M expenses for determination of subsequent year ARR and Tariff.

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 ARR.

3. Functioning of SLDC

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

Status:

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

Commission's view:

The licensee shall expedite the process.

4. Withdrawal of the Assets from Gross Block

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

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

Status:

The MePTCL maintains a record of its Assets in the Fixed Assets Register which records a monetary value of the assets. The MePTCL follows the principle of straight line depreciation as mandated by the CERC up to 90 Percent of the acquisition cost of the asset. Hence, on attaining depreciation up to 90 percent, there is no further calculation of depreciation on the particular asset.

Commission's view:

Commission had issued Directive no.4 for withdrawal of the asset cost from the books of accounts whose lifetime of 35 years completed in service.

The licensee has stated that the details of Transmission lines and substations along with the commissioning date in Annexure-I submitted are found to be without monetary value. It is further stated that necessary action on the calculation of GFA, Depreciation and RoE shall be taken up by the accounts wing of MeECL.

MePTCL shall ensure action to withdraw the value from Gross block for Regulatory accounts.

5. Norms for O&M expenses

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

The Network data filed with the petition for ARR of 3rd MYT control period and additional information/data filed on 03.02.2021 is not matching each other by which the commission constrained to formulate a norm for computation of admissible O&M expense for Tariffs for FY 2021-22 in line with the CERC Regulations 2019.

Status:

MePTCL has complied the detailed year wise network data from FY 2018-19 till FY 2023-24 and the same has been submitted vide letter no. MePTCL/DT/T-21 (Pt-X)/2022-23/8 dated 25th May 2022.

Commission's View:

MePTCL shall evaluate base year O&M expenses considering the actual value for FY 2020-21 True up (Rs.32.01 Crore) by allocating the ratio of no. of personnel deployed for O&M activity on the number of substations (voltage wise) number of Bays (voltage wise) and CKT KMs length of line (Voltage wise) as base year norm. The sum shall be escalated for subsequent years O&M expenses considering the percentage Growth of network addition.

MePTCL shall furnish the above norm for consideration of the commission for computation of O&M expenses and determination of subsequent year ARR and Tariff.

Utility shall file Status of the Directives not complied with by 30.09.2023.

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 State 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 (fifty) 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 remove 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 Transmission Petition for True up of
FY 2020-21 filed by MePTCL**

Date: 14.03.2023 | Venue: State Convention Centre, Shillong| Time: 10:30 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

1. Shri. Sanjay Goyal, CMD MeECL.
2. Shri. C. Rama Krishna, IAS,D(F),MeECL.
3. Shri. A. Raymond Laloo, Sr. A.O, MeECL
4. Shri. Larisha Kharpran, A.O, MeECL
5. Shri. Banshan K Nonghlaw, A.O, MeECL
6. Shri. I. Pyngrope, A.O, MeECL
7. Shri. G.A. Dkhar, Law Officer, MeECL

MePTCL

1. Shri. J. Hynniewta, CE (T), MePTCL
2. Shri. P. Sun, SE, MePTCL
3. Shri. A. Kharpan, D (T), MePTCL
4. Shri. B.N. Marak, Asst. Ex. Engineer, MePTCL
5. Shri. A.K. Rabha, Sr. A.O
6. Shri. E. Chyne, Advocate.

Byrnihat Industries Association (BIA)

1. Shri. Shyam Sundar Agarwal, Secretary, BIA.
2. Shri. Rahul Bajaj, Member, BIA.
3. Shri. Saurabh Srivastava, Mercados for BIA
4. Shri. Sangam Asati, Mercados for BIA

Annexure-III

**List of Participants in the Public Hearing on Transmission Tariff Petition for FY 2023-24
filed by MePTCL**

Date: 14.03.2023 | Venue: State Convention Centre, Shillong| Time: 13:30 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

1. Shri. Sanjay Goyal, CMD MeECL.
2. Shri. C. Rama Krishna, IAS,D(F),MeECL.
3. Shri. Banshan K Nonghlaw, A.O, MeECL
4. Shri. A. Raymond Laloo, Sr. A.O, MeECL
5. Shri. Larisha Kharpran, A.O, MeECL
6. Shri. I. Pyngrope, A.O, MeECL
7. Shri. G.A. Dkhar, Law Officer, MeECL

MePTCL

1. Shri. A. Kharpan, D (T), MePTCL
2. Shri. J. Hynniewta, CE (T), MePTCL
3. Shri. A.K. Rabha, Sr. A.O
4. Shri. P. Sun, SE, MePTCL
5. Shri. E. Chyne, Advocate.
6. Shri. B.N. Marak, Asst. Ex. Engineer, MePTCL

Byrnihat Industries Association (BIA)

1. Shri. Shyam Sundar Agarwal, Secretary, BIA.
2. Shri. Rahul Bajaj, Member, BIA.
3. Smt. Mandakini Ghosh, Advocate for BIA