



**M S E R C**  
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

## **MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION SHILLONG**

Front Block Left Wing, 1<sup>st</sup> Floor, New Administrative Building,  
Lower, Lachumiere, Shillong, Meghalaya 793001

**Order on Case No. 06 of 2025**

**Petition of the Meghalaya Power Generation Corporation Ltd. (MePGCL) for approval  
of True Up of Generation Business for FY 2024-25**

**Coram**

**Shri. Chandan Kumar Mondol, Chairman**

**Petitioner:**

**Meghalaya Power Generation Corporation Ltd. (MePGCL)**

Lum Jingshai, Short Round Road,  
Shillong – 793 001

**Order**

**(Dated: 25.03.2026)**

The Government of Meghalaya has notified the Power Sector Reforms Transfer Scheme 2010, leading to restructuring, and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities. Accordingly, Meghalaya Power Generation Corporation Limited (MePGCL) has started functioning as a segregated commercial operation utility independently for power generation in the state of Meghalaya with effect from 01.04.2013.

This Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act (EA), 2003 and all other powers enabling it in this behalf, and after taking into consideration the submissions made by MePGCL, suggestions/objections received from the stakeholders upon public consultation process, and upon considering all other relevant material herein, has already issued Order for the True-up of Generation Business for FY 2023-24 dated 22.03.2025.

This Commission in exercise of its functions vested vide Regulation 16 of the MSERC Multi Year Tariff Regulations, 2014 being read along with its subsequent amendments had approved Aggregate Revenue Requirement (ARR) & Generation Tariff for FY 2024-25 vide Tariff Order dated 24.10.2024.

Further, in accordance with the applicable regulatory provisions set out vide Regulation 14 of the MSERC Multi Year Tariff Regulations, 2014 being read along with its subsequent amendments specify the following:

*“The Generating Company or Transmission Licensee or Distribution Licensee shall file an Application for Truing up of the previous year and determination of tariff for the ensuing year, within the time limit specified in these Regulations.”*

MePGCL has filed a Petition for Truing up of Generation Business for FY 2024-25 & Revised Aggregate Revenue Requirement for FY 2026-27 and determination of Generation Tariff for FY 2026-27 on 27.11.2025.

The Commission vide letter dated 10.12.2025 had admitted the petition and directed MePGCL to publish an abstract of the Petition in two consecutive issues in local dailies in Khasi, Jaintia, Garo, and English. The Petition was registered as under:

- MSERC Case No. 06 of 2025: Truing up of Generation Business for FY 2024-25.

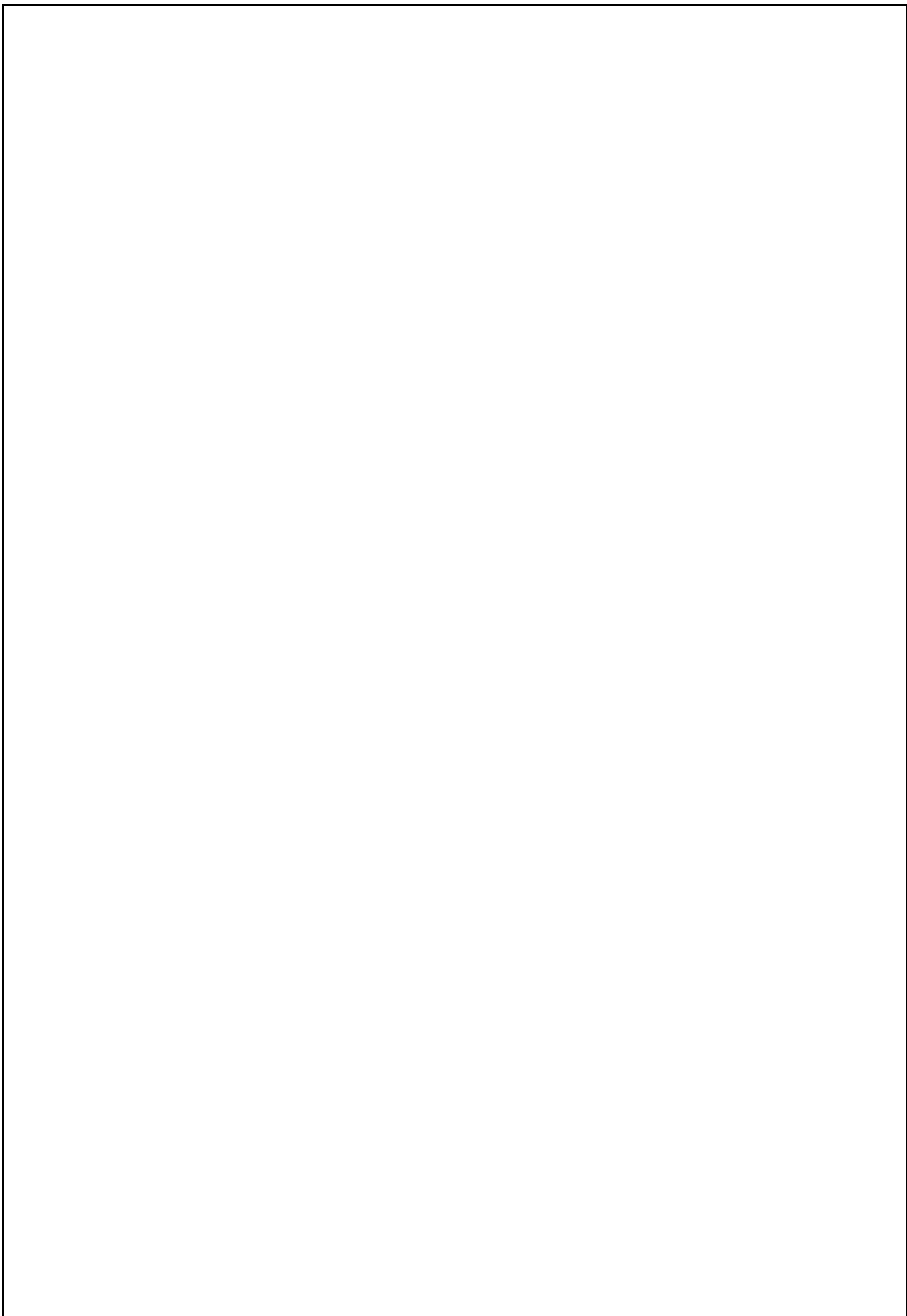
The Commission has undertaken true-up of the previous year's expenses and revenue considered with reference to Audited Statement of Accounts made available subject to prudence check including pass through of impact of uncontrollable factors (if any).

Further, this Commission taking into consideration of all the facts and additional information/data and prudence check as per the Regulations with reference to the audited annual accounts, after hearing the Petitioner and Stakeholders, approves true up of generation business for FY 2024-25 in the detailed analysis annexed to this order.

This Commission also notifies that the impact of true-up gap/ surplus shall be appropriated in the next Tariff Order.

Sd/-

**Chandan Kumar Mondol**  
**Chairman**



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## **1. Background and Brief History**

### **1.1. Background**

- 1.1.1. The power generation in the state of Meghalaya is carried out by Meghalaya Power Generation Corporation Limited (MePGCL), a wholly owned subsidiary of Meghalaya Energy Corporation Limited (MeECL).
- 1.1.2. The Power Supply Industry in the state of Meghalaya has been under the governance of erstwhile Meghalaya State Electricity board (MeSEB) since 21<sup>st</sup> January 1975. The Government of Meghalaya has notified the Power Sector Reforms Transfer Scheme 2010, leading to restructuring, and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities. After notification of amendment to the Power Sector Reforms Transfer Scheme by the State Government on 1<sup>st</sup> April 2012, the un-bundling of MeECL into MePDCL, MePGCL and MePTCL came into effect.
- 1.1.3. Accordingly, Meghalaya Power Generation Corporation Limited (MePGCL) (hereinafter referred to as “the Petitioner”) has started functioning as a segregated commercial operation as a dedicated entity responsible for power generation in Meghalaya, effective from 1<sup>st</sup> April 2013.
- 1.1.4. The MSERC (herein referred as “Commission”) is an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, which is 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.
- 1.1.5. In exercise of the powers vested vide Regulation 16 of the Meghalaya State Electricity Regulatory Commission (MSERC) Multi Year Tariff Regulations, 2014, the Commission had approved Aggregate Revenue Requirement (ARR) & Generation Tariff for FY 2024-25 in the Multi Year Tariff Order (MYT Order) dated 24.10.2024.

### **1.2. Facts about this Case**

- 1.2.1. The petitioner, in compliance with the prevailing Regulatory norms under Regulation 11 of the MSERC (Multi Year Tariff) Regulations, 2014, and its subsequent amendments, has filed an application for the True-up of FY 2024-25 dated 27.11.2025.
- 1.2.2. The Commission vide its letter dated 10.12.2025 had admitted the petition directing MePGCL to publish an abstract of the Petition in two consecutive issues in local dailies in Khasi, Jaintia, Garo, and English.

- 1.2.3. Subsequently on 17.12.2025 & 19.12.2025 abstract of the Petition were published in The Shillong Times- English Edition, Mawphor Khasi Edition, Salantini Janera-Achik Edition and Yutip Jaintia Edition, inviting objections/suggestions from stakeholders within 30 (thirty) days from the date of publication.
- 1.2.4. Commission vide Notification dated 15.01.2026, had extended the last date for submission of objections/suggestions and comments by the stakeholders up to 30.01.2026.
- 1.2.5. During the evaluation of the submitted application for the True-up of Generation Business for FY 2024-25, the Commission received objections/ suggestions from stakeholders i.e., Byrnihat Industries Association (BIA), dated 28.01.2026.
- 1.2.6. This Commission has sought Additional information (Serial 1) for MePGCL petition on Truing up of Generation Business for FY 2024-25 & Approval of Revised Aggregate Revenue Requirement for FY 2026-27 and Determination of Generation Tariff for FY 2026-27, dated 06.01.2026.
- 1.2.7. The Petitioner has submitted its response to the additional information sought by this Commission dated 11.02.2026. Subsequently, on 27.02.2026 MePGCL submitted additional information to the Commission for petition on Truing up of Generation Business for FY 2024-25.
- 1.2.8. This Commission on 11.02.2026 and 12.02.2026 published notices for Public Hearing in the daily locals viz Shillong Times, Shillong & Tura Edition and U Nongsain Hima.
- 1.2.9. The Commission on 16.02.2026 sought Additional Information (Serial 2) on the Petition. In response, MePGCL submitted the required Additional Information (Serial 2) on 06.03.2026. Subsequently, on 02.03.2026, MePGCL provided its replies to the objections and suggestions raised by BIA.
- 1.2.10. The Additional Information and Additional Submission of the Petitioner, Objections and Suggestions of the Stakeholders and Replies of MePGCL thereof, have been uploaded on the website of the Commission.
- 1.2.11. The Petitioner has accordingly submitted its replies/ responses to the issues raised by the stakeholders during the process which has been noted by this Commission.
- 1.2.12. On 09.03.2026, in compliance of the due Regulatory procedures public hearing of the submitted application for Truing Up of Generation Business for FY 2024-25 dated 27.11.2025 was conducted in the presence of the Petitioner and the stakeholders.

1.2.13. Further, Regulation 11.5 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 stipulates the following:

*“11.5 The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:*

*(a) a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check including pass-through of impact of uncontrollable factors;*

*(b) Review of compliance with directives issued by the Commission from time to time;*

*(c) Other relevant details, if any.”*

1.2.14. Further, the apportionment of MeECL expenses shall be regulated as per the Commission’s previous notifications and directives subject to prudence check of the Commission.

### **1.3. Company Profile and Performance Overview**

1.3.1. Meghalaya Power Generation Corporation Limited (MePGCL) is classified as a Generation Company under Section 2(28) of the Electricity Act, 2003. The primary duties and responsibilities of a Generating Company, as outlined in Sections 7 and 10 of the Electricity Act, 2003, include the following:

- Establish, operate, and maintain generating stations, tie-lines, substations, and dedicated transmission lines, in compliance with the provisions of the Act and the rules and regulations made thereunder.
- Supply electricity to any licensee in accordance with the Act, rules, and regulations.
- Submit technical details of generating stations to the Appropriate Commission and the Central Electricity Authority (CEA).
- Coordinate with the Central Transmission Utility (CTU) or the State Transmission Utility (STU), as appropriate, for the transmission of electricity generated.

1.3.2. Under the Meghalaya Power Sector Transfer Scheme, MePGCL was entrusted with the generation of electricity by the Government of Meghalaya. The company operates within the legal framework set out by the Act, with its business scope encompassing the following key functions:

- Supply electricity to licensees in compliance with the Act, rules, and

regulations.

- Accelerate power development by planning and implementing new power generation projects.
- Efficiently and effectively operate existing generating stations.
- Implement Renovation and Modernization (R&M) initiatives to enhance performance through regular maintenance and upgrades of existing plants.
- Strive for high reliability and safety standards in all areas of operation.
- Ensure safety compliance and adherence to environmental norms.
- Adopt best industry practices to enhance operational efficiency and position MePGCL as a leading generation company.
- Pursue associated business ventures, including providing training, technical consultancy services, and operation and maintenance (O&M) support.

#### 1.4. Installed Capacity

1.4.1. MePGCL is the state-owned power generating company of the state of Meghalaya with an installed capacity of 378.77 MW as on date. All the generating stations of MePGCL are Hydro generating stations.

1.4.2. The Installed Capacity of MePGCL is shown as under:

**Table 1: Installed Capacity of MePGCL as on 01.04.2024**

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

		II	20		01.07.2017
9	Lakroh MHP	I	1.5	1.5	01.03.2019
10	Ganol SHP	III	7.5	22.5	01.08.2023
	<b>Total</b>			<b>378.77</b>	

### 1.5. Performance Highlights: Energy Generation, Auxiliary Consumption & Plant Availability Factor

#### Energy Generation

##### MePGCL's Submission

- 1.5.1. The petitioner submitted that all the Generating stations being hydro, the annual generation is heavily dependent on the rainfall during the year. The generation trend from FY 2021-22 to FY 2024-25 is presented in the table below:

**Table 2: Energy Generation Trend of MePGCL (MU)**

Sl. No	Station	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1	Umiam Stage-I	64.92	117.67	84.48	113.02
2	Umiam Stage-II	33.9	62.11	43.06	58.69
3	Umiam-Umtru Stage-III	110.19	129.57	108.91	93.41
4	Umiam-Umtru Stage-IV	125.26	176	143.27	147.92
5	Sonapani MHP	5.55	6.47	5.50	6.62
6	Myntdu Leshka HEP	380.34	359.69	0.00	362.06
7	New Umtru HEP	160.79	196.24	301.08	187.28
8	Lakroh MHP	4.04	3.43	162.91	3.35
	<b>Total</b>	<b>884.99</b>	<b>1051.19</b>	<b>886.38</b>	<b>972.35</b>

#### Respondents' submission in this regard

- 1.5.2. BIA (Respondent) has stated that generation from New Umtru HEP decreased significantly by approximately 40%, from 301.08 MU in FY 2023-24 to around 187 MU in FY 2024-25 and no justification or explanatory note has been provided by MePGCL for this substantial decline in generation.
- 1.5.3. The Respondent has further pointed out an apparent data input error in the Petition, wherein generation from Myntdu-Leshka HEP has been reflected as NIL for FY 2023-24. Further, the total hydro generation reported in the Petition (886.38 MU) does not reconcile with the sum of individual hydro station generation, which aggregates to 849.21 MU as per the data provided.

#### MePGCL's Response to Respondent

- 1.5.4. The petitioner admitted that there is a typographical error in the Petition and clarified that the same was rectified and submitted to the Commission in the Additional Information (Serial 1) and uploaded on the website of MeECL.

**Commission's Analysis**

- 1.5.5. The Commission observed that the Respondents have pointed out discrepancies in the hydro generation data for FY 2023-24, including apparent inconsistency in total hydro generation and non-reporting of generation from Myntdu-Leshka HEP, as well as a significant variation in generation from New Umtru HEP.
- 1.5.6. In response to the data gap raised by the Commission vide letter dated 06.01.2026, the Petitioner submitted that the discrepancy was due to an inadvertent data input error in the annual generation figures for FY 2023-24. MePGCL has accordingly furnished revised station-wise generation data for FY 2023-24 along with the corrected energy generation trend for the relevant years.
- 1.5.7. The Commission has examined the revised submission and notes that the corrected station-wise generation figures reconcile with the total hydro generation and address the inconsistency highlighted by the Respondent. The Commission also notes that the earlier anomaly in reporting NIL generation for Myntdu-Leshka HEP for FY 2023-24 stands rectified.
- 1.5.8. Accordingly, the Commission accepts the revised generation data for FY 2023-24 and the approved energy generation for FY 2024-25 are as follows:

**Table 3: Approved Energy Generation Trend of MePGCL (MU)**

Sl. No	Station	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1	Umiam Stage-I	64.92	117.67	84.48	113.02
2	Umiam Stage-II	33.9	62.11	43.06	58.69
3	Umiam-Umtru Stage-III	110.19	129.57	108.91	93.41
4	Umiam-Umtru Stage-IV	125.26	176	143.27	147.92
5	Sonapani MHP	5.55	6.47	5.5	6.62
6	Myntdu Leshka HEP	380.34	359.69	301.08	362.06
7	New Umtru HEP	160.79	196.24	162.91	187.28
8	Lakroh MHP	4.04	3.43	4.46	3.35
9	Ganol SHP				59.59
<b>Total</b>		<b>884.99</b>	<b>1051.19</b>	<b>853.67</b>	<b>1031.93</b>

**Auxiliary Consumption****MePGCL's Submission**

- 1.5.9. MePGCL has not submitted auxiliary consumption details in its instant petition.

**Respondents' submission in this regard**

- 1.5.10. The Respondent has submitted that Regulation 58.2 of the Tariff Regulations, 2014 prescribes norms for auxiliary energy consumption; however, MePGCL has not provided plant-wise details of auxiliary

consumption in the Petition.

- 1.5.11. In the absence of such data, the same cannot be verified in accordance with the Regulations. Accordingly, the Respondents have prayed that the Commission direct MePGCL to furnish station-wise auxiliary consumption details and approve the same as per Regulation 58.

**MePGCL's Submission**

- 1.5.12. The petitioner has submitted that the details of Gross Generation, Auxiliary consumption and Plant Availability Factor as certified by SLDC, have been submitted to the Commission in response to Additional Information (Serial 1) sought by the Commission.

**Commission's Analysis**

- 1.5.13. The Commission notes the submission of the Respondents that the Petitioner had not furnished plant-wise details of auxiliary energy consumption in the Petition and had prayed that the same be provided and approved in accordance with Regulation 58 of the Tariff Regulations, 2014.
- 1.5.14. In response to the first additional data requirement issued by the Commission vide letter dated 06.01.2026, MePGCL has submitted station-wise auxiliary energy consumption details duly verified by SLDC. The Commission has examined the actual auxiliary consumption furnished by the Petitioner for each generating station vis-à-vis the norms specified under Regulation 58(2) of the Tariff Regulations, 2014 and the auxiliary consumption approved in the Tariff Order dated 24.10.2024 in Case No. 30 of 2023 for FY 2024-25.
- 1.5.15. The actual auxiliary consumption for FY 2024-25 for the generating stations of MePGCL, as submitted by the Petitioner and approved by this Commission, is presented in the table below:

**Table 4 : Auxiliary Consumption of MePGCL (in MU)**

Sl. No	Station	FY 2024-25
1	Umiam Stage-I	0.55
2	Umiam Stage-II	0.04
3	Umiam Stage-III	0.08
4	Umiam Stage-IV	0.35
5	Sonapani MHP	0.03
6	Myntdu Leshka HEP	1.49
7	New Umtru HEP	0.32
8	Lakroh MHP	0.05
9	Ganol SHP	0.38
<b>Total</b>		<b>3.33</b>

## Plant Availability Factor

### MePGCL's Submission

- 1.5.16. Plant Availability Factor (PAF) of the generating stations for past four years, as shared by the Petitioner, is tabulated below:

**Table 5: Actual Plant Availability Factor (%) of MePGCL Generating Stations**

Sl. No	Power Station	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1	Umiam Stage-I	75.94	96.04	83.93	95.67
2	Umiam Stage-II	98.5	98.33	99.54	99.73
3	Umiam Stage-III	83.1	82.6	98.82	90.81
4	Umiam Stage-IV	48.44	63.68	99.22	87.33
5	Sonapani MHP	92.37	98.51	97	98.87
6	Myntdu Leshka HEP	87.68	59.36	67.81	93.84
7	New Umtru HEP	91.08	90.46	97.01	99.59
8	Lakroh MHP	60.03	77.69	90.12	95.29
9	Ganol SHP			99.82	99.17

### Respondents' submission in this regard

- 1.5.17. The Respondent has submitted that the PAF of Umiam Stage-IV Power Station (Nongkhyllem) has reduced significantly from 99.22% in FY 2023-24 to 87.33% in FY 2024-25, and no justification for such reduction has been provided in the Petition.
- 1.5.18. The Respondent has further contended that the variation between the actual recorded PAF for FY 2024-25, the approved PAF, and the corresponding generation requires proper explanation.

### MePGCL's Response to Respondent

- 1.5.19. The Petitioner has submitted that the details of Plant Availability Factor have been duly certified by SLDC and submitted to the Commission. MePGCL further stated that all generating stations have achieved the normative plant availability factor.

### Commission's Analysis

- 1.5.20. The Commission has directed MePGCL to provide a detailed justification for generation shortfalls, accompanied by the SLDC certificate. In response to the 1<sup>st</sup> Additional Data Requirement dated 06.01.2026, the Petitioner has submitted Generation data for FY 2024-25, verified by the SLDC.
- 1.5.21. In line with the above the Commission directed MePGCL to provide a detailed technical explanation for the mismatch between PAF

improvement and generation decline. The Commission observes that MePGCL has not provided robust data or hydrological studies to substantiate this claim.

- 1.5.22. Furthermore, the Commission notes that the petitioner has not demonstrated any proactive measures undertaken to mitigate the impact of shortfall in generation or to improve operational efficiency under low water conditions. The lack of a clear correlation between the reported PAF improvement and the actual decline in generation raises concerns regarding asset management and operational planning by MePGCL.
- 1.5.23. Accordingly, the Commission shall consider the approved parameters strictly in accordance with the applicable Tariff Regulations, subject to prudence check, and directs MePGCL to furnish comprehensive technical justification and supporting documentation in future filings to avoid such inconsistencies.
- 1.5.24. Regulation 57.2.3(i) and 57.2.3(ii) of MSERC (Multi Year Tariff) Regulation, 2014, is as follows:

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

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

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

In view of the above and considering the provisions of Regulation 57.2.3 of the MSERC (Multi Year Tariff) Regulations, 2014, the Commission notes that the concerned generating stations have already completed more than ten years from their respective dates of commercial operation. As per Regulation 57.2.3(ii), in cases where the actual energy generation in a particular year (A1) is lower than the specified design energy (DE), the design energy to be considered for computation of Energy Charge Rate (ECR) in the subsequent years is required to be moderated in accordance with the formula prescribed in the Regulation, based on the actual generation in the concerned year and the following year.

However, the Petitioner has not adequately substantiated the reasons for the shortfall in generation with verifiable hydrological or operational

data. Therefore, the Commission directs that the treatment of such energy shortfall shall be conducted strictly in accordance with Regulation 57.2.3 of the MYT Regulations, 2014. Any adjustment arising out of underachievement of design energy for FY 2024-25 shall be considered in the subsequent years through the prescribed ECR moderation mechanism, subject to the Petitioner establishing, with verifiable technical data, that the shortfall in generation was due to factors beyond its control, including reduced water availability.

## 2. Additional Capitalization

### MePGCL's Submission

- 2.1.1. The Petitioner has submitted that during FY 2024-25, it undertook a comprehensive review of assets classified under Capital Work-in-Progress (CWIP) and identified certain assets which had already been completed and put to use in earlier years but were not transferred to Property, Plant and Equipment (PPE) as required under Ind AS-8 (Accounting Policies, Changes in Accounting Estimates and Errors).
- 2.1.2. Accordingly, the Petitioner has restated the accounts retrospectively by transferring such assets from CWIP to PPE from the date of put-to-use and recognizing accumulated depreciation up to 31.03.2024. The net impact has been adjusted in opening retained earnings as on 01.04.2024 and comparative figures have been restated.

**Table 6: Asset Addition details for FY 2024-25 as per MePGCL (Rs. Cr.)**

Sl. No	Particular	Opening
1	DRIP	1.24
2	MLHEP	0.01
3	NUHEP	0.04
4	Lakroh	0.64
5	Old Station	0.02
6	HQ	0.09
7	Total Capital Expenditure (Excluding GANOL)	<b>2.05</b>
8	GANOL	68.23
9	Total Capital Expenditure (Including GANOL)	70.27
10	Less: Deletion In Lakroh Project	0.42
11	Net Capitalization	69.86
12	Capitalization as Per SOA	69.86

- 2.1.3. The Petitioner has submitted that the total capitalization as per the Audited Statement of Accounts amounts to Rs. 69.86 crore, comprising Rs. 68.39 crore restated (prior period) capitalization and Rs. 1.47 crore Capitalization pertaining to FY 2024-25. Out of these, capitalization pertaining to the Ganol Project has not been claimed in the present Petition.
- 2.1.4. Based on the above the project wise additional capital expenditure claimed in the instant Petition is as under:

**Table 7: Station Wise Capitalization claimed For Truing Up of 2024-25 (Rs. Cr.)**

Station	Total	Station Specific Capitalization	Allocation of HQ	Equity	Grants	Loan	Deletion
Old Stations	1.30	1.26	0.04	1.3	0.00	0.00	0.00
MLHEP	0.04	0.01	0.03	0.04	0.00	0.00	0.00
NUHEP	0.05	0.04	0.01	0.05	0.00	0.00	0.00
Lakroh	0.64	0.64	0.00	0.64	0.00	0.00	0.42

Station	Total	Station Specific Capitalization	Allocation of HQ	Equity	Grants	Loan	Deletion
<b>Total</b>	<b>2.04</b>	<b>1.95</b>	<b>0.09</b>	<b>2.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.42</b>

### ***Respondents' submission in this regard***

- 2.1.5. The Respondent has submitted that Regulation 29 of the MYT Regulations, 2014 specifies the permissible grounds under which additional capitalization may be allowed, subject to prudence check. It is contended that MePGCL has not demonstrated that the claimed additional capitalization falls within the categories specified under Regulation 29.
- 2.1.6. The Respondent has further submitted that MePGCL has not provided adequate details regarding the nature of works undertaken. The date of put-to-use of assets and reasons for non-capitalization in earlier years have not been substantiated. Deletion of Rs. 0.42 crore pertaining to Lakroh Project is not reflected in Note 2 of the Audited Accounts.

### ***MePGCL's Response to Respondent***

- 2.1.7. The petitioner submitted that the additional capitalization has been considered as per the method adopted by the Commission in the past true up. The details of additional capitalization along with the Fixed Assets Register for individual station certified by independent auditor has also been submitted to the Commission. Furthermore, the Nature of each capitalization has been detailed out in the Petition, and the capital expenditure pertains to office equipment and furniture and fixtures which are incurred during normal course of business
- 2.1.8. The petitioner also stated that, regarding capitalization of prior period, the same has been done as an exercise to bring transparency in account. In respect of deletion of Lakroh, the same has duly been considered and Rs. 0.42 Cr. is not highlighted in Note 2 as it pertains to prior period and same is shown under restated capitalization for 2023-24.

### ***Commission's Analysis***

- 2.1.9. The Commission has examined the submissions of the Petitioner and the objections raised by the Respondent. The Commission notes that the bulk capitalization of Rs. 68.39 crore pertains to restatement under Ind AS-8 due to prior period errors, primarily relating to conversion of CWIP to PPE.
- 2.1.10. The Commission observes that in Table 4 of the instant Petition, the total capital expenditure excluding Ganol has been indicated as Rs. 2.05 crore. However, upon prudence check and subsequent clarification furnished in response to the data gaps, the Petitioner has clarified that the net additional capitalization claimed (excluding Ganol) is Rs. 2.04 crore, after

excluding Head Office (HQ) expenses allocated to the Ganol project. The Petitioner has reconciled the figures presented in Tables 4, 7, and 8 of the Petition and explained the difference of Rs. 0.01 crore (Rs. 55,728.98) arises due to exclusion of HQ allocation pertaining to Ganol, which is not part of the present Petition.

2.1.11. With respect to deletion of Rs. 0.42 crore in Lakroh Project, the Petitioner has submitted that the same pertains to de-capitalization of assets due to double booking entries in earlier years. The Petitioner has furnished project-wise Fixed Asset Registers (FAR), duly certified by the Auditor, indicating asset-wise additions and deletions for verification.

2.1.12. Accordingly, the Commissions approved the additional capitalisation as follows:

**Table 8: Station Wise Capitalization Approved for Truing Up of 2024-25 (Rs. Cr.)**

Station	Total	Station Specific Capitalization	Allocation of HQ	Equity	Grants	Loan	Deletion
Old Stations	1.30	1.26	0.04	1.3	0.00	0.00	0.00
MLHEP	0.04	0.01	0.03	0.04	0.00	0.00	0.00
NUHEP	0.05	0.04	0.01	0.05	0.00	0.00	0.00
Lakroh	0.64	0.64	0.00	0.64	0.00	0.00	0.42
<b>Total</b>	<b>2.04</b>	<b>1.95</b>	<b>0.09</b>	<b>2.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.42</b>

### 3. True Up of ARR for Myntdu Leshka H.E Project (MLHEP) for FY 2024-25

#### 3.1. Gross Fixed Assets (GFA)

##### Petitioner's Submission

- 3.1.1. MePGCL had submitted that they have considered all closing figures approved by the Commission in the True-Up Order for FY 2023-24 as the opening figures for FY 2024-25. Accordingly, the closing GFA approved by the Commission as of 31.03.2024 has been taken as the opening GFA as of 01.04.2024.
- 3.1.2. The GFA for the MLHEP for FY 2024-25 is provided in the table below:

**Table 9: Opening and Closing GFA for MLHEP for FY 2024-25 (Rs. Cr.)**

Sl. No	Particular	Opening	Addition	Deletion	Closing
1	Land	23.90	0.00	0.00	23.90
2	Buildings	146.67	0.00	0.00	146.67
3	Hydraulic Works	622.94	0.00	0.00	622.94
4	Other Civil Works	122.70	0.00	0.00	122.70
5	Plant & Machinery	366.33	0.00	0.00	366.33
6	Lines & cables	4.58	0.00	0.00	4.58
7	Vehicles	0.46	0.00	0.00	0.46
8	Furniture	0.08	0.021	0.00	0.10
9	Office Equipment	0.38	0.017	0.00	0.40
<b>10</b>	<b>Total</b>	<b>1288.04</b>	<b>0.04</b>	<b>0.00</b>	<b>1288.08</b>

- 3.1.3. MePGCL has requested the Commission to approve the GFA for MLHEP as represented above.

##### Commission's Analysis

- 3.1.4. In line with the Commission's approach in previous true-up orders, for the purpose of computation of Gross Fixed Assets (GFA), this Commission has considered the closing GFA of previous true up order as opening GFA for FY 2024-25. MePGCL has claimed actual additional capitalization of Rs. 0.04 Crore in its petition along with FAR certified by Chartered Accountant. The FAR for MLHEP clearly reflects the additional capitalization of Rs. 0.04 Crore with no deletions to capitalized assets. Upon thorough scrutiny of the submissions, the Commission approves the additional capitalization as claimed.
- 3.1.5. The asset-wise breakup for True up of MLHEP as approved by the

Commission for FY 2024-25 is given below:

**Table 10: Approved Gross Fixed Assets (GFA) for MLHEP for FY 2024-25 (Rs. Cr.)**

Sl. No	Particulars	Value of Assets at the beginning of the year (01.04.2024)	Additions during the year	Deletion during the year	Asset Value at the end of the year (31.03.2025)
1	Land	23.90	0.00	0.00	23.90
2	Buildings	146.67	0.00	0.00	146.67
3	Hydraulic Works	622.94	0.00	0.00	622.94
4	Other Civil Works	122.70	0.00	0.00	122.70
5	Plant & Machinery	366.33	0.00	0.00	366.33
6	Lines & cables	4.58	0.00	0.00	4.58
7	Vehicles	0.46	0.00	0.00	0.46
8	Furniture	0.08	0.02	0.00	0.10
9	Office Equipment	0.38	0.02	0.00	0.40
10	<b>Total</b>	<b>1288.04</b>	<b>0.04</b>	<b>0.00</b>	<b>1288.08</b>

**The Commission therefore approves Rs. 1288.08 Cr. as the closing GFA of MLHEP for True up of FY 2024-25.**

### 3.2. Grant Adjustment and Funding Pattern

#### Petitioner's Submission

- 3.2.1. MePGCL has submitted that they have considered the movement of the grants as approved by the Commission in the True Up of FY 2023-24.
- 3.2.2. The movements of grants for MLHEP for FY 2024-25 as considered by the Petitioner are provided in the table below:

**Table 11: Movement of Grants for MLHEP for FY 2024-25 (Rs. Cr.)**

Sl. No	Funding Pattern	True-up of FY 2023-24 (Approved)	True-up of FY 2024-25 (Claimed)
1	Opening GFA	1285.71	1285.71
2	Addition of GFA	2.33	0.04
3	Deletion of GFA	0.00	0.00
4	Closing GFA	1288.04	1288.08
5	<b>Average GFA</b>	<b>1286.88</b>	<b>1288.06</b>
6	Opening Grant	232.14	234.37
7	Add-cap funded through grant	2.23	0.00
8	Closing Grant	234.37	234.37
9	<b>Average Grant</b>	<b>233.26</b>	<b>234.37</b>
10	<b>Addition of fresh loan for current year add-cap</b>	<b>0.07</b>	<b>0.03</b>
11	<b>Addition of fresh equity for current year add-cap</b>	<b>0.03</b>	<b>0.01</b>

## Commission's Analysis

3.2.3. MePGCL in its petition has submitted the funding structure of additional capitalisation as tabulated below:

**Table 12: Funding Structure of Additional Capitalisation of MLHEP for FY 2024-25 (Rs. Cr.)**

Generating Station	Total Add Cap	Add Cap for Project	Add Allocation of HO	Add Cap Funded through Grant	Add Cap Funded through Equity	Add Cap Funded through Debt
MLHEP	0.04	0.01	0.03	0.00	0.04	0.00

3.2.4. As per the extant MSERC MYT Tariff Regulations 2014, any grant obtained for execution of the project shall not be considered for the purpose of computation of the capital structure for calculation of Debt & Equity and there after Depreciation & Return on Equity.

3.2.5. The Commission observes that the additional capitalization claimed in the Petition is supported by auditor certificate. Based on the information furnished, the Commission has decided to adopt the following principles for determination of the tariff components:

**Step-1: Opening Grant:**

- For individual projects that have been commissioned, the Commission has taken the opening grant for the current year i.e., FY 2024-25 as the closing grant considered by Commission in its previous True up order, subject to a maximum of the closing GFA for the respective project as has been approved by Commission in this True up order for FY 2023-24.

**Step-2: Additional Grant Capitalization:**

- The current year addition of grant through additional capitalization, has been considered to be equivalent to what has been submitted by Petitioner as part of additional submission, with the restriction that the net depreciation (i.e., post adjustment of yearly Grant amortization value from the yearly gross depreciation value calculated considering the total GFA) is never negative.

**Step-3: Closing Grant:**

- The Closing value of capitalized grant in individual commissioned asset is calculated by adding the opening grant as considered in step-1 & additional grant as considered in step-2 above.

**Step-4: Additional Debt & Equity Capitalization:**

- The balance amount of additional capitalization in the present year after adjustment of the current year additional grant capitalization, shall be split into debt and equity in the ratio of

70% & 30%, respectively.

- 3.2.6. Considering the above principle, the grant funding considered by the Commission for MLHEP is tabulated below:

**Table 13: Grant Adjustment and funding Pattern of MLHEP as approved for FY 2024-25 (Rs. Cr.)**

Sl. No	Funding Pattern	True-up of FY 2024-25 (Approved)
1	Opening GFA	1288.04
2	Addition of GFA	0.04
3	Deletion of GFA	0.00
4	Closing GFA	1288.08
5	<b>Average GFA</b>	<b>1288.06</b>
6	Opening Grant	234.37
7	Add-cap funded through grant	0.00
8	Closing Grant	234.37
9	<b>Average Grant</b>	<b>234.37</b>
10	<b>Addition of fresh loan for current year add-cap</b>	<b>0.03</b>
11	<b>Addition of fresh equity for current year add-cap</b>	<b>0.01</b>

**The Commission approves Rs. 234.37 Cr. as average Grant in the GFA of MLHEP in the True up for FY 2024-25.**

### 3.3. Depreciation

#### Petitioner's Submission

- 3.3.1. MePGCL has submitted that it has calculated depreciation in accordance with the methodology adopted by the Commission in the True-Up Order for FY 2023-24.
- 3.3.2. The detailed calculation of depreciation for MLHEP as submitted by MePGCL is provided in the table below:

**Table 14 : Calculation of Depreciation for MLHEP for FY 2024-25 (Rs. Cr.)**

Sl. No	Particulars	Opening GFA	Addition	Deletion	Closing GFA	Average GFA	90% of the GFA	Rate of Depreciation	Depreciation
1	Land	23.90	0.00	0.00	23.90	23.90	21.51		
2	Buildings	146.67	0.00	0.00	146.67	146.67	132.00	3.34%	4.41
3	Hydraulic Works	622.94	0.00	0.00	622.94	622.94	560.65	5.28%	29.60
4	Other Civil Works	122.70	0.00	0.00	122.70	122.70	110.43	3.34%	3.69
5	Plant & Machinery	366.33	0.00	0.00	366.33	366.33	329.70	5.28%	17.41
6	Lines & cables	4.58	0.00	0.00	4.58	4.58	4.12	5.28%	0.22

Sl. No	Particulars	Opening GFA	Addition	Deletion	Closing GFA	Average GFA	90% of the GFA	Rate of Depreciation	Depreciation
7	Vehicles	0.46	0.00	0.00	0.46	0.46	0.41	9.50%	0.04
8	Furniture	0.08	0.02	0.00	0.10	0.09	0.08	6.33%	0.01
9	Office Equipment	0.38	0.02	0.00	0.40	0.39	0.35	6.33%	0.02
10	<b>Total</b>	<b>1288.04</b>	<b>0.04</b>	<b>0.00</b>	<b>1288.08</b>	<b>1288.06</b>	<b>1159.25</b>		<b>55.39</b>
11	<b>Average rate of depreciation</b>								4.78%
12	<b>90% of Avg. Grants</b>								210.93
13	<b>Less: Depreciation on Grants</b>								10.08
14	<b>Net Depreciation</b>								<b>45.31</b>

MePGCL has requested the Commission to approve the depreciation for MLHEP for FY 2024-25 as Rs. 45.31 Cr.

***Respondents' submission in this regard:***

3.3.3. The Respondent has contended that the methodology adopted by MePGCL is not fully in accordance with Regulation 33 and the Commission's earlier directions. It has been submitted that MePGCL has considered the value of land while computing 90% of GFA and has not demonstrated compliance with spreading of depreciation for assets that have completed 12 years of operation (particularly certain units of MLHEP).

3.3.4. The Respondent has further pointed out that the grant considered by MePGCL (Rs. 297.93 crore) differs from the amount reflected in audited accounts (Rs. 338.16 crore), and additional grant received during FY 2024-25 has not been factored into the computation. It has also been submitted that the formula adopted by MePGCL for deriving rate of depreciation is inconsistent with the approach prescribed under the Regulations. Accordingly, the Respondents have prayed that depreciation be recomputed strictly in accordance with Regulation 33 of the MYT Regulations, 2014.

***MePGCL's Response to Respondent's submissions:***

3.3.5. The Petitioner submitted that there was no linkage of loan repayment and depreciation till True up 2022-23, thus this concept of spreading of depreciation for assets that have completed 12 years of operation cannot be adopted now.

- 3.3.6. With regards to grant, the petitioner submitted that the grant accounted in SOA does not pertain only to assets that have been capitalized. Auditor certificate with regards to funding pattern of the additional capitalization has been claimed during the year have been submitted.

**Commission's Analysis**

- 3.3.7. The Commission has examined the submissions of the Petitioner and the objections raised by the Respondent regarding the computation of depreciation and treatment of grants.
- 3.3.8. Regarding the spread of depreciation over the balance useful life of assets, the Commission notes that the submission of MePGCL that the concept was originally introduced in relation to the normative loan repayment tenure of 12 years and such provision had not been implemented in earlier true-up exercises.
- 3.3.9. Accordingly, the Commission has examined the submissions and has considered the admissible grants and depreciation in accordance with the provisions of the MYT Regulations, 2014 and the methodology adopted by the Commission in previous Orders. The same has been reflected in the computation of depreciation in the relevant sections of this Order.
- 3.3.10. However, the Commission notes that while computing the average rate of depreciation, MePGCL has considered the 90% of the GFA including the value of land. This approach deviates from the methodology consistently adopted by the Commission in its previous Tariff Orders.
- 3.3.11. Additionally, the Commission observed that the useful life of MLHEP, NUHEP, and Lakroh stations are yet to be completed. For the older stations, where the useful life has been completed, the Petitioner has failed to submit the accumulated depreciation or FAR details as sought by the Commission.
- 3.3.12. The Commission further notes that the additional grant reflected in the Statement of Accounts for FY 2024-25 pertains primarily to the Ganol Project and to survey and investigation works, as per Annexure-D submitted with the Petition. Since the Ganol Project is not part of the present Petition, the grant component attributable to Ganol should not be considered for computation of depreciation for the stations under consideration. However, grant pertaining to other stations, if any, shall be duly verified and adjusted in accordance with Regulation 33.
- 3.3.13. The Commission has determined the allowable depreciation based on the principles established in the previous True-Up Orders by considering the approved opening and closing Gross Fixed Assets (GFA) for FY 2024-25. This calculation has been undertaken in strict adherence to the

applicable provisions of the MSERC (Multi Year Tariff) Regulation, 2014.

- 3.3.14. In line with Regulation 33.1 of the MSERC (Multi Year Tariff) Regulation, 2014, the Commission has prudently deducted consumer contributions, capital subsidies, and grants from the GFA before calculating depreciation. The relevant portion of the regulation which guides this approach is as follows:

*“33.1 For the purpose of tariff determination, depreciation shall be computed in the following manner:*

*The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:*

*The opening asset’s value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. Consumer contribution or capital subsidy/ grant etc. shall be excluded from the asset value for the purpose of depreciation.*

*The salvage value of the assets shall be considered at 10% and depreciation shall be allowed up to maximum of 90 % of the capital cost of the asset.*

*Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations, 2009 as may be amended from time to time.”*

- 3.3.15. The Commission has computed the allowable depreciation in accordance with the methodology prescribed under Regulation 33.1 of the MSERC (Multi Year Tariff) Regulations, 2014. The depreciation has been determined after appropriately accounting for grants up to 90% of the admissible value for MLHEP, as detailed in the table *“Grant Adjustment and Funding Pattern of MLHEP as approved for FY 2024-25 (Rs. Cr.)”* above. Accordingly, the weighted average rate of depreciation for FY 2024-25 is determined as 4.87%.

- 3.3.16. Accordingly, the depreciation approved by the Commission for FY 2024-25 is as follows:

**Table 15 : Approved computation of Depreciation for MLHEP in True up for FY 2024-25 (Rs. Cr.)**

Sl. No	Particulars	Value of Assets at the beginning of the year (01.04.2024)	Additions during the year	Deletion	Asset Value at the end of the year (31.03.2025)	Average Assets	90% of the Assets	Dep. Rate (%)	Depreciation
1	Land	23.9	0.0	0.0	23.90	23.9			
2	Buildings	146.7	0.0	0.0	146.67	146.7	132.0	3.34%	4.4

Sl. No	Particulars	Value of Assets at the beginning of the year (01.04.2024)	Additions during the year	Deletion	Asset Value at the end of the year (31.03.2025)	Average Assets	90% of the Assets	Dep. Rate (%)	Depreciation
3	Hydraulic Works	622.9	0.0	0.0	622.94	622.9	560.6	5.28%	29.6
4	Other Civil Works	122.7	0.0	0.0	122.70	122.7	110.4	3.34%	3.7
5	Plant & Machinery	366.3	0.0	0.0	366.33	366.3	329.7	5.28%	17.4
6	Lines & cables	4.6	0.0	0.0	4.58	4.6	4.1	5.28%	0.2
7	Vehicles	0.5	0.0	0.0	0.46	0.5	0.4	9.50%	0.0
8	Furniture	0.1	0.0	0.0	0.10	0.1	0.1	6.33%	0.0
9	Office Equipment	0.4	0.0	0.0	0.40	0.4	0.4	6.33%	0.0
10	<b>Total</b>	<b>1288.0</b>	<b>0.04</b>	<b>0.00</b>	<b>1288.08</b>	<b>1288.1</b>	<b>1137.7</b>		<b>55.39</b>
11	<b>Average rate of depreciation (55.39/1137.7) *100</b>								4.87%
12	<b>90% of Avg. Grants</b>						210.94		
13	<b>Less: Depreciation on Grants</b>								10.27
14	<b>Net Depreciation for True up (sl.no 10-13)</b>								<b>45.12</b>

**The Commission approves Depreciation at Rs. 45.12 Crore for MLHEP for True up of FY 2024-25.**

### 3.4. Return on Equity

#### Petitioner's Submission

3.4.1. MePGCL has submitted that the Return on Equity has been computed as per the methodology adopted by Hon'ble Commission in True Up order for FY 2022-23 and FY 2023-24, and the rate of return on equity considered at 14%, as per the provisions of the 2014 Tariff Regulations.

3.4.2. The calculation of the Return on Equity for MLHEP as submitted by MePGCL is presented in the table below:

*Table 16: Calculation of Return on Equity for MLHEP for FY 2024-25 (Rs. Cr.)*

S No	Particular	True Up FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
1	Opening GFA	1285.71	1288.04
2	Addition to GFA	2.33	0.04

S No	Particular	True Up FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
3	Retirement	0.00	0.00
4	Closing GFA	1288.04	1288.08
5	Average GFA	1,286.88	1288.06
6	Less Average Grants	233.26	234.37
7	Net Average GFA (not funded through grants)	1,053.62	1053.69
8	70% of the Debt Components	737.53	737.58
9	30% of the Equity Component	316.08	316.11
10	Rate of Return on Equity	14%	14%
11	<b>Return on Equity</b>	<b>44.25</b>	<b>44.25</b>

3.4.3. MePGCL has requested the Commission to approve the Return on Equity of Rs. 44.25 Cr for MLHEP as computed above.

### Commission's Analysis

3.4.4. The Return on Equity shall be computed as per Regulation 31 read with Regulation 27 of MSERC (Multi Year Tariff) Regulation, 2014. The relevant Regulations is reproduced as under.

*"31.1 Return on equity shall be computed on the equity base determined in accordance with regulation 27 and shall not exceed 14%."*

3.4.5. The Commission has accordingly allowed a Return on Equity (RoE) at 14% on the normative equity, calculated based on the approved average GFA, excluding the average grants and contributions as outlined in table "Grant Adjustment and funding Pattern of MLHEP as approved for FY 2024-25 (Rs. Cr.)" above.

3.4.6. The approved normative equity and the corresponding RoE for FY 2024-25 are presented below:

**Table 17 :Approved Computation of Return on Equity for True up of FY 2024-25 for MLHEP (Rs. Cr.)**

Sl.no	Particulars	True-up of FY 2024-25 (Approved)
1	Opening GFA	1,288.04
2	Addition to GFA	0.04
3	Retirements	0.00
4	Closing GFA	1,288.08
5	Average GFA	1,288.06
6	Less: Average Grants	234.37
7	Net Average Assets (not funded through Grants)	1,053.69
8	70% Debt component	737.58
9	30% Equity	316.11
10	<b>Return on Equity @ 14%</b>	<b>44.25</b>

**The Commission approves Return on Equity at Rs. 44.25 Crore for True up of FY 2024-25 for MLHEP.**

### 3.5. Interest on Loan

#### Petitioner's Submission

- 3.5.1. MePGCL has submitted that the interest on loan has been calculated in accordance with Regulations 27 and 32 MSERC (Multi Year Tariff) Regulation, 2014, and the methodology adopted by the Commission in True-up order for FY 2023-24. MePGCL has submitted that the weighted average rate of interest has been determined based on the actual outstanding loans, as shown in the table below:

**Table 18: Loan portfolio for MLHEP (Rs. Cr)**

Sl. No.	Particulars	Opening Balance	Addition	Repayment	Closing Balance	Average Balance	Rate of Interest on Loan	Interest accrued during the year
1	PFC Loan for MLHEP	88.75	0.00	16.10	72.65	80.70	10.32%	8.32
2	PFC 170 Cr. Refinancing of Bonds	89.78	0.00	16.29	73.49	81.63	10.08%	8.23
3	REC Loan for MLHEP	45.43	0.00	25.07	20.36	32.89	13.34%	4.39
4	REC loan 60 Cr. (MLHEP)	15.11	0.00	8.28	6.83	10.97	11.52%	1.26
5	<b>Total</b>	239.06	0.00	65.74	173.32	206.19	10.77%	22.20

- 3.5.2. The calculation of interest on loans as submitted by MePGCL for MLHEP is provided in the table below:

**Table 19 : Calculation of Interest on Loan for MLHEP for FY 2024-25 (Rs. Cr)**

S No	Particular	True Up FY 2023-24 (Allowed)	True Up FY 2024-25 (Claimed)
1	Opening Loan	182.19	137.14
2	Addition of Loan	0.07	0.03
3	Repayment of Loan	45.12	45.31
4	Closing Loan	137.14	91.85
5	Average Loan	159.67	114.50
6	Weighted Average Rate of Interest	10.71%	10.77%
7	<b>Interest on Loan</b>	<b>17.10</b>	<b>12.33</b>

MePGCL has requested the Commission to approve interest on loan as Rs.12.33 Cr. for FY 2024-25.

**Respondents' submission in this regard:**

- 3.5.3. The Respondent has submitted that there is a discrepancy between the opening loan balance claimed in the Petition and the closing loan balance approved by the Commission in the Tariff Order dated 22.03.2025. It has been contended that the opening loan balance must match the closing loan balance approved in the previous Order, and any deviation requires reconciliation.
- 3.5.4. The Respondent has further pointed out that the interest rates considered in the Petition differ from the rates reflected in the audited accounts for certain loans. It has been submitted that MePGCL must reconcile the interest accrued on each loan with the audited balance sheet and compute the weighted average rate of interest accordingly. The Respondents have also referred to Regulation 32.2 of the MYT Regulations, 2014, which disallows penal interest and overdue interest for tariff computation.

**MePGCL's Response to Respondent's submissions:**

- 3.5.5. The petitioner submitted that the Objector has compared the interest rate as per loan agreement shown in Note 16 of SOA. These interest rates are not fixed in nature and hence interest accrued during the year has been considered and divided by the average opening and closing loan. This is the method followed by the Commission in previous true up.

**Commission's Analysis**

- 3.5.6. The Commission notes the concerns raised by the Respondent that the interest rates considered in the Petition differ from those reflected in the audited accounts. The Commission has sought clarification in this regard, and the Petitioner has submitted that the rate of interest has been computed following the settled practice, i.e., by dividing the total interest amount for a particular loan (as per the audited Statement of Accounts) by the average of the opening and closing balance of that loan. Thereafter, the weighted average rate of interest has been derived based on the respective loan balances. The Commission finds that this methodology is consistent with the approach adopted in earlier True-up exercises and is in line with Regulatory practice.
- 3.5.7. The Commission has allowed interest on loans by considering the closing loan balance from the previous true-up order as the opening loan balance for the true-up of FY 2024-25. Addition of loan for current year has been considered as per table "*Grant Adjustment and funding Pattern of MLHEP as approved for FY 2024-25 (Rs. Cr.)*" above. Also, as per the set principle, the Commission has considered the Loan repayments in the current year of 2024-25 equivalent to the net depreciation for the year.
- 3.5.8. For the purpose of arriving at the weighted average rate of interest

(WAROI), the Commission has relied on the actual loan portfolio submitted by the Petitioner, duly certified by the statutory auditor for FY 2024-25. Accordingly, the WAROI considered by the Commission for MLHEP stands at 10.77%, as detailed in the computation table below:

**Table 20: Approved Computation of Weighted average Rate of Interest for MLHEP (Rs. Cr.)**

Sl. No.	Particulars	Dues during the year	During the Year			As on 31.03.2025	Average Loan	WAROI
		Opening Loan	Addition	Repayment due during the year	Interest Accrued during the year	Closing Loan		
		1	2	3	4	5	6	7 = (4/6)
1	PFC Loan for MLHEP	88.11	-	18.91	8.47	69.20	78.65	10.77%
2	PFC 170 Cr. Refinancing of Bonds	89.13	-	19.13	8.57	70.00	79.56	
3	REC Loan for MLHEP	68.44	-	5.30	7.08	63.14	65.79	
4	REC loan 60 Cr. (MLHEP)	22.60	-	1.78	2.34	20.82	21.71	
5	<b>Total</b>	<b>268.26</b>	<b>-</b>	<b>45.12</b>	<b>26.46</b>	<b>223.15</b>	<b>245.71</b>	

3.5.9. Accordingly, Commission allows interest on loan as shown in following table:

**Table 21 : Approved Interest on loans for MLHEP for True up of FY 2024-25 (Rs. Cr)**

Sl. No.	Particulars	True-up of FY 2024-25 (Approved)
1	Normative Opening Loan	137.15
2	Addition of Loan	0.03
3	Repayment of Loan	45.12
4	Closing Loan	92.05
5	Average Loan	114.60
6	Weighted Average Rate of Interest (WAROI)	10.77%
7	<b>Interest on Loan</b>	<b>12.34</b>

**The Commission approves Interest and Finance charges at Rs. 12.34 Crore for True up of FY 2024-25 for MLHEP.**

### **3.6. Operation and Maintenance Expenses**

#### **Petitioner's Submission**

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

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

- 3.6.2. The Commission, through its order dated 22.03.2025 in Case No. 04 of 2024 for truing up the expenses of FY 2023-24, had approved Operation and Maintenance (O&M) expenses for MLHEP at Rs. 37.55 Crore. Accordingly, MePGCL has claimed O&M expenses for FY 2024-25 by applying an escalation rate of 5.72% over the approved O&M expenses for FY 2023-24.
- 3.6.3. The O&M expenses claimed by MePGCL for MLHEP for FY 2024-25 is provided below.

**Table 22 : O&M Expenses claimed for Myntdu Leshka HEP for FY 2024-25**

		(Rs. Cr.)
Sl. No.	Particular	Amount
1	Operation and Maintenance Expenses	39.70

MePGCL has requested the Commission to approve the O&M Expenses for MLHEP for FY 2024-25 at Rs. 39.70 Cr.

### Commission's Analysis

- 3.6.4. The Commission notes that the Petitioner has claimed O&M expenses in accordance with Regulation 56(7) of the MSERC (Multi-Year Tariff) Regulations, 2014. The relevant clause as produced under:
- "56 (7) "In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."*
- 3.6.5. By applying an escalation rate of 5.72% as stipulated under the said Regulation to the approved O&M expenses of the previous year, the O&M expenses for FY 2024-25 are computed as Rs. 39.70 Crore.
- 3.6.6. It is further observed that the capitalized amounts, as per Note 27 of the Statement of Accounts (SOA), pertain to other employee benefit expenses capitalized for the Ganol and Riangdo project, as clarified by the Petitioner in its submission dated 11.02.2026. Accordingly, the final approved O&M expenses for MLHEP as approved by the Commission is represented in the table below:

**Table 23 : Approved O&M Expenses for True up of FY 2024-25 for MLHEP (Rs. Cr.)**

Sl. No.	Particulars	Amount
1	O&M expenses Approved	39.70

**The Commission approves O&M expenses for MLHEP at Rs. 39.70 Crore for True up of FY 2024-25.**

### 3.7. Interest on Working Capital

#### Petitioner's Submission

3.7.1. As per Regulation 34.1(iii) of 2014 Tariff Regulations:

*"In case of hydro power generating stations, working capital shall cover: Operation and maintenance expenses for one (1) month;*

*Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*

*Receivables equivalent to two (2) month of fixed cost:*

*Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations. "*

3.7.2. The Petitioner has considered the SBI Advance Rate as on 01.04.2024 i.e., 15.00%. Accordingly, the actual interest on working capital is submitted by Petitioner in the table below:

**Table 24 : Interest on Working Capital as claimed MLHEP for FY 2024-25 (Rs. Cr)**

Sl. No	Particular	Amount
1	O&M Expenses for 1 Month	3.13
2	Maintenance Spares	6.31
3	Receivables	25.45
4	Total Working Capital	34.07
5	Rate of Interest	15.00%
6	<b>Interest on Working Capital</b>	<b>5.11</b>

MePGCL has requested Commission to approve interest on working capital for FY 2024-25 for MLHEP as Rs. 5.11 Cr.

#### Commission's Analysis

3.7.3. As per Regulation 34.1 (iii) of the MSERC (Multi Year Tariff) Regulations, 2014, the components of working capital will be:

*"34 Interest on Working Capital*

*34.1(iii) In case of hydro power generating stations, working capital shall cover:*

*Operation and maintenance expenses for one (1) month;*

*Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*

*Receivables equivalent to two (2) month of fixed cost:*

*Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations."*

3.7.4. The SBI Advance Rate as on 01.04.2024 comes out to be 15.00%.

Accordingly, the Commission has considered the IoWC as depicted in the table below for FY 2024-25.

- 3.7.5. The computation of Interest on working capital as approved by the Commission is depicted in the table below:

**Table 25: Approved Computation of Interest on Working Capital of MLHEP for True up of FY 2024-25 (Rs. Cr.)**

Sl. No.	Particulars	Amount
1	O&M expenses for one-month excl MeECL cost	3.31
2	Maintenance spares @ 15% of O&M expenses	6.31
3	Receivables equivalent to two months of Net ARR	24.42
4	Total Working Capital Requirements	34.04
5	SBI PLR as on 1 <sup>st</sup> April of the respective Financial Year	15.00%
6	<b>Interest on Working Capital</b>	<b>5.11</b>

**The Commission approves Interest on Working Capital at Rs. 5.11 Crore for True up of FY 2024-25 for MLHEP.**

### **3.8. Prior Period Items**

- 3.8.1. MLHEP has -NIL- prior period expenses during FY 2024-25.

### **3.9. Non-Tariff Income**

#### **Petitioner's Submission**

- 3.9.1. The petitioner did not report any Non-Tariff and Other Income for MLHEP during FY 2024-25.

#### **Commission's Views**

- 3.9.2. The Commission, after prudence check and duly taking into consideration of the claim of the Petitioner, has considered the non-tariff income for MLHEP as NIL.

### **3.10. Revenue from Operations**

#### **Petitioner's Submission**

- 3.10.1. MePGCL submitted that the revenue from sale of power from MLHEP has been considered based on the detailed Methodology provided in Chapter 5 of the Instant Petition which comes out to Rs. 174.04 Cr and has requested the Commission to approve the same.

### Commission's Analysis

- 3.10.2. The Commission notes that the Petitioner, in the original Petition, had computed the revenue from sale of power for MLHEP based on the methodology outlined in Chapter 5 of the Petition. Subsequently, vide additional submission dated 27.02.2026, MePGCL proposed a revised approach for recognition of revenue from operation, stating that since the Tariff Order for FY 2024-25 was issued on 24.10.2024 and the differential amount was allowed to be recovered in instalments, however, recognition of instalments billed in FY 2025-26 may create complications during the true-up of FY 2025-26. Accordingly, the Petitioner requested that the entire approved ARR for FY 2024-25, including instalments billed in FY 2025-26, be considered as revenue from operation for FY 2024-25.
- 3.10.3. The Commission has examined the submissions of the Petitioner and the supporting documents furnished. After prudence check and verification of the approved ARR for the station, the Commission has considered the revenue from sale of power for MLHEP in accordance with the approved ARR for FY 2024-25. Accordingly, the Commission approves the revenue from operation for MLHEP at Rs. 165.31 Crore as claimed by the petitioner for the purpose of True-up of FY 2024-25.

### 3.11. Summary of Annual Fixed Cost – Myntdu Leshka HEP (MLHEP)

#### Petitioner's Submission

- 3.11.1. Based on the computation of the individual components of ARR for MLHEP, the ARR and Gap/(surplus) for MLHEP, as submitted by the Petitioner is tabulated below:

**Table 26 : Summary of Annual Fixed Cost claimed for FY 2024-25 (Rs. Cr)**

Sl. No.	Particular	Amount
1	Depreciation	45.31
2	Return on Equity	44.25
3	O&M Expenses	39.70
4	Interest and Finance Charges	12.33
5	Interest on Working Capital	5.11
6	SLDC Charges	0.00
7	Prior Period Expenses	0.00
8	<b>Total ARR</b>	<b>146.71</b>
9	Less Non- Tariff Income	0.00
10	Add: Revenue Gap - True Up for FY 2022-23 (Review)	5.46
11	Add: Revenue Gap/ (Surplus) allowed in FY 2021-22	72.19
12	Add: Gap/ (Surplus) allowed in FY 2022-23	-63.87

13	<b>Net AFC</b>	<b>160.49</b>
14	Revenue From Operation	165.31
15	<b>Revenue Gap/ (Surplus)</b>	<b>-4.82</b>

- 3.11.2. MePGCL has requested the Commission to approve the ARR for MLHEP as Rs. 160.49 Cr for 2024-25 and Revenue surplus as Rs. 4.82 Cr.

### Commission's Analysis

- 3.11.3. The Commission has thoroughly reviewed the submissions for MLHEP and conducted a detailed analysis, taking into account the audited statement of accounts. After applying a prudent check in line with the relevant Regulations, the Commission approves the Aggregate Revenue Requirement (ARR) for the True-Up of FY 2024-25, as outlined in the table below:

**Table 27: Approved ARR of MLHEP for True up of FY 2024-25 (Rs. Cr)**

Sl.no.	Particulars	Claimed by MePGCL	Approved for True up
1	Depreciation	45.31	45.12
2	Return on Equity	44.25	44.25
3	O&M Expenses	39.70	39.70
4	Interest and Finance Charges	12.33	12.34
5	Interest on Working Capital	5.11	5.11
6	SLDC Charges	-	
7	Prior Period Expenses	-	
8	<b>Gross ARR</b>	<b>146.71</b>	<b>146.52</b>
9	Less Non- Tariff Income	-	
10	<b>Net ARR</b>	<b>146.71</b>	<b>146.52</b>
11	Add: Revenue Gap - True Up for FY 2022-23 (Review)	5.46	5.46
12	Add: Revenue Gap/ (Surplus) allowed in FY 2021-22	72.19	72.19
13	Add: Gap/ (Surplus) allowed in FY 2022-23	-63.87	-63.87
14	<b>Total ARR Recoverable for FY 2024-25</b>	<b>160.49</b>	<b>160.30</b>
15	Revenue From Operation	165.31	165.31
16	<b>Revenue Gap/ (Surplus)</b>	<b>-4.82</b>	<b>-5.01</b>

**The Commission approves ARR at Rs. 160.30 Crore for True up of FY 2024-25 for MLHEP. The past year adjustment that has been considered by Commission in the current year ARR i.e., FY 2024-25 has been taken into consideration in the present truing up exercise.**

## 4. True Up of ARR for New Umtru H.E Project (NUHEP) for FY 2024-25

### 4.1. Gross Fixed Assets (GFA)

#### Petitioner's Submission

- 4.1.1. MePGCL has submitted that they have considered all closing figures approved by the Commission in the True-Up Order for FY 2023-24 as the opening figures for FY 2024-25. Accordingly, the closing GFA approved by the Commission as of 31.03.2024 has been taken as the opening GFA as of 01.04.2024.
- 4.1.2. The GFA for the NUHEP for FY 2024-25 as submitted by MePGCL for NUHEP, is provided in the table below:

**Table 28 : Opening and Closing GFA claimed for NUHEP for FY 2024-25 (Rs. Cr.)**

Sl. No.	Particular	Opening GFA	Addition	Deletion	Closing GFA
1	Land	1.69	0.00	0.00	1.69
2	Buildings	91.87	0.00	0.00	91.87
3	Hydraulic Works	299.32	0.00	0.00	299.32
4	Other Civil Works	32.49	0.00	0.00	32.49
5	Plant & Machinery	163.48	0.04	0.00	163.52
6	Lines & cables	3.86	0.00	0.00	3.86
7	Vehicles	1.83	0.00	0.00	1.83
8	Furniture	0.10	0.01	0.00	0.11
9	Office Equipment	0.10	0.00	0.00	0.10
<b>10</b>	<b>Total</b>	<b>594.74</b>	<b>0.05</b>	<b>0.00</b>	<b>594.79</b>

- 4.1.3. MePGCL has requested the Commission to approve the GFA for NUHEP as above.

#### Commission's Analysis

- 4.1.4. In line with the Commission's approach in previous true-up orders, the closing GFA as approved in the True-Up Order for the New Umtru Hydro Electric Project (NUHEP) has been considered as the opening GFA balance for FY 2024-25. MePGCL has claimed actual additional capitalization of Rs. 0.05 Crore in its petition along with FAR certified by Chartered Accountant (CA). The FAR for NUHEP clearly reflects the additional capitalization of Rs. 0.05 Crore with no deletions to the capitalized assets. Upon thorough scrutiny of the submissions, the Commission approves the additional capitalization as claimed.
- 4.1.5. The asset wise breakup for True up of NUHEP as approved by the Commission for FY 2024-25 is given below:

**Table 29 : Approved Gross Fixed Assets (GFA) for NUHEP for FY 2024-25 (Rs. Cr.)**

Sl. No.	Particulars	Value of Assets at the beginning of the year (01.04.2024)	Additions during the year	Deletion during the year	Asset Value at the end of the year (31.03.2025)
1	Land	1.69	0.00	0.00	1.69
2	Buildings	91.87	0.00	0.00	91.87
3	Hydraulic Works	299.32	0.00	0.00	299.32
4	Other Civil Works	32.49	0.00	0.00	32.49
5	Plant & Machinery	163.48	0.04	0.00	163.52
6	Lines & cables	3.86	0.00	0.00	3.86
7	Vehicles	1.83	0.00	0.00	1.83
8	Furniture	0.10	0.01	0.00	0.11
9	Office Equipment	0.10	0.00	0.00	0.10
<b>10</b>	<b>Total</b>	<b>594.75</b>	<b>0.05</b>	<b>0.00</b>	<b>594.80</b>

The Commission approves Rs. 594.80 Cr. as the closing GFA of NUHEP for True up of FY 2024-25.

## 4.2. Grant Adjustment

### Petitioner's Submission

- 4.2.1. MePGCL has considered the movement of the grants as approved by the Commission in the True Up of FY 2023-24.
- 4.2.2. The movement of grants for NUHEP for FY 2024-25 as considered by the Petitioner is provided in the table below:

**Table 30 : Grant Adjustment and funding pattern claimed for NUHEP for FY 2024-25 (Rs. Cr.)**

Sl. No	Funding Pattern	True Up of FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
1	Opening GFA	586.06	594.75
2	Addition of GFA	8.69	0.05
3	Deletion of GFA	0	0
4	Closing GFA	594.75	594.80
5	<b>Average GFA</b>	590.41	594.78
6	Opening Grant	0	8.65
7	Add-cap funded through grant	8.65	0.00
8	Closing Grant	8.65	8.65
9	<b>Average Grant</b>	<b>4.33</b>	<b>8.65</b>
10	<b>Addition of fresh loan for current year add-cap</b>	<b>0.03</b>	<b>0.04</b>
11	<b>Addition of fresh equity for current year add-cap</b>	<b>0.01</b>	<b>0.02</b>

### Commission's Analysis

4.2.3. MePGCL in its petition has submitted the funding structure of additional capitalisation as tabulated below:

**Table 31: Funding Structure of Additional Capitalisation for NUHEP for FY 2024-25 (Rs. Cr)**

Generating Station	Total Add Cap	Add Cap for Project	Add Allocation of HO	Funded through Grant	Funded through Equity	Funded through Debt
NUHEP	0.05	0.04	0.01	0.00	0.05	0.00

4.2.4. The Commission has adjusted the grant for NUHEP as per grant adjustment principle outlined in para 3.2.5 above, the allowable grant is detailed in the table below:

**Table 32 : Grant Adjustment and funding pattern approved for NUHEP for FY 2024-25 (Rs. Cr.)**

Sl. No	Funding Pattern	True-up of FY 2024-25 (Approved)
1	Opening GFA	594.75
2	Addition of GFA	0.05
3	Deletion of GFA	0.00
4	Closing GFA	594.80
5	<b>Average GFA</b>	<b>594.78</b>
6	Opening Grant	8.65
7	Add-cap funded through grant	0.000
8	Closing Grant	8.65
9	<b>Average Grant</b>	<b>8.65</b>
10	<b>Addition of fresh loan for current year add-cap</b>	<b>0.03</b>
11	<b>Addition of fresh equity for current year add-cap</b>	<b>0.02</b>

**The Commission approves Rs. 8.65 Cr. as average Grant in the GFA of NUHEP for True up of FY 2024-25.**

### 4.3. Depreciation

#### Petitioner's Submission

4.3.1. MePGCL has submitted that it has calculated depreciation in accordance with the methodology adopted by the Commission in the True-Up Order for FY 2023-24. The detailed calculation of depreciation for NUHEP as submitted by Petitioner is provided in the table below:

**Table 33 : Calculation of Depreciation claimed for NUHEP for FY 2024-25 (Rs. Cr)**

Sl. No	Particulars	Opening GFA	Addition	Deletion	Closing GFA	Average GFA	90% of the GFA	Rate of Depreciation	Depreciation
1	Land	1.69	0.00	0.00	1.69	1.69	1.52		0
2	Buildings	91.87	0.00	0.00	91.87	91.87	82.68	3.34%	2.76
3	Hydraulic Works	299.32	0.00	0.00	299.32	299.32	269.39	5.28%	14.22
4	Other Civil Works	32.49	0.00	0.00	32.49	32.49	29.24	3.34%	0.98
5	Plant & Machinery	163.48	0.04	0.00	163.52	163.50	147.15	5.28%	7.77
6	Lines & cables	3.86	0.00	0.00	3.86	3.86	3.47	5.28%	0.18
7	Vehicles	1.83	0.00	0.00	1.83	1.83	1.65	9.50%	0.16
8	Furniture	0.10	0.01	0.00	0.11	0.11	0.09	6.33%	0.01
9	Office Equipment	0.10	0.00	0.00	0.10	0.10	0.09	6.33%	0.01
10	<b>Total</b>	<b>594.74</b>	<b>0.05</b>		<b>594.79</b>	<b>594.77</b>	<b>535.29</b>		<b>26.08</b>
11	<b>Average rate of depreciation</b>								4.87%
12	<b>90% of Avg. Grants</b>								7.78
13	<b>Less: Depreciation on Grants</b>								0.38
14	<b>Net Depreciation</b>								<b>25.70</b>

MePGCL has requested the Commission to approve the depreciation for NUHEP for FY 2024-25 as Rs. 25.70 Cr.

***Respondents' submission in this regard:***

- 4.3.1. The Respondent has contended that the methodology adopted by MePGCL is not fully in accordance with Regulation 33 and the Commission's earlier directions. It has been submitted that MePGCL has considered the value of land while computing 90% of GFA.
- 4.3.2. The Respondent has further pointed out that the grant considered by MePGCL (Rs. 297.93 crore) differs from the amount reflected in audited accounts (Rs. 338.16 crore), and additional grant received during FY 2024-25 has not been factored into the computation. It has also been submitted that the formula adopted by MePGCL for deriving rate of depreciation is inconsistent with the approach prescribed under the Regulations. Accordingly, the Respondents have prayed that depreciation be recomputed strictly in accordance with Regulation 33 of the MYT Regulations, 2014.

***MePGCL's Response to Respondent's submissions:***

- 4.3.1. The petitioner has not responded, particularly regarding rate of depreciation consideration. With regards to grant, the petitioner clarified

that the grant accounted in SOA does not pertain only to assets that have been capitalized. Auditor certificate with regards to funding pattern of the additional capitalization has been claimed during the year.

### **Commission's Analysis**

- 4.3.1. The Commission has examined the submissions of the Petitioner and the objections raised by the Respondent regarding the computation of depreciation and treatment of grants.
- 4.3.2. The Commission has observed that MePGCL, while computing the average rate of depreciation, has considered 90% of the GFA including the value of land. This methodology deviates from the approach consistently adopted by the Commission in its previous Tariff Orders.
- 4.3.3. The Commission has computed the allowable depreciation based on the approved opening & closing Gross Fixed Assets (GFA) for FY 2024-25. This calculation has been undertaken in strict adherence to the applicable provisions of the MSERC (Multi Year Tariff) Regulation, 2014.
- 4.3.4. In line with Regulation 33.1 of the MSERC (Multi Year Tariff) Regulation, 2014, the Commission has prudently deducted consumer contributions, capital subsidies, and grants from the GFA before calculating depreciation. The relevant portion of the regulation which guides this approach is as follows:

*"33.1 For the purpose of tariff determination, depreciation shall be computed in the following manner:*

*The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:*

*The opening asset's value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. Consumer contribution or capital subsidy/ grant etc. shall be excluded from the asset value for the purpose of depreciation.*

*The salvage value of the assets shall be considered at 10% and depreciation shall be allowed up to maximum of 90 % of the capital cost of the asset.*

*Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations, 2009 as may be amended from time to time."*

- 4.3.5. The Commission has computed the allowable depreciation based on the methodology outlined in the relevant provisions. The grant considered for NUHEP is as depicted in table "Grant Adjustment and funding pattern approved for NUHEP for FY 2024-25 Rs. Cr.)" above. The weighted average

rate of depreciation is 4.89% for FY 2024-25.

4.3.6. Accordingly, the depreciation approved for FY 2024-25 is as follows:

**Table 34: Approved computation of Depreciation for NUHEP in True up for FY 2024-25 (Rs. Cr)**

Sl. No	Particulars	Value of Assets at the beginning of the year (01.04.2024)	Additions during the year	Deletion	Asset Value at the end of the year (31.03.2025)	Average Assets	90% of the Assets	Dep. Rate (%)	Depreciation
1	Land	1.69	0.00	0.00	1.69	1.69			
2	Buildings	91.87	0.00	0.00	91.87	91.87	82.68	3.34%	2.76
3	Hydraulic Works	299.32	0.00	0.00	299.32	299.32	269.39	5.28%	14.22
4	Other Civil Works	32.49	0.00	0.00	32.49	32.49	29.25	3.34%	0.98
5	Plant & Machinery	163.48	0.04	0.00	163.52	163.50	147.15	5.28%	7.77
6	Lines & cables	3.86	0.00	0.00	3.86	3.86	3.48	5.28%	0.18
7	Vehicles	1.83	0.00	0.00	1.83	1.83	1.65	9.50%	0.16
8	Furniture	0.10	0.01	0.00	0.11	0.11	0.09	6.33%	0.01
9	Office Equipment	0.10	0.00	0.00	0.10	0.10	0.09	6.33%	0.01
10	<b>Total</b>	<b>594.75</b>	<b>0.05</b>	<b>0.00</b>	<b>594.80</b>	<b>594.77</b>	<b>533.77</b>		<b>26.08</b>
11	<b>Average rate of dep (26.08/533.77) *100</b>								4.89%
12	<b>90% of Avg. Grants</b>						7.78		
13	<b>Less: Depreciation on Grants</b>								0.38
14	<b>Net Depreciation for True up (sl.no 10-13)</b>								<b>25.70</b>

**The Commission approves Depreciation at Rs. 25.70 Crore for True up of FY 2024-25 for NUHEP.**

#### 4.4. Return on Equity

##### Petitioner's Submission

4.4.1. MePGCL has submitted that the Return on Equity has been computed as per the methodology adopted by Hon'ble Commission in True Up order for FY 2022-23 and FY 2023-24, and the rate of return on equity considered at 14%, as per the provisions of the 2014 Tariff Regulations.

4.4.2. The calculation of the Return on Equity for NUHEP, as submitted by the Petitioner, is presented in the table below:

**Table 35: Calculation of Return on Equity for NUHEP for FY 2024-25 (Rs. Cr)**

S No	Particular	True Up FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
1	Opening GFA	586.06	594.75
2	Addition to GFA	8.69	0.05

S No	Particular	True Up FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
3	Retirement	0.00	0.00
4	Closing GFA	594.75	594.805
5	Average GFA	590.41	594.78
6	Less Average Grants	4.32	8.65
7	Net Average GFA (not funded through grants)	586.09	586.13
8	70% of the Debt Components	410.26	410.29
9	30% of the Equity Component	175.83	175.84
10	Rate of Return on Equity	14%	14%
<b>11</b>	<b>Return on Equity</b>	<b>24.62</b>	<b>24.62</b>

MePGCL has requested the Commission to approve the Return on Equity of Rs. 24.62 Cr for NUHEP as computed above.

### Commission's Analysis

4.4.3. The Return on Equity shall be computed as per Regulation 31 read with Regulation 27 of MSERC (Multi Year Tariff) Regulation, 2014. The relevant Regulations is reproduced as under:

*"33.1 Return on equity shall be computed on the equity base determined in accordance with regulation 27 and shall not exceed 14%."*

4.4.4. The Commission has accordingly allowed a Return on Equity (RoE) at 14% on the normative equity, calculated based on the approved average GFA, excluding the average grants and contributions as outlined in table "Grant Adjustment and funding pattern approved for NUHEP for FY 2024-25 (Rs. Cr.)" above.

4.4.5. The approved equity and RoE for FY 2024-25 as considered by the Commission are represented in the table below:

**Table 36 : Approved computation of Return on Equity for True up of FY 2024-25 for NUHEP (Rs. Cr)**

Sl.no	Particulars	True-up of FY 2024-25
1	Opening GFA	594.75
2	Addition to GFA	0.05
3	Retirements	-
4	Closing GFA	594.80
5	Average GFA	594.78
6	Less: Average Grants	8.65
7	Net Average Assets (not funded through grants)	586.13
8	70% Debt component	410.29
9	30% Equity	175.84
10	<b>Return on Equity @ 14%</b>	<b>24.62</b>

**The Commission approves Return on Equity at Rs. 24.62 Crore for True up of FY 2024-25 for NUHEP.**

#### 4.5. Interest on Loan

##### Petitioner's Submission

4.5.1. MePGCL submitted that the interest on loan has been calculated in accordance with Regulations 27 and 32 MSERC (Multi Year Tariff) Regulation, 2014, following the methodology adopted by the Commission in True-up order for FY 2023-24. The weighted average rate of interest determined based on the actual outstanding loans as submitted by the Petitioner is shown in the table below:

**Table 37: Loan portfolio for NUHEP (Rs. Cr)**

Sl. No.	Particulars	Opening Balance	Addition	Repayment	Closing Balance	Average Balance	Rate of Interest on Loan	Interest accrued during the year
1	PFC Loan for NUHEP	281.41	0.00	31.45	249.96	265.69	10.39%	27.59
5	<b>Total</b>	281.41	0.00	31.45	249.96	265.69	10.39%	27.59

4.5.2. The calculation of interest on loans as claimed by the Petitioner is provided below:

**Table 38: Calculation of Interest on Loan for NUHEP for FY 2024-25 (Rs. Cr)**

S No	Particular	True Up FY 2023-24 (Allowed)	True Up FY 2024-25 (Claimed)
1	Opening Loan	254.19	228.53
2	Addition of Loan	0.03	0.04
3	Repayment of Loan	25.69	25.70
4	Closing Loan	228.53	202.86
5	Average Loan	241.36	215.70
6	Weighted Average Rate of Interest	10.38%	10.39%
7	<b>Interest on Loan</b>	<b>25.05</b>	<b>22.40</b>

MePGCL has requested the Commission to approve interest on loan as Rs.22.40 Cr. for FY 2024-25.

##### **Respondents' submission in this regard:**

4.5.1. The Respondent has submitted that the opening loan balance claimed in the Petition does not reconcile with the closing loan balance approved by the Commission in its Order dated 22.03.2025, and any such deviation requires proper reconciliation.

4.5.2. It has further been contended that the interest rates adopted in the Petition differ from those reflected in the audited accounts. The Respondent has requested reconciliation of loan-wise interest and

computation of the weighted average rate strictly in accordance with Regulation 32.2 of the MYT Regulations, 2014, excluding penal and overdue interest.

**MePGCL's Response to Respondent's submissions:**

4.5.1. The petitioner has submitted that the Objector has compared the interest rate as per loan agreement shown in Note 16 of SOA. These interest rates are not fixed in nature and hence interest accrued during the year has been considered and divided by the average opening and closing loan. This is the method followed by the Commission in previous true up.

**Commission's Analysis**

4.5.2. The Commission has allowed interest on loans by considering the closing loan balance from the previous true-up order as the opening loan balance for the true-up of FY 2024-25. Addition of loan for current year as per Table "Grant Adjustment and funding pattern approved for NUHEP for FY 2024-25 (Rs. Cr.)" above. Loan repayments have been considered equivalent to the depreciation for the year.

4.5.3. For purpose of arriving at the weighted average interest rate (WAROI), the Commission has considered the actual loan portfolio submitted by the petitioner for FY 2024-25. Accordingly, the WAROI considered for NUHEP is 10.39%. The Computation of WAROI is tabulated below:

**Table 39: Approved computation of Weighted average Rate of Interest for NUHEP (Rs. Cr)**

Sl. No.	Particulars	Dues during the year	During the Year			As on 31.03.2025	Average Loan	Rate of Interest
		Opening Loan	Addition	Repayment due during the year	Interests Accrued during the year	Closing Loan		
		1	2	3	4	5	6	7 = (4/6)
1	PFC Loan for NUHEP	287.17	0	25.70	28.49	261.47	274.32	10.39%
2	<b>Total</b>	287.17	0	25.70	28.49	261.47	274.32	

4.5.4. Accordingly, Commission allows interest on loans as shown in following table:

**Table 40: Approved Interest on capital loans for True up of FY 2024-25 (Rs. Cr)**

Sl. No.	Particulars	True-up of FY 2024-25 (Approved)
1	Normative Opening Loan	228.54
2	Addition of Loan	0.03
3	Repayment of Loan	25.70

Sl. No.	Particulars	True-up of FY 2024-25 (Approved)
4	Closing Loan	202.87
5	Average Loan	215.70
6	Weighted Average Rate of Loan	10.39%
7	<b>Interest on Loan</b>	<b>22.40</b>

**The Commission approves Interest and Finance charges at Rs. 22.40 Crore for True up of FY 2024-25.**

#### 4.6. Operation and Maintenance Expenses

##### Petitioner's Submission

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

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

4.6.2. The Commission, through its Order dated 22.03.2025 in Case No. 04 of 2024 for truing up the expenses of FY 2023-24, approved Operation and Maintenance (O&M) expenses for NUHEP at Rs. 14.21 Crore, and accordingly, MePGCL has claimed the O&M expenses for FY 2024-25 by applying an escalation rate of 5.72% over the approved O&M expenses for FY 2023-24.

4.6.3. The O&M expenses for FY 2024-25 as submitted by the Petitioner is provided below.

**Table 41: O&M Expenses claimed for NUHEP for FY 2024-25 (Rs. Cr)**

Sl. No.	Particular	Amount
1	Operation and Maintenance Expenses	15.02

4.6.4. MePGCL has requested the Commission to approve the O&M Expenses for NUHEP for FY 2024-25 as Rs. 15.02 Cr.

##### Commission's Analysis

4.6.5. The Commission observes that the petitioner has claimed O&M expenses as per Regulation 56 (7) of MSERC (Multi Year Tariff) Regulation, 2014. The relevant clause is produced as under:

*"56 (7) "In case of hydro generating stations declared under commercial*

*operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."*

- 4.6.6. By applying an escalation rate of 5.72% as stipulated under the said regulation to the approved O&M expenses of the previous year, the O&M expenses for FY 2024-25 are computed as Rs. 15.02 Crore. The approved O&M expense for NUHEP for the True-Up period FY2024-25 is as represented in the table below:

**Table 42 : Approved O&M Expenses for True up of FY 2024-25 for NUHEP (Rs. Cr)**

Sl. No.	Particulars	Amount
1	O&M expenses Approved	15.02

**The Commission approves O&M expenses for NUHEP at Rs. 15.02 Crore for True up of FY 2024-25.**

## 4.7. Interest on Working Capital

### Petitioner's Submission

- 4.7.1. As per Regulation 34.1(iii) of 2014 Tariff Regulations:

*"In case of hydro power generating stations, working capital shall cover: Operation and maintenance expenses for one (1) month;*

*Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*

*Receivables equivalent to two (2) month of fixed cost:*

*Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations. "*

- 4.7.2. For the purpose of calculation of the Interest on Working Capital (IoWCL), MePGCL has considered the SBI Advance Rate as on 01.04.2024 i.e. 15.00%, the calculations thereof submitted by MePGCL is shared in the table below:

**Table 43: Interest on Working Capital claimed for FY 2024-25 (Rs. Cr)**

Sl. No	Particular	Amount
1	O&M Expenses for 1 Month	1.25
2	Maintenance Spares	2.39
3	Receivables	15.09
4	Total Working Capital	18.73
5	Rate of Interest	15.00%
6	<b>Interest on Working Capital</b>	<b>2.81</b>

- 4.7.3. MePGCL has requested Commission to approve interest on working capital for FY 2024-25 for NUHEP as Rs. 2.81 Cr.

**Commission’s Analysis**

- 4.7.1. As per Regulation 34.1 (iii) of the MSERC (Multi Year Tariff) Regulations, 2014, the components of working capital will be:

*“34 Interest on Working Capital  
 34.1(iii) In case of hydro power generating stations, working capital shall cover:  
 Operation and maintenance expenses for one (1) month;  
 Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and  
 Receivables equivalent to two (2) month of fixed cost:  
 Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations.”*

- 4.7.2. The computation of Interest on working capital as approved by the Commission is depicted in the table below:

**Table 44: Approved computation of Interest on Working Capital of NUHEP for True up of FY 2024-25 (Rs. Cr)**

Sl. No	Particulars	NUHEP
1	O&M expenses for one-month excl MeECL cost	1.25
2	Maintenance spares @ 15% of O&M expenses	2.39
3	Receivables equivalent to two months of Net ARR	15.09
4	Total Working Capital Requirements	18.73
5	SBI PLR as on 1 <sup>st</sup> April of the respective Financial Year	15.00%
6	<b>Interest on Working Capital</b>	<b>2.81</b>

**The Commission approves Interest on Working Capital at Rs. 2.81 Crore for True up of FY 2024-25 for NUHEP.**

**4.8. Prior Period Items**

- 4.8.1. NUHEP has -NIL- prior period expenses during FY 2024-25.

**4.9. Non-Tariff Income**

**Petitioner’s Submission**

- 4.9.1. The petitioner did not report any Non-Tariff and Other Income for NUHEP during FY 2024-25.

**Commission's Views**

- 4.9.2. The Commission, after prudence check and duly taking into consideration of the claim of the Petitioner, has considered the non-tariff income for NUHEP as NIL.

**4.10. Revenue from Operations****Petitioner's Submission**

- 4.10.1. MePGCL has submitted the revenue from sale of power from NUHEP based on the detailed methodology provided in Chapter 5 of the Instant Petition which comes out to Rs. 55.25 Cr. and has requested for approval of the same by the Commission.

**Commission's Analysis**

- 4.10.2. The Commission notes that the Petitioner has computed the revenue from sale of power for the station based on the methodology outlined in Chapter 5 of the Petition. Subsequently, vide additional submission dated 27.02.2026, MePGCL proposed that the entire approved ARR for FY 2024-25, including instalments billed in FY 2025-26, be considered as revenue from operation for FY 2024-25 as explain above.
- 4.10.3. The Commission has examined the submissions of the Petitioner and, after prudence check, approves the revenue from operation for the station for the purpose of True-up of FY 2024-25 as claimed by the Petitioner.

**4.11. Summary of Annual Fixed Cost – New Umtru HEP (NUHEP)****Petitioner's Submission**

- 4.11.1. Based on the computation of the individual components of ARR for NUHEP, MePGCL has submitted the ARR and Gap/(surplus) for NUHEP, as shared in the table below:

**Table 45 : Summary of Annual Fixed Cost claimed for FY 2024-25 (Rs. Cr)**

<b>SL. No</b>	<b>Particular</b>	<b>Amount</b>
1	Depreciation	25.70
2	Return on Equity	24.62
3	O&M Expenses	15.02
4	Interest and Finance Charges	22.40
5	Interest on Working Capital	2.81
6	SLDC Charges	0.00
7	Prior Period Expenses	0.00
8	<b>Total AFC</b>	<b>90.56</b>
9	Less Non- Tariff Income	0.00
10	Add: Revenue Gap - True Up for FY 2022-23 (Review)	7.13
11	Add: Revenue Gap/ (Surplus) allowed in FY 2021-22	54.42

SL. No	Particular	Amount
12	Add: Gap/(Surplus) allowed in FY 2022-23	208.61
13	<b>Net AFC</b>	<b>360.72</b>
14	Revenue From Operation	52.48
15	<b>Revenue Gap/ (Surplus)</b>	<b>308.24</b>

4.11.2. MePGCL has requested the Commission to approve the ARR for NUHEP as Rs. 360.72 Cr and Net revenue gap of 308.24 Crore.

### Commission's Analysis

4.11.3. Commission has examined the petition for NUHEP project, analysed the audited statement of accounts and after due prudent check with reference to the Regulations has approved the ARR for True up of FY 2024-25 as depicted in the table below:

**Table 46 : Approved ARR of NUHEP for True up of FY 2024-25 (Rs. Cr)**

Sl.no	Particulars	Claimed by MePGCL	Approved for True up
1	Depreciation	25.70	25.70
2	Return on Equity	24.62	24.62
3	O&M Expenses	15.02	15.02
4	Interest and Finance Charges	22.40	22.40
5	Interest on Working Capital	2.81	2.81
6	SLDC Charges		
7	Prior Period Expenses		
8	<b>Gross ARR</b>	<b>90.56</b>	<b>90.55</b>
9	Less Non- Tariff Income	-	
10	<b>Net ARR</b>	<b>90.56</b>	<b>90.55</b>
11	Add: Revenue Gap - True Up for FY 2022-23 (Review)	7.13	7.13
12	Add: Revenue Gap/Surplus) allowed in FY 2021-22	54.42	54.42
13	Add: Gap/ (Surplus) allowed in FY 2022-23	208.61	208.61
14	<b>Total ARR Recoverable for FY 2024-25</b>	<b>360.72</b>	<b>360.71</b>
15	Revenue From Operation	52.48	52.48
16	<b>Revenue Gap/ (Surplus)</b>	<b>308.24</b>	<b>308.23</b>

**The Commission approves ARR at Rs. 360.71 Crore for True up of FY 2024-25 for NUHEP. The past year adjustment that has been considered by Commission in the current year ARR i.e., FY 2024-25 has been taken into consideration in the present truing up exercise.**

## 5. True Up of ARR for Lakroh Mini Hydro Project (Lakroh MHP) for FY 2024-25

### 5.1. Gross Fixed Assets (GFA)

#### Petitioner's Submission

- 5.1.1. MePGCL has submitted that they have considered all closing figures approved by the Commission in the True-Up Order for FY 2023-24 as the opening figures for FY 2024-25. Accordingly, the closing GFA approved by the Commission as of 31.03.2024 has been taken as the opening GFA as of 01.04.2024.
- 5.1.2. The GFA for the Lakroh Mini HP for FY 2024-25, as submitted by the Petitioner is provided in the table below:

**Table 47 : Opening and Closing GFA for Lakroh MHP claimed for FY 2024 -25 (Rs. Cr)**

Sl. No.	Particular	Opening GFA	Addition	Deletion	Closing GFA
1	Land	0.00	0.00	0.00	0.00
2	Buildings	2.46	0.03	0.00	2.49
3	Hydraulic Works	9.37	0.06	0.01	9.42
4	Other Civil Works	2.18	0.11	0.01	2.28
5	Plant & Machinery	7.29	0.40	0.23	7.46
6	Lines & cables	1.54	0.03	0.17	1.41
7	Vehicles	0.00	0.00	0.00	0.00
8	Furniture	0.01	0.00	0.00	0.01
9	Office Equipment	0.01	0.01	0.00	0.02
<b>10</b>	<b>Total</b>	<b>22.86</b>	<b>0.64</b>	<b>0.42</b>	<b>23.09</b>

MePGCL has requested the Commission to approve the GFA for Lakroh MHP as above.

#### Commission's Analysis

- 5.1.3. In line with the Commission's approach in previous true-up orders, the closing GFA as approved in previous True-Up Order for Lakroh MHP has been considered as the opening balance for FY 2024-25. Further, the Petitioner has reported addition of Rs. 0.64 Crore to GFA during the FY 2024-25 and a deletion of Rs. 0.42 Crore in support with FAR certified by CA.
- 5.1.4. Upon thorough scrutiny of the submissions, the Commission has approved the additional capitalization and deletion during FY 2024-25 as claimed by the Petitioner. The asset wise breakup as approved by the Commission for True up order of FY 2024-25 is given below:

**Table 48: Approved Gross Fixed Assets (GFA) for Lakroh MHP for FY 2024-25 (Rs. Cr)**

Sl. No	Particulars	Value of Assets at the beginning of the year (01.04.2024)	Additions during the year	Deletion during the year	Asset Value at the end of the year (31.03.2025)
1	Land	0.00	0.00	0.00	0.00
2	Buildings	2.46	0.03	0.00	2.49
3	Hydraulic Works	9.37	0.06	0.01	9.42
4	Other Civil Works	2.18	0.11	0.01	2.28
5	Plant & Machinery	7.29	0.40	0.23	7.46
6	Lines & cables	1.54	0.03	0.17	1.41
7	Vehicles	0.00	0.00	0.00	0.00
8	Furniture	0.01	0.00	0.00	0.01
9	Office Equipment	0.01	0.01	0.00	0.02
<b>10</b>	<b>Total</b>	<b>22.86</b>	<b>0.64</b>	<b>0.42</b>	<b>23.09</b>

The Commission approves Rs. 23.09 Cr. as the closing GFA of Lakroh MHP for True up of FY 2024-25.

## 5.2. Grant Adjustment

### Petitioner's Submission

- 5.2.1. MePGCL has considered the movement of the grants as approved by the Commission in the True Up of FY 2023-24.
- 5.2.2. The movements of grants for Lakroh for FY 2024-25, as considered by the Petitioner are provided in the table below:

**Table 49: Grant Adjustment and funding pattern for Lakroh claimed for FY 2024-25 (Rs. Cr)**

Sl. No	Funding Pattern	True Up of FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
1	Opening GFA	22.73	22.86
2	Addition of GFA	0.13	0.64
3	Deletion of GFA	0.00	0.42
4	Closing GFA	22.86	23.09
5	<b>Average GFA</b>	<b>22.79</b>	<b>22.97</b>
6	Opening Grant	11.75	11.75
7	Add-cap funded through grant	0.00	0.00
8	Closing Grant	11.75	11.75
9	<b>Average Grant</b>	<b>11.75</b>	<b>11.75</b>
10	<b>Addition of fresh loan for current year add-cap</b>	<b>0.09</b>	<b>0.16</b>
11	<b>Addition of fresh equity for current year add-cap</b>	<b>0.04</b>	<b>0.07</b>

## Commission's Analysis

5.2.1. MePGCL in its petition has submitted the funding structure of additional capitalisation as tabulated below:

**Table 50: Funding Structure of Additional Capitalisation for Lakroh MHP for FY 2024-25 (Rs. Cr)**

Generating Station	Total Add Cap	Add Cap for Project	Add Allocation of HO	Funded through Grant	Funded through Equity	Funded through Debt
Lakroh MHP	0.64	0.64	0.00	0.00	0.64	0.00

5.2.2. The Commission has adjusted the grant for Lakroh MHP as per grant adjustment principle outlined in para 3.2.5 above and the grant allowable is detailed in the table below:

**Table 51: Approved Funding Pattern for Lakroh MHP for FY 2024-25 (Rs. Cr)**

Sl. No	Funding Pattern	True-up of FY 2024-25 (Approved)
1	Opening GFA	22.86
2	Addition of GFA	0.64
3	Deletion of GFA	0.42
4	Closing GFA	23.09
5	<b>Average GFA</b>	<b>22.97</b>
6	Opening Grant	11.75
7	Add-cap funded through grant	0.00
8	Closing Grant	11.75
9	<b>Average Grant</b>	<b>11.75</b>
10	<b>Addition of fresh loan for current year add-cap</b>	<b>0.16</b>
11	<b>Addition of fresh equity for current year add-cap</b>	<b>0.07</b>

**The Commission approves Rs. 11.75 Cr. as average Grant in the GFA of Lakroh Mini HP in the True up order for FY 2024-25.**

## 5.3. Depreciation

### Petitioner's Submission

5.3.1. MePGCL has submitted that it has calculated depreciation in accordance with the methodology adopted by the Commission in the True-Up Order for FY 2023-24. The detailed calculation of depreciation for Lakroh MHP as submitted by MePGCL is provided in the table below:

**Table 52 : Calculation of Depreciation for Lakroh MHP claimed for FY 2024-25 (Rs. Cr)**

Sl. No	Particulars	Opening GFA	Addition	Deletion	Closing GFA	Average GFA	90% of the GFA	Rate of Depreciation	Depreciation
1	Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Buildings	2.46	0.03	-	2.49	2.48	2.23	3.34%	0.07
3	Hydraulic Works	9.37	0.06	0.01	9.42	9.40	8.46	5.28%	0.45
4	Other Civil Works	2.18	0.11	0.01	2.28	2.23	2.01	3.34%	0.07
5	Plant & Machinery	7.29	0.40	0.23	7.46	7.38	6.64	5.28%	0.35
6	Lines & cables	1.54	0.03	0.17	1.41	1.47	1.33	5.28%	0.07
7	Vehicles	-	-	-	-	-	-	9.50%	-
8	Furniture	0.01	-	-	0.01	0.01	0.01	6.33%	0.00
9	Office Equipment	0.01	0.01	-	0.02	0.02	0.01	6.33%	0.00
10	<b>Total</b>	<b>22.86</b>	<b>0.64</b>	<b>0.42</b>	<b>23.09</b>	<b>22.97</b>	<b>20.68</b>		<b>1.01</b>
11	<b>Average rate of depreciation</b>								4.88%
12	<b>90% of Avg. Grants</b>								10.58
13	<b>Less:</b> Depreciation on Grants								0.52
14	<b>Net Depreciation</b>								<b>0.49</b>

MePGCL has requested the Commission to approve the depreciation for Lakroh MHP for FY 2024-25 as Rs. 0.49 Cr.

***Respondents' submission in this regard:***

- 5.3.1. The Respondent has contended that the methodology adopted by MePGCL is not fully in accordance with Regulation 33 and the Commission's earlier directions. It has been submitted that MePGCL has considered the value of land while computing 90% of GFA.
- 5.3.2. The Respondent has further pointed out that the grant considered by MePGCL (Rs. 297.93 crore) differs from the amount reflected in audited accounts (Rs. 338.16 crore), and additional grant received during FY 2024-25 has not been factored into the computation. It has also been submitted that the formula adopted by MePGCL for deriving rate of depreciation is inconsistent with the approach prescribed under the Regulations. Accordingly, the Respondents have prayed that depreciation be recomputed strictly in accordance with Regulation 33 of the MYT Regulations, 2014.

***MePGCL's Response to Respondent's submissions:***

- 5.3.1. The petitioner has not responded, particularly regarding rate of depreciation consideration. With regards to grant, the petitioner clarified that the grant accounted in SOA does not pertain only to assets that have

been capitalized. Auditor certificate with regards to funding pattern of the additional capitalization has been claimed during the year.

**Commission's Analysis**

- 5.3.1. The Commission has examined the submissions of the Petitioner and the objections raised by the Respondents regarding the computation of depreciation and treatment of grants.
- 5.3.2. The Commission has observed that MePGCL has computed the depreciation for Lakroh MHP as per previous practices accordingly, the Commission has allowed depreciation based on the approved opening & closing Gross Fixed Assets (GFA) for FY 2024-25. This calculation has been undertaken in strict adherence to the applicable provisions of the MSERC (Multi Year Tariff) Regulation, 2014.
- 5.3.3. In line with Regulation 33.1 of the MSERC (Multi Year Tariff) Regulation, 2014, the Commission has prudently deducted consumer contributions, capital subsidies, and grants from the GFA before calculating depreciation. The relevant portion of the regulation which guides this approach is as follows:

*"33.1 For the purpose of tariff determination, depreciation shall be computed in the following manner:*

*The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:*

*The opening asset's value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. Consumer contribution or capital subsidy/ grant etc shall be excluded from the asset value for the purpose of depreciation.*

*The salvage value of the assets shall be considered at 10% and depreciation shall be allowed up to maximum of 90 % of the capital cost of the asset.*

*Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations, 2009 as may be amended from time to time."*

- 5.3.4. The Commission has computed the allowable depreciation based on the methodology outlined in the relevant provisions, applying a reduction in account for 90% of the grant considered for Lakroh MHP, as detailed in table below. Accordingly, the Commission has determined the weighted average rate of depreciation for FY 2024-25 to be 4.88% and has approved net depreciation for the project as represented in the table below:

**Table 53 : Approved Computation of Depreciation for Lakroh MHP in True up for FY 2024-25 (Rs. Cr)**

Sl. No.	Particulars	Value of Assets at the beginning of the year (01.04.2024)	Additions during the year	Deletion	Asset Value at the end of the year (31.03.2025)	Average Assets	90% of the Assets	Dep. Rate (%)	Depreciation
	1	2	3		4	5	6		7
1	Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
2	Buildings	2.46	0.03	0.00	2.49	2.48	2.23	3.34%	0.07
3	Hydraulic Works	9.37	0.06	0.01	9.42	9.40	8.46	5.28%	0.45
4	Other Civil Works	2.18	0.11	0.01	2.28	2.23	2.01	3.34%	0.07
5	Plant & Machinery	7.29	0.40	0.23	7.46	7.38	6.64	5.28%	0.35
6	Lines & cables	1.54	0.03	0.17	1.41	1.47	1.33	5.28%	0.07
7	Vehicles	0.00	0.00	0.00	0.00	0.00	0.00	9.50%	0.00
8	Furniture	0.01	0.00	0.00	0.01	0.01	0.01	6.33%	0.00
9	Office Equipment	0.01	0.01	0.00	0.02	0.02	0.01	6.33%	0.00
10	<b>Total</b>	22.86	0.64	0.42	23.09	22.97	20.68		1.01
11	<b>Average rate of dep (1.01/20.68) *100</b>								4.88%
12	<b>90% of Avg. Grants</b>						10.58		
13	<b>Less: Depreciation on Grants</b>								0.52
14	<b>Net Depreciation for True up (sl.no 10-13)</b>								<b>0.49</b>

**The Commission approves Depreciation at Rs. 0.49 Crore for True up of FY 2024-25 for Lakroh MHP.**

#### **5.4. Return on Equity**

##### **Petitioner's Submission**

- 5.4.1. MePGCL has submitted that the Return on Equity has been computed as per the methodology adopted by Hon'ble Commission in True Up order for FY 2022-23 and FY 2023-24, and the rate of return on equity considered at 14%, as per the provisions of the 2014 Tariff Regulations.
- 5.4.2. The calculation of the Return on Equity for Lakroh MHP as submitted by the Petitioner is presented in the table below:

**Table 54: Calculation of Return on Equity for Lakroh MHP claimed for FY 2024-25 (Rs. Cr)**

S No	Particular	True Up FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
1	Opening GFA	22.73	22.86
2	Addition to GFA	0.13	0.64
3	Retirement	0.00	0.42

S No	Particular	True Up FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
4	Closing GFA	22.86	23.09
5	Average GFA	22.80	22.97
6	Less Average Grants	11.75	11.75
7	Net Average GFA (not funded through grants)	11.05	11.22
8	70% of the Debt Components	7.73	7.86
9	30% of the Equity Component	3.31	3.37
10	Rate of Return on Equity	14%	14%
11	<b>Return on Equity</b>	<b>0.46</b>	<b>0.47</b>

- 5.4.3. MePGCL has requested the Commission to approve the Return on Equity of Rs. 0.47 Cr for Lakroh MHP as computed above.

### Commission's Analysis

- 5.4.4. The Return on Equity shall be computed as per Regulation 31 read with Regulation 27 of MSERC (Multi Year Tariff) Regulation, 2014. The relevant Regulations is reproduced as under.

*"33.1 Return on equity shall be computed on the equity base determined in accordance with regulation 27 and shall not exceed 14%."*

- 5.4.5. Accordingly, the Commission has allowed a Return on Equity (RoE) at 14% on the normative equity, calculated based on the approved average GFA, excluding the average grants and contributions as outlined in table "Approved Funding Pattern for Lakroh MHP for FY 2024-25 (Rs. Cr)" above.
- 5.4.6. The normative equity and the corresponding RoE for FY 2024-25, as approved by the Commission, are presented below:

**Table 55 : Approved Computation of Return on Equity for True up of FY 2024-25 for Lakroh MHP (Rs. Cr)**

Sl.no	Particulars	True-up of FY 2024-25
1	Opening GFA	22.86
2	Addition	0.64
3	Retirements	0.42
4	Closing GFA	23.09
5	Average GFA	22.97
6	Less: Average Grants	11.75
7	Net Average Assets (not funded through grants)	11.22
8	70% Debt component	7.86
9	30% Equity	3.37
10	<b>Return on Equity @ 14%</b>	<b>0.47</b>

**The Commission approves Return on Equity at Rs.0.47 Crore for True up of FY 2024-25 for Lakroh MHP.**

## 5.5. Interest on Loan

### Petitioner's Submission

5.5.1. MePGCL submitted that the interest on loan has been calculated in accordance with Regulations 27 and 32 of the MSERC (Multi Year Tariff) Regulation, 2014, following the methodology adopted by the Commission in True-up order for FY 2023-24. The weighted average rate of interest has been determined based on the actual outstanding loans, as shown in the table below:

**Table 56: Loan portfolio for Lakroh MHP (Rs. Cr)**

Sl. No.	Particulars	Opening Balance	Addition	Repayment	Closing Balance	Average Balance	Rate of Interest on Loan	Interest accrued during the year
1	PFC Loan for Lakroh	4.87	0.00	4.87	0.00	2.44	5.64%	0.14
5	<b>Total</b>	<b>4.87</b>	<b>0.00</b>	<b>4.87</b>	<b>0.00</b>	<b>2.44</b>	<b>5.64%</b>	<b>0.14</b>

5.5.2. The calculation of the interest on loan, as shared by the Petitioner, is tabulated below:

**Table 57: Calculation of Interest on Loan for Lakroh MHP claimed for FY 2024-25 (Rs. Cr)**

S No	Particular	True Up FY 2023-24 (Allowed)	True Up FY 2024-25 (Claimed)
1	Opening Loan	3.58	3.18
2	Addition of Loan	0.09	0.16
3	Repayment of Loan	0.49	0.49
4	Closing Loan	3.18	2.85
5	Average Loan	3.38	3.01
6	Weighted Average Rate of Interest	9.99%	5.64%
7	<b>Interest on Loan</b>	<b>0.34</b>	<b>0.17</b>

5.5.3. MePGCL has requested the Commission to approve interest on loan as Rs.0.17 Cr. for FY 2024-25.

### Commission's Analysis

5.5.4. The Commission has allowed the interest on loans by considering the closing loan balance from the previous true-up order as the opening loan balance for the true-up of FY 2024-25, with the addition of loan for current year as per Table "Approved Funding Pattern for Lakroh MHP for FY 2024-25 (Rs. Cr)" above and the Loan repayments being considered equivalent to the depreciation for the year.

5.5.5. For purpose of arriving at the weighted average rate of interest (WAROI), the Commission has relied on the actual loan portfolio submitted by the Petitioner; duly certified by the statutory auditor for FY 2024-25. Accordingly, the WAROI considered for Lakroh MHP is 5.64%.

5.5.6. The Computation of WAROI as approved by the Commission is tabulated below:

**Table 58: Approved Computation of Weighted average Rate of Interest for Lakroh MHP (Rs. Cr)**

Sl. No.	Particulars	During the Year	During the Year			As on 31.03.2024	Average Loan	Rate of Interest
		Opening Loan	Addition	Repayment due during the year	Interest Accrued during the year	Closing Loan		
		1	2	3	4	5	6	7 = (4/6)
1	PFC Loan for Lakroh	4.78	0	0.49	0.26	4.29	4.54	5.64%
2	<b>Total</b>	<b>4.78</b>	<b>0</b>	0.49	0.26	4.29	4.54	

5.5.7. Accordingly, Commission allows interest on loan as shown in following table:

**Table 59: Approved Interest on capital loans for True up of FY 2024-25 (Rs. Cr)**

Sl. No.	Particulars	True-up of FY 2024-25 (Approved)
1	Normative opening Loan	3.18
2	Addition of Loan	0.16
3	Repayment of Loan	0.49
4	Closing Loan	2.85
5	Average Loan	3.02
6	Weighted Average Rate of Interest (WAROI)	5.64%
7	<b>Interest on Loan</b>	<b>0.17</b>

**The Commission approves Interest and Finance charges at Rs. 0.17 Crore for True up of FY 2024-25.**

## **5.6. Operation and Maintenance Expenses**

### **Petitioner's Submission**

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

*“56 (7) “In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and*

*resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."*

- 5.6.2. The Commission, through its order dated 22.03.2025 in Case No. 04 of 2024 for truing up the expenses of FY 2023-24, approved operation, and maintenance (O&M) expenses for Lakroh MHP at Rs. 0.54 Crore, and accordingly, MePGCL has claimed the O&M expenses for FY 2024-25 by applying an escalation rate of 5.72% over the approved O&M expenses for FY 2023-24.
- 5.6.3. The O&M expenses for FY 2024-25 as claimed by MePGCL for Lakroh MHP, is provided below.

**Table 60: O&M Expenses for Lakroh MHP claimed for FY 2024-25 (Rs. Cr)**

Sl. No.	Particular	Amount
1	Operation and Maintenance Expenses	0.57

- 5.6.4. MePGCL has requested the Commission to approve the O&M Expenses for Lakroh MHP for FY 2024-25 as Rs. 0.57 Cr.

### **Commission's Analysis**

- 5.6.5. The Commission observes that the petitioner has claimed O&M expenses as per Regulation 56 (7) of MSERC (Multi Year Tariff) Regulation, 2014. The relevant clause is produced as under:

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

- 5.6.6. By applying an escalation rate of 5.72% as stipulated under the said regulation to the approved O&M expenses of the previous year, the O&M expenses for FY 2024-25 are computed as Rs. 0.57 Crore. The approved O&M expense for Lakroh MHP for the True-Up period FY 2024-25 is represented in the table below:

**Table 61: Approved O&M Expenses for True up of FY 2024-25 for Lakroh MHP (Rs. Cr)**

Sl. No.	Particulars	Amount
1	O&M expenses Approved	0.57

**The Commission approves O&M expenses for Lakroh MHP at Rs. 0.57 Crore for True up of FY 2024-25.**

## 5.7. Interest on Working Capital

### Petitioner's Submission

5.7.1. As per Regulation 34.1(iii) of 2014 Tariff Regulations:

*"In case of hydro power generating stations, working capital shall cover: Operation and maintenance expenses for one (1) month;*

*Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*

*Receivables equivalent to two (2) month of fixed cost:*

*Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations. "*

5.7.2. MePGCL has considered the SBI Advance Rate as on 01.04.2024 i.e., 15.00% for the purpose of computation of the Interest on Working Capital (IoWCL) and the calculations for the same as submitted by the Petitioner is represented below:

**Table 62: Interest on Working Capital for FY 2024-25 claimed (Rs. Cr)**

Sl. No	Particular	Amount
1	O&M Expenses for 1 Month	0.05
2	Maintenance Spares	0.09
3	Receivables	0.30
4	Total Working Capital	0.43
5	Rate of Interest	15.00%
6	<b>Interest on Working Capital</b>	<b>0.07</b>

5.7.3. MePGCL has requested Commission to approve interest on working capital for FY 2024-25 for Lakroh MHP as Rs. 0.07 Cr.

### Commission's Analysis

5.7.4. Interest on working capital shall be allowed as per the Regulations 34.1(iii) of MSERC (Multi Year Tariff) Regulation, 2014.

5.7.5. Based on the above principle the Commission has computed the Interest on working capital is depicted in the table below:

**Table 63 : Approved Computation of Interest on Working Capital of Lakroh MHP for True up of FY 2024-25 (Rs. Cr)**

Sl. No	Particulars	Lakroh MHP
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Sl. No	Particulars	Lakroh MHP
1	O&M expenses for one-month excl MeECL cost	0.05
2	Maintenance spares @ 15% of O&M expenses	0.09
3	Receivables equivalent to two months of Net ARR	0.30
4	Total Working Capital Requirements	0.43
5	SBI PLR as on 1 <sup>st</sup> April of the respective Financial Year	15.00%
6	<b>Interest on Working Capital</b>	<b>0.07</b>

**The Commission approves Interest on Working Capital at Rs. 0.07 Crore for True up of FY 2024-25.**

### **5.8. Prior Period Items**

5.8.1. Lakroh MHP has -NIL- prior period expenses during FY 2024-25.

### **5.9. Non-Tariff Income**

#### **Petitioner's Submission**

5.9.1. The petitioner did not report any Non-Tariff and Other Income for Lakroh MHP during FY 2024-25.

#### **Commission's Views**

5.9.1. The Commission after prudence check and duly taking into consideration of the claim of Petitioner has considered the non-tariff income for Lakroh MHP as NIL.

### **5.10. Revenue from Operations**

#### **Petitioner's Submission**

5.10.1. MePGCL has submitted the revenue from sale of power from Lakroh based on the detailed Methodology provided in Chapter 5 of the Instant Petition which comes out to Rs. 2.07 Cr.

#### **Commission's Analysis**

5.10.2. The Commission notes that the Petitioner has computed the revenue from sale of power for the station based on the methodology outlined in Chapter 5 of the Petition. Subsequently, vide additional submission dated 27.02.2026, MePGCL proposed that the entire approved ARR for FY 2024-25, including instalments billed in FY 2025-26, be considered as revenue from operation for FY 2024-25 as explain above.

- 5.10.3. The Commission has examined the submissions of the Petitioner and, after prudence check, approves the revenue from operation for the station for the purpose of True-up of FY 2024-25 as claimed by the Petitioner.

### 5.11. Summary of Annual Fixed Cost – Lakroh MHP

#### Petitioner’s Submission

- 5.11.1. Based on the computation of the individual components of ARR for Lakroh MHP, MePGCL has shared the following table w.r.t the computation for the Gap/(surplus) for Lakroh MHP:

**Table 64 : Summary of Annual Fixed Cost claimed for FY 2024-25 (Rs. Cr)**

Sl. No	Particular	Amount
1	Depreciation	0.49
2	Return on Equity	0.47
3	O&M Expenses	0.57
4	Interest and Finance Charges	0.17
5	Interest on Working Capital	0.07
6	SLDC Charges	0.00
7	Prior Period Expenses	0.00
	<b>Total AFC</b>	<b>1.77</b>
8	Less Non- Tariff Income	0.11
	Add: Revenue Gap - True Up for FY 2022-23 (Review)	1.15
	Add: Revenue Gap/ (Surplus) allowed in FY 2021-22	2.74
	Add: Gap/(Surplus) allowed in FY 2022-23	<b>1.77</b>
	<b>Net AFC</b>	<b>5.77</b>
9	Revenue From Operation	1.97
	<b>Revenue Gap/ (Surplus)</b>	<b>3.80</b>

- 5.11.2. MePGCL has requested the Commission to approve the ARR for Lakroh MHP as Rs. 5.77 Cr for 2024-25 and Revenue gap as Rs. 3.80 Cr.

#### Commission’s Analysis

- 5.11.3. Commission has examined the petition for Lakroh MHP project, analysed considering the audited statement of accounts and after due prudence check with reference to the Regulations approves the ARR for True up of FY 2024-25 as depicted in the table below:

**Table 65 : Approved ARR of Lakroh MHP for True up of FY 2024-25 (Rs. Cr)**

Sl.no	Particulars	Filed by MePGCL	Approved for True up
1	Depreciation	0.49	0.49
2	Return on Equity	0.47	0.47
3	O&M Expenses	0.57	0.57

Sl.no	Particulars	Filed by MePGCL	Approved for True up
4	Interest and Finance Charges	0.17	0.17
5	Interest on Working Capital	0.07	0.07
6	SLDC Charges	0.00	0.00
7	Prior Period Expenses	0.00	0.00
8	<b>Gross ARR</b>	<b>1.77</b>	<b>1.77</b>
9	Less Non- Tariff Income		
10	<b>Net ARR</b>	<b>1.77</b>	<b>1.77</b>
11	Add: Revenue Gap - True Up for FY 2022-23 (Review)	0.11	0.11
12	Add: Revenue Gap/Surplus) allowed in FY 2021-22	1.15	1.15
13	Add: Gap/ (Surplus) allowed in FY 2022-23	2.74	2.74
14	<b>Total ARR Recoverable for FY 2024-25</b>	<b>5.77</b>	<b>5.77</b>
15	Revenue From Operation	1.97	1.97
16	<b>Revenue Gap/ (Surplus)</b>	<b>3.80</b>	<b>3.80</b>

**The Commission approves ARR at Rs. 5.77 Crore for True up of FY 2024-25. The past year adjustment that has been considered by Commission in the current year ARR i.e., FY 2024-25 has been taken into consideration in the present truing up exercise.**

## 6. True Up of ARR for MePGCL Old Stations including Sonapani for FY 2024-25

### 6.1. Gross Fixed Assets (GFA) and Movements of Grants

#### Petitioner's Submission

- 6.1.1. MePGCL has submitted that they have considered all closing figures approved by the Commission in the True-Up Order for FY 2023-24 as the opening figures for FY 2024-25. Accordingly, the closing GFA approved by the Commission as of 31.03.2024 has been taken as the opening GFA as of 01.04.2024.
- 6.1.2. The GFA and movement of grants for Old Stations of MePGCL (including Sonapani), as submitted by the Petitioner for FY 2024-25, is tabulated below:

**Table 66 : Opening and Closing GFA and Movement of Grants Old Stations (Including Sonapani) claimed for FY 2024-25 (Rs. Cr)**

Sl. No.	Funding Pattern	True Up of FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
1	Opening GFA	51.74	75.06
2	Addition of GFA	23.44	1.30
3	Retirement of GFA	0.12	0.00
4	Closing GFA	75.06	76.36
5	Average GFA	63.40	75.71
6	Opening Grant	22.46	43.16
7	Add Cap Funded through Grant	20.7	0.00
8	Closing Grant	43.16	43.16
9	Average Grants	32.81	43.16
10	Addition of Fresh Loan for CY Add Cap	1.83	0.91
11	Addition of Fresh Equity for CY Add- Cap	0.79	0.39

MePGCL has requested the Commission to approve the GFA for Old Stations of MePGCL (including Sonapani) as above.

#### Respondents' submission in this regard:

- 6.1.3. The Respondent has submitted that MePGCL has considered the closing GFA approved in the previous Tariff Order as the opening GFA for FY 2024-25; however, discrepancies have been observed in the figures adopted. In particular, for Old Projects including Sonapani, the Commission had approved a closing GFA of Rs. 75.18 crore, whereas MePGCL has considered Rs. 75.06 crore as the opening GFA without

justification.

**MePGCL's Response to Respondent's submissions:**

- 6.1.4. The Petitioner has submitted that the allegation regarding understatement of opening GFA of Old Stations is incorrect. MePGCL clarified that while the Commission had approved opening GFA of Rs. 51.74 crore, addition of Rs. 23.44 crore and deletion of Rs. 0.12 crore for FY 2023-24, the deletion was inadvertently not considered while computing the closing GFA in the previous Order. The Petitioner stated that this oversight was corrected in the present Petition.

**Commission's Analysis**

- 6.1.5. The Commission has examined the submissions of the Petitioner and the objections raised by the Respondent regarding the opening of Gross Fixed Assets (GFA). The Respondent have pointed out a discrepancy between the closing GFA approved in the previous Tariff Order dated 22.03.2025 and the opening GFA considered by MePGCL for FY 2024-25.
- 6.1.6. After examining the records and the relevant tables of the previous Order, the Commission finds merit in the clarification submitted by the Petitioner. Accordingly, the Commission accepts the opening GFA as considered by the Petitioner for the purpose of true-up.
- 6.1.7. In line with the Commission's approach in previous true-up orders, the closing Gross Fixed Assets (GFA) as approved in the True-Up Order MePGCL old stations including Sonapani has been considered as the opening balance for FY 2024-25. MePGCL has claimed actual additional capitalization of Rs. 1.30 Crore and no deletion during FY 2024-25.
- 6.1.8. Upon thorough scrutiny of the submissions, the Commission has approved the additional capitalization as claimed by the Petitioner. The gross fixed asset as approved by the Commission for True up order of FY 2024-25 is given below:

**Table 67: Approved Gross Fixed Assets (GFA) Old station including Sonapani for FY 2024-25 (Rs. Cr)**

Sl. No.	Particulars	Value of Assets at the beginning of the year (01.04.2024)	Additions during the year	Deletion during the year	Asset Value at the end of the year (31.03.2025)
1	Old Stations	75.06	1.30	0.00	76.36

**The Commission considers GFA of Old station including Sonapani as approved above for FY 2024-25.**

**6.2. Grant Adjustment**

**Petitioner's Submission**

- 6.2.1. MePGCL has submitted the grant movement as per Table "Opening and Closing GFA and Movement of Grants Old Stations (including Sonapani) claimed for FY 2024-25 (Rs. Cr)" above.

**Commission's Analysis**

- 6.2.2. MePGCL has submitted the additional capitalisation funding structure in a specified format as tabulated below:

**Table 68: Funding Structure of Additional Capitalisation for Old Stations for FY 2024-25 (Rs. Cr)**

Generating Station	Total Add Cap	Add Cap for Project	Add Allocation of HO	Funded through Grant	Funded through Equity	Funded through Debt
Old Stations	1.30	1.26	0.04	0.00	1.30	0.00

- 6.2.3. As per grant adjustment outlined in para 3.2.5 above, the Commission has adjusted the grant for Old Stations as detailed in the table below:

**Table 69: Approved Funding Pattern for Old Station including Sonapani for FY 2024-25**

Sl. No	Funding Pattern	True-up of FY 2024-25 (Approved)
1	Opening GFA	75.06
2	Addition of GFA	1.30
3	Deletion of GFA	0.00
4	Closing GFA	76.36
5	<b>Average GFA</b>	<b>75.71</b>
6	Opening Grant	43.16
7	Add-cap funded through grant	0.00
8	Closing Grant	43.16
9	<b>Average Grant</b>	<b>43.16</b>
10	<b>Addition of fresh loan for current year add-cap</b>	<b>0.91</b>
11	<b>Addition of fresh equity for current year add-cap</b>	<b>0.39</b>

**The Commission approves Rs 43.16 Cr. of average Grant for Old stations (including Sonapani) in True up order of FY 2024-25.**

**6.3. Depreciation****Petitioner's Submission**

- 6.3.1. MePGCL submits that it has calculated depreciation in accordance with the methodology adopted by the Commission in the True-Up Order for FY 2023-24. The detailed calculation of depreciation for old station, as

submitted by the Petitioner, is provided in the table below:

**Table 70: Calculation of Depreciation for Old Station including Sonapani claimed for FY 2024-25 (Rs. Cr)**

S No	Particulars	True Up FY 2023-24 (Approved)	True Up FY 2024-25 (Claimed)
1	Opening GFA	51.74	75.06
2	Addition	23.44	1.30
3	Retirement	0.12	0.00
4	Closing GFA	75.06	76.36
5	Average GFA	63.40	75.71
6	90% of Average Assets	57.06	68.14
7	Depreciation @5.28%	3.01	3.60
8	90% of Average Grants	29.53	38.84
9	Less: Dep on Grants	1.56	2.05
10	<b>Net Depreciation</b>	<b>1.45</b>	<b>1.55</b>

MePGCL has requested the Commission to approve the depreciation for Old Stations of MePGCL (Including Sonapani) for FY 2024-25 as Rs. 1.55 Cr.

***Respondents' submission in this regard:***

- 6.3.1. The Respondent has contended that the methodology adopted by MePGCL is not fully in accordance with Regulation 33 and the Commission's earlier directions. It has been submitted that MePGCL has considered the value of land while computing 90% of GFA.
- 6.3.2. The Respondent has further pointed out that the grant considered by MePGCL (Rs. 297.93 crore) differs from the amount reflected in audited accounts (Rs. 338.16 crore), and additional grant received during FY 2024-25 has not been factored into the computation. It has also been submitted that the formula adopted by MePGCL for deriving rate of depreciation is inconsistent with the approach prescribed under the Regulations. Accordingly, the Respondents have prayed that depreciation be recomputed strictly in accordance with Regulation 33 of the MYT Regulations, 2014.

***MePGCL's Response to Respondent's submissions:***

- 6.3.3. MePGCL submitted that the contention of the Respondent regarding the opening GFA of Old Stations is incorrect. The Petitioner clarified that while approving the closing GFA of Old Stations for FY 2023-24, the Commission had considered an opening GFA of Rs. 51.74 crore, addition of Rs. 23.44 crore and deletion of Rs. 0.12 crore. However, due to oversight, the deletion amount was not reflected while computing the closing GFA in the Order. The Petitioner stated that the same has been corrected in the instant Petition based on the detailed computation

submitted through the excel-based model along with the Petition.

- 6.3.4. With regards to grant, it was submitted that the grant accounted in SOA does not pertain only to assets that have been capitalized. Auditor certificate with regards to funding pattern of the additional capitalization claimed during the year.

### **Commission's Analysis**

- 6.3.1. The Commission has examined the submissions of the Petitioner and the objections raised by the Respondent regarding the computation of depreciation and treatment of grants. The Commission also finds merit in the clarification submitted by the Petitioner regarding GFA. Accordingly, the Commission accepts the opening GFA as considered by the Petitioner for the purpose of true-up.
- 6.3.2. The Commission has computed the allowable depreciation based on the approved opening & closing Gross Fixed Assets (GFA) for FY 2024-25. This calculation has been undertaken in strict adherence to the applicable provisions of the MSERC (Multi Year Tariff) Regulation, 2014.
- 6.3.3. In line with Regulation 33.1 of the MSERC (Multi Year Tariff) Regulation, 2014, the Commission has prudently deducted consumer contributions, capital subsidies, and grants from the GFA before calculating depreciation. The relevant portion of the regulation which guides this approach is as follows:

*"33.1 For the purpose of tariff determination, depreciation shall be computed in the following manner:*

*The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:*

*The opening asset's value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. Consumer contribution or capital subsidy/ grant etc shall be excluded from the asset value for the purpose of depreciation.*

*The salvage value of the assets shall be considered at 10% and depreciation shall be allowed up to maximum of 90 % of the capital cost of the asset.*

*Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations, 2009 as may be amended from time to time."*

- 6.3.4. The Commission has computed the allowable depreciation based on the

methodology outlined in the relevant provisions, applying a reduction to account for 90% of the grant considered for old stations including Sonapani, as detailed in table “Approved Funding Pattern for Old Station including Sonapani for FY 2024-25 (Rs. Cr)” above. The weighted average rate of depreciation for FY 2024-25 is determined to be 5.28%.

- 6.3.5. Accordingly, the depreciation approved by the Commission for FY 2024-25 is as follows:

**Table 71: Computation of Depreciation for Old Stations (including Sonapani) for FY 2024-25 (Rs. Cr)**

Sl. No.	Particulars	Amount
1	GFA as on 31.03.2024	75.06
2	Additions during FY 2024-25	1.30
3	Retirements	0.00
4	<b>Closing GFA</b>	<b>76.36</b>
5	Average Assets for FY 2024-25	75.71
6	90% of Average Assets	68.14
7	Deprecation at 5.28% (68.14*5.28%)	3.60
8	90% of Average Grants Available	38.85
9	<b>Less: Dep on Grants (38.85*5.28%)</b>	<b>2.05</b>
10	<b>Net Depreciation (sl.no.7 - sl.no.9)</b>	<b>1.55</b>

**The Commission approves Depreciation at Rs. 1.55 Crore for True up of FY 2024-25 for old stations (including Sonapani).**

## 6.4. Return on Equity

### Petitioner’s Submission

- 6.4.1. MePGCL has submitted that the Return on Equity has been computed as per the methodology adopted by Hon’ble Commission in True Up order for FY 2022-23 and FY 2023-24, and the rate of return on equity considered at 14%, as per the provisions of the 2014 Tariff Regulations.
- 6.4.2. The calculation of the Return on Equity for Old Stations of MePGCL (including Sonapani) as submitted by MePGCL is presented in the table below:

**Table 72: Return on Equity for Old Plants & Sonapani claimed for FY 2024-25 (Rs. Cr)**

S No	Particular	True Up FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
1	Opening GFA	51.74	75.06
2	Addition to GFA	23.44	1.30
3	Retirement	0.12	0.00
4	Closing GFA	75.06	76.36
5	Average GFA	63.40	75.71

S No	Particular	True Up FY 2023-24 (Approved)	True Up of FY 2024-25 (Claimed)
6	Less Average Grants	32.81	43.16
7	Net Average GFA (not funded through grants)	30.59	32.55
8	70% of the Debt Components	21.41	22.79
9	30% of the Equity Component	9.18	9.77
10	Rate of Return on Equity	14%	14%
11	<b>Return on Equity</b>	<b>1.28</b>	<b>1.37</b>

6.4.3. MePGCL has requested the Commission to approve the Return on Equity for Stations of MePGCL (Including Sonapani) as Rs. 1.37 Cr for FY 2024-25.

***Respondents' submission in this regard:***

6.4.1. The respondent has contended that there is a discrepancy between the opening GFA considered by MePGCL in the Petition (Rs. 75.06 crore) and the GFA approved by the Commission in the previous Order (Rs. 75.18 crore), which has resulted in variation in the computation of RoE.

***MePGCL's Response to Respondent's submissions:***

6.4.2. The Petitioner submitted that the objections raised by the Respondent regarding computation of Return on Equity are similar to those already addressed in depreciation section. MePGCL reiterated that the methodology adopted for computation of Return on Equity is consistent with the applicable Regulations and previous submissions, and therefore there is no error in the computation.

**Commission's Analysis**

6.4.3. The Return on Equity shall be computed as per Regulation 31 read with Regulation 27 of MSERC (Multi Year Tariff) Regulation, 2014. The relevant Regulations is reproduced as under:

*"33.1 Return on equity shall be computed on the equity base determined in accordance with regulation 27 and shall not exceed 14%."*

6.4.4. Accordingly, the Commission has allowed a Return on Equity (RoE) at 14% on the normative equity, calculated based on the approved average GFA, excluding the average grants and contributions as outlined in table "Approved Funding Pattern for Old Station including Sonapani for FY 2024-25 (Rs. Cr)" above.

6.4.5. The approved normative equity and the corresponding RoE for FY 2024-25 are presented below:

**Table 73: Approved Return on Equity for FY 2024-25 for Old Stations including Sonapani (Rs. Cr)**

Sl.no	Particulars	True-up of FY 2024-25
1	Opening GFA	75.06
2	Addition	1.30
3	Retirements	0.00
4	Closing GFA	76.36
5	Average GFA	75.71
6	Less: Average Grants	43.16
7	Net Average Assets (Not funded through Grants)	32.55
8	70% Debt component	22.78
9	30% Equity	9.76
10	<b>Return on Equity @ 14%</b>	<b>1.37</b>

**The Commission approves Return on Equity at Rs. 1.37 Crore for True up of FY 2024-25 for old stations (including Sonapani).**

### **6.5. Interest on Loan**

#### **Petitioner's Submission**

- 6.5.1. MePGCL has submitted that the Interest on loan has been calculated in accordance with the provisions of Regulations 27 and 32 of the 2014 Tariff Regulations, as well as the methodology adopted by the Commission in the True-Up Order for FY 2023-24. MePGCL has also submitted that the weighted average rate of interest has been determined based on the actual loans currently running.
- 6.5.2. The calculation of the interest on loan, as submitted by the Petitioner, is tabulated below:

**Table 74: Calculation of Interest on Loan for Old stations (including Sonapani) claimed for FY 2024-25 (Rs. Cr)**

S No	Particular	True Up FY 2023-24 (Allowed)	True Up FY 2024-25 (Claimed)
1	Opening Loan	0.21	0.59
2	Addition of Loan	1.83	0.91
3	Repayment of Loan	1.45	1.55
4	Closing Loan	0.59	0.00
5	Average Loan	0.40	0.30
6	Weighted Average Rate of Interest	10.36%	4.57%
7	<b>Interest on Loan</b>	<b>0.04</b>	<b>0.01</b>

- 6.5.3. MePGCL has requested the Commission to approve interest on loan as Rs. 0.01 Cr. for FY 2024-25.

***Respondents' submission in this regard:***

- 6.5.1. The Respondent has contended that the opening loan balance must match the closing loan balance approved in the previous Order, and any deviation requires reconciliation.
- 6.5.2. The Respondent has further pointed out that the interest rates considered in the Petition differ from the rates reflected in the audited accounts for certain loans. It has been submitted that MePGCL must reconcile the interest accrued on each loan with the audited balance sheet and compute the weighted average rate of interest accordingly. The Respondents have also referred to Regulation 32.2 of the MYT Regulations, 2014, which disallows penal interest and overdue interest for tariff computation.
- 6.5.3. Further, the Respondents have contended that the methodology adopted by MePGCL for computation of interest on loan for old stations deviates from the approach followed by the Commission in the previous True-up Order. It has been submitted that MePGCL has claimed interest on loan as per the Statement of Accounts amounting to Rs. 12.19 crore, whereas the Commission's approach has been to compute interest on loan based on the approved loan balance and the weighted average rate of interest of the actual loan portfolio.

***MePGCL's Response to Respondent's submissions:***

- 6.5.4. The Petitioner submitted that the objection regarding the rate of interest on loans is incorrect. MePGCL clarified that the Respondent has compared the interest rates mentioned in the loan agreements (as reflected in Note 16 of the audited accounts), whereas the actual interest rates are variable in nature. Therefore, the weighted average rate of interest has been computed by dividing the total interest accrued during the year by the average of the opening and closing loan balances, which is a standard regulatory practice and has also been adopted by the Commission in previous true ups.
- 6.5.5. Further, MePGCL clarified that the amount of Rs. 12.19 crore referred to by the Respondent pertains to interest accrued on State Government loans used for computing the weighted average rate of interest and does not represent the claim of interest on loan for old stations. The actual interest on loan claimed for old stations is Rs. 0.01 crore, consistent with the methodology adopted in previous true ups.

**Commission's Analysis**

- 6.5.6. The Commission has examined the submissions of the Petitioner and the

objections raised by the Respondents. The Commission notes that the methodology adopted by MePGCL for computation of weighted average rate of interest, i.e., deriving the rate based on actual interest accrued during the year divided by the average loan balance, is in line with the prevailing regulatory practice and has been consistently followed in previous True-up Orders.

- 6.5.7. The Commission has allowed the interest on loans by considering the closing loan balance from the previous true-up order as the opening loan balance for the true-up of FY 2024-25, with the addition of loan for current year as per Table "Approved Funding Pattern for Old Station including Sonapani for FY 2024-25" above and the Loan repayments being considered equivalent to the depreciation for the year.
- 6.5.8. For purpose of arriving at the weighted average interest rate (WAROI), the Commission has considered the actual loan portfolio submitted by the petitioner for FY 2024-25. Accordingly, the WAROI considered for old station including Sonapani is 4.57%. The Computation of WAROI is as considered by the Commission and is tabulated below:

**Table 75: Computation of Weighted average Rate of Interest for old station including Sonapani (Rs. Cr)**

Particulars	Opening Balance	Drawal	Repayment	closing Loan	Average Loan	Interest	ROI (%)
	1	2	3	4	5	6	7 = (6/5)
PFC Loan for MLHEP	265.90	1.11	0.00	267.01	266.45	12.19	4.57%
<b>Total</b>	265.90	1.11	0.00	267.01	266.45	12.19	

- 6.5.9. Accordingly, Commission allows interest on loan as shown in following table:

**Table 76: Approved Interest on capital loans for True up of FY 2024-25 (Rs. Cr)**

Sl. No.	Particulars	True-up of FY 2024-25 (Approved)
1	Normative Opening Loan	0.59
2	Addition of Loan	0.91
3	Repayment of Loan	<b>1.50</b>
4	Closing Loan	-
5	Average Loan	0.30
6	Weighted Average Rate of Interest (WAROI)	4.57%
7	<b>Interest on Loan</b>	<b>0.014</b>

**The Commission approves interest and finance charges at Rs. 0.014 Cr. for True up of FY 2024-25 for old stations including Sonapani.**

## 6.6. Operation and Maintenance Expenses

### Petitioner's Submission

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

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

6.6.2. The Commission, through its order dated 22.03.2025 in Case No. 04 of 2024 for truing up the expenses of FY 2023-24, approved operation, and maintenance (O&M) expenses for Old Stations at Rs. 37.78 Crore, and accordingly, MePGCL has claimed the O&M expenses for FY 2024-25 by applying an escalation rate of 5.72% over the approved O&M expenses for FY 2023-24.

6.6.3. The O&M expenses for FY 2024-25 as claimed by MePGCL for Old Station including Sonapani, is provided below:

**Table 77: O&M Expenses for Old Plants including Sonapani claimed for FY 2024-25 (Rs. Cr)**

Sl. No.	Particular	Amount
1	Operation and Maintenance Expenses	39.94

6.6.4. MePGCL has requested Commission to approve the O&M Expenses for Old Stations of MePGCL (Including Sonapani) for FY 2024-25 as Rs. 39.94 Cr.

### Commission's Analysis

6.6.1. The Commission notes that the Petitioner has claimed O&M expenses in accordance with Regulation 56(7) of the MSERC (Multi-Year Tariff) Regulations, 2014. The relevant clause as produced under:

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

6.6.2. By applying an escalation rate of 5.72% as stipulated under the said regulation to the approved O&M expenses of the previous year, the O&M expenses for FY 2024-24 are computed as Rs. 39.94 Crore.

6.6.3. The O&M expenses for FY 2024-25 as claimed by MePGCL for Lakroh

MHP, is provided below.

**Table 78: Approved O&M Expenses for True up of FY 204-25 for old station (including Sonapani) (Rs. Cr)**

Sl. No.	Particulars	Amount
1	O&M expenses Approved	39.94

**The Commission approves O&M expenses for old station (including Sonapani) at Rs. 39.94 Crore for True up of FY 2024-25.**

## 6.7. Interest on Working Capital

### Petitioner's Submission

6.7.1. As per Regulation 34.1(iii) of 2014 Tariff Regulations:

*"In case of hydro power generating stations, working capital shall cover: Operation and maintenance expenses for one (1) month;*

*Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*

*Receivables equivalent to two (2) month of fixed cost:*

*Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations. "*

6.7.2. MePGCL has considered the SBI Advance Rate as on 01.04.2024 i.e., 15.00% for the purpose of computing of the Interest on Working Capital (IWCL). Accordingly, the calculation of interest on working capital as shared by the Petitioner is tabulated below:

**Table 79: Interest on Working Capital claimed for FY 2024-25 (Rs. Cr)**

Sl. No	Particular	Amount
1	O&M Expenses for 1 Month	3.33
2	Maintenance Spares	6.35
3	Receivables	8.10
4	Total Working Capital	17.78
5	Rate of Interest	15.00%
6	<b>Interest on Working Capital</b>	<b>2.67</b>

6.7.3. MePGCL has requested Commission to approve interest on working capital for FY 2024-25 for old stations as Rs. 2.67 Cr.

**Commission's Analysis**

- 6.7.4. Interest on working capital shall be allowed as per the Regulations 34.1(iii) of MSERC (Multi Year Tariff) Regulation, 2014.
- 6.7.5. The computation of Interest on working capital as considered by the Commission, is depicted in the table below:

**Table 80 : Computation of Interest on Working Capital of old station (including Sonapani) for True up of FY 2024-25 (Rs. Cr)**

Sl. No.	Particulars	Amount
1	O&M expenses for one-month excl MeECL cost	3.33
2	Maintenance spares @ 15% of O&M expenses	6.35
3	Receivables equivalent to two months of Net ARR	5.65
4	Total Working Capital Requirements	15.33
5	SBI PLR as on 1 <sup>st</sup> April of the respective Financial Year	15.00%
6	<b>Interest on Working Capital</b>	<b>2.30</b>

**The Commission approves Interest on Working Capital at Rs. 2.30 Crore for True up of FY 2024-25.**

**6.8. Prior Period Items**

- 6.8.1. Old station (including Sonapani) has -NIL- prior period expenses during FY 2024-25.

**6.9. Non-Tariff Income****Petitioner's Submission**

- 6.9.1. MePGCL has claimed that Non-Tariff Income has been considered as per Audited Statement of Accounts with the following exceptions. The amortisation of Grants has not been considered as Non-Tariff Income and Provisions Written Back has not been considered as Non-Tariff Income.
- 6.9.2. The Claim for Other income for Old Stations for FY 2024-25 is tabulated below:

**Table 818: Non-Tariff Income of old station (including Sonapani) for True up of FY 2024-25 (Rs. Cr)**

Particular	Amount
Interest from Banks	3.96
Sale of Scrap and Tender Forms	1.07
Misc. Receipts	1.81
Laboratory Testing Fees	0.03
<b>Total</b>	<b>6.87</b>

**Respondents' submission in this regard:**

- 6.9.1. The Respondents have submitted that although MePGCL has claimed Non-Tariff Income in accordance with the Statement of Accounts, it has excluded provisions written back without providing details of the nature of such provisions or justification for their exclusion.
- 6.9.2. The Respondent has contended that if the provisions written back pertain to expenses that were previously allowed in ARR, then such writebacks must be treated as Non-Tariff Income and adjusted accordingly.

**MePGCL's Response to Respondent's submissions:**

- 6.9.3. The Petitioner submitted that the provisions written back are not part of tariff-related expenses and therefore cannot be considered as Non-Tariff Income. MePGCL clarified that these provisions were originally created for the impact of pay revision in FY 2016-17 and were recorded as current liabilities in the balance sheet. Since such provisions were never included in tariff computation in earlier years, their reversal should also not be passed on to consumers as Non-Tariff Income.

**Commission's Views**

- 6.9.4. The Commission, after prudence check and duly taking into consideration of the claim of the Petitioner and the suggestion of the Respondent has approved the Non-Tariff Income of Rs. 14.36 Crore for Old Stations as detailed below:

**Table 82: Approved Non-Tariff Income for True up of FY 2024-25 (Rs. Cr.)**

Sl. No.	Particulars	True-up of FY 2024-25 (Approved)
1	From Banks	3.96
2	From Others	-
	<b>Other non-operating income</b>	
3	Rental and Hiring Income	-
4	Sale of scrap, tender forms and others	1.07
5	Miscellaneous receipts	1.81
6	Amortization of Grant	0.00
7	Laboratory Testing Fees	0.03
8	Provision Written Back	
9	Total	6.87
10	1/3 rd MeECL	7.49
11	<b>Grand Total</b>	<b>14.36</b>

### **6.10. SLDC and Connectivity Charges**

- 6.10.1. As per Regulation 59.1 of MSERC (Multi Year Tariff) Regulation, 2014, SLDC charges as determined by the commission shall be considered as expenses for determining generation Tariff.
- 6.10.2. Commission considers SLDC charges at Rs. 3.09 Crore as expense as claimed in the ARR for True up of FY 2024-25 and duly paid by the Petitioner.

### **6.11. Revenue from Operations**

#### **Petitioner's Submission**

- 6.11.1. MePGCL has requested for approval of Rs. 245.17 Crore towards the revenue from sale of power from Old Stations of MePGCL (Including Sonapani) based on the detailed methodology provided in Chapter 5 of the Instant Petition.

#### **Commission's Analysis**

- 6.11.1. The Commission notes that the Petitioner has computed the revenue from sale of power for the station based on the methodology outlined in Chapter 5 of the Petition. Subsequently, vide additional submission dated 27.02.2026, MePGCL proposed that the entire approved ARR for FY 2024-25, including instalments billed in FY 2025-26, be considered as revenue from operation for FY 2024-25 as explain above.
- 6.11.2. The Commission has examined the submissions of the Petitioner and, after prudence check, approves the revenue from operation for the station for the purpose of True-up of FY 2024-25 as claimed by the Petitioner.

### **6.12. Summary of Annual Fixed Cost – Old Stations including Sonapani**

#### **Petitioner's Submission**

- 6.12.1. Based on the computation of the individual components of ARR for Old Stations including Sonapani, MePGCL has calculated the ARR and Gap/(surplus) for Old Stations including Sonapani, as shared in the table below:

**Table 83 : Summary of Annual Fixed Cost claimed for FY 2024-25 (Rs. Cr)**

<b>Sl. No</b>	<b>Particular</b>	<b>Amount</b>
1	Depreciation	1.55
2	Return on Equity	1.37
3	O&M Expenses	39.94
4	Interest and Finance Charges	0.01

Sl. No	Particular	Amount
5	Interest on Working Capital	2.67
6	SLDC Charges	3.09
7	Prior Period Expenses	0.00
	<b>Total AFC</b>	48.63
8	Less Non- Tariff Income	6.87
	Add: Revenue Gap - True Up for FY 2022-23 (Review)	-
	Add: Revenue Gap/Surplus) allowed in FY 2021-22	-0.90
	Add: Gap/ (Surplus) allowed in FY 2022-23	-175.26
	<b>Net AFC</b>	-134.40
9	Revenue From Operation	232.87
	<b>Revenue Gap/ (Surplus)</b>	<b>-367.27</b>

6.12.2. MePGCL requests the Commission to approve the ARR for old stations at (-) Rs. 134.40 Cr for 2024-25 and Revenue surplus as (-) Rs.367.27 Cr.

### Commission's Analysis

6.12.3. The Commission after due prudence check with reference to the Regulations and Orders approves the ARR for True up of FY 2024-25 as depicted in the table below:

**Table 84: Approved ARR of old stations including Sonapani for True up of FY 2024-25 (Rs. Cr)**

Sl. No.	Particulars	Filed by MePGCL	Approved for True up
1	Depreciation	1.55	1.55
2	Return on Equity	1.37	1.37
3	O&M Expenses	39.94	39.95
4	Interest and Finance Charges	0.01	0.014
5	Interest on Working Capital	2.67	2.30
6	SLDC Charges	3.09	3.09
7	Prior Period Expenses	0.00	0.00
<b>8</b>	<b>Gross ARR</b>	<b>48.63</b>	<b>48.26</b>
9	Less Non- Tariff Income	6.87	14.36
<b>10</b>	<b>Net ARR</b>	<b>41.76</b>	<b>33.90</b>
11	Add: Revenue Gap - True Up for FY 2022-23 (Review)	-	
12	Add: Revenue Gap/ (Surplus) allowed in FY 2021-22	-0.90	-0.90
13	Add: Gap/ (Surplus) allowed in FY 2022-23	-175.26	-175.26
14	<b>Total ARR Recoverable for FY 2024-25</b>	<b>-134.40</b>	<b>-143.26</b>
15	Revenue From Operation	232.87	232.87
16	<b>Revenue Gap/ (Surplus)</b>	<b>-367.27</b>	<b>-375.13</b>

**The Commission approves ARR at Rs. (-) 143.26 Crore for True up of FY 2024-25 for Old Stations including Sonapani. The past year adjustment**

that has been considered by Commission in the current year ARR i.e., FY 2024-25 has been taken into consideration in the present truing up exercise.

### 6.13. Claim towards shortfall of Generation in FY 2023-24

#### Petitioner's Submission

- 6.13.1. MePGCL submitted that, in accordance with the True-up Order dated 22.03.2025, the Commission had considered the entire ARR for FY 2023-24 as revenue and identified a shortfall of Rs. 79.48 crore due to lower generation vis-à-vis design energy under Regulation 57(3) of the MSERC (MYT) Regulations, 2014.
- 6.13.2. Subsequently, MePGCL raised supplementary bills on MePDCL in FY 2024-25 amounting to Rs. 69.51 crore towards such shortfall, which has been accounted for in its books of accounts. The Petitioner further submitted that the shortfall attributable to water availability has been computed based on analysis of actual discharge vis-à-vis design discharge on a monthly basis, and the recoverable amount has been determined accordingly. The Summary of the amount to be recovered in FY 2024-25 is tabulated below:

**Table 85 : Computation of Shortfall in Generation in FY 2023-24 on Account of Water Availability as filed by Petitioner (Rs. Cr)**

Name of Plant	Design Energy	Actual Generation 2023-24	Shortfall	Short Fall Due to Water Availability	Design Energy To be Considered for Billing in 2024-25	Recovery Amount 2024-25
MLHEP	486.22	304.05	182.17	23.30	462.92	3.09
NUHEP	233.85	163.60	70.25	45.22	188.63	5.21
Umiam Stage I	116.29	85.42	30.87	5.14	111.15	1.01
Umiam Stage II	45.50	43.43	2.07	2.07	43.43	1.00
Umiam Stage III	142.67	111.29	31.37	13.69	128.97	11.77
Umiam Stage IV	207.39	144.18	63.21	0.00	207.39	0
<b>Total</b>	<b>1231.92</b>	<b>851.97</b>	<b>379.95</b>	<b>89.43</b>	<b>1142.49</b>	<b>22.08</b>

- 6.13.3. However, the petitioner submitted that the said amount has not been included in the ARR for FY 2024-25, as the same is subject to approval of the Commission. MePGCL has therefore requested that, upon approval, the recoverable amount may be allowed as an addition to the True-up ARR of the respective stations.

#### Commission's Analysis

- 6.13.4. The Commission has examined the submissions of the Petitioner and the clarifications provided in response to the additional information sought. The Commission notes that it had specifically directed the Petitioner to

furnish documentary evidence, duly supported by SLDC and/or Auditor certification, substantiating the design discharge, actual discharge, and actual generation data used for computation of generation shortfall attributable to water availability.

- 6.13.5. The Commission further observes that the Petitioner has stated that discharge data is derived from operational parameters such as gate opening, generation data, and reservoir water levels, and that certification from SLDC or Auditor may not be feasible. However, the Petitioner has not submitted any alternative authenticated technical records or independent certification to substantiate the computation. Further, the reconciliation between the shortfall amount of Rs. 79.48 crore identified in the previous True-up Order, the supplementary billing of Rs. 69.51 crore, and the revised claim of Rs. 22.08 crore has not been adequately established.
- 6.13.6. The Commission also notes that the Petitioner itself has acknowledged that the initial methodology adopted for raising supplementary bills amounting to Rs. 69.51 crore was not appropriate and that the said amount is not being claimed in the present Petition. While the Petitioner has indicated that a revised computation based on discharge analysis results in a claim of Rs. 22.08 crore, the same remains unsupported by verifiable and authenticated technical data.
- 6.13.7. In view of the above and considering the provisions of Regulation 57.2.3(i) and 57.2.3(ii) of the MSERC (Multi Year Tariff) Regulations, 2014, the Commission notes that the generating stations have completed more than ten years from their respective dates of commercial operation. Accordingly, any shortfall in generation is required to be treated in accordance with the prescribed mechanism for moderation of Design Energy for computation of Energy Charge Rate (ECR) in subsequent years.
- 6.13.8. However, in the absence of adequate documentary evidence substantiating that the shortfall in generation was due to factors beyond the control of the Petitioner, including hydrological constraints, the Commission is not inclined to allow the claim of Rs. 22.08 crore in the present True-up.
- 6.13.9. Accordingly, the Commission directs that any treatment of energy shortfall shall be undertaken strictly in accordance with Regulation 57.2.3 of the MYT Regulations, 2014. Any such adjustment may be considered in subsequent years, subject to the Petitioner furnishing complete, verifiable, and duly authenticated technical data to establish the extent of reduced water availability and its impact on generation.

## 6.14. Accrual Terminal Benefits

### Petitioner's Submission

- 6.14.1. The Petitioner claimed Rs 67.34 Cr as Instalment of Accrued Liability of Pension for FY 2024-25.

### Commission's Analysis

- 6.14.2. The Commission vide its order dt. 24.10.2024, while deciding the ARR for MYT control Period FY 2024-25 to FY 2026-27 & Generation Tariff For 2024-25 for MePGCL, has already determined the terminal benefits to be recovered by the MePGCL on yearly basis, based on the actuarial valuation report & the auditor certificate, and the total amount is Rs. 67.34 Cr; the breakup of which is provided hereunder:

Contribution by MePGCL: Rs. 66.71 Cr.

Contribution on account of MeECL: Rs. 0.63 Cr.

- 6.14.3. As per the above-mentioned order of the Commission, the total outstanding liability of Govt. of Meghalaya, towards past terminal liabilities as on 01.04.2024 was Rs. 1937.88 Cr. As per the SOA submitted by MePGCL, it is observed that Govt. of Meghalaya has contributed Rs. 52.34 Cr. towards the past terminal liabilities in FY 2024-25.
- 6.14.4. Considering the contribution from Govt. of Meghalaya for FY 2024-25 and the carrying cost of 7.35% towards outstanding amount for the past period terminal liabilities, the total outstanding payable by Govt. of Meghalaya as on 01.04.2025 stands at Rs. 2026.06 Cr.
- 6.14.5. **Accordingly, the Commission considers Rs. 67.34 Cr (Rs. 66.71 Crore for MePGCL + 1/3rd of MeECL liability i.e., Rs. 0.63 Crore) to pass through as Accrued Terminal Liabilities in the order for FY 2024-25. Additionally, the Petitioner is directed to pursue the Govt. of Meghalaya for an early liquidation of its pending dues amounting to Rs. 2026.06 Crore as on 01.04.2025 towards pension trust.**
- 6.14.6. The Petitioner is hereby directed to timely deposit the amount realized on account of pension through the approved ARR for the year in the Pension Trust.

### 6.15. Consolidated ARR for MLHEP, NUHEP, Lakroh MHP and MePGCL Old Projects for FY 2024-25 True up

#### Petitioner's Submission

6.15.1. Based on the calculation of the ARR for individual plants the consolidated ARR and Gap for MePGCL has a whole, as submitted by the Petitioner is tabulated below:

**Table 86 : Consolidated ARR for MLHEP, NUHEP, Lakroh MHP and MePGCL Old Projects for True up of FY 2024-25 as filed by Petitioner (Rs. Cr)**

Particulars	MLHEP	NUHEP	Lakroh Mini HP	Old Stations including Sonapani	Total for MePGCL
Depreciation	45.31	25.70	0.49	1.55	73.06
Return on Equity	12.33	22.40	0.17	0.01	70.71
O&M Expenses	44.25	24.62	0.47	1.37	95.23
Interest and Finance Charges	39.70	15.02	0.57	39.94	34.91
Interest on working capital	5.11	2.81	0.07	2.67	10.65
SLDC Charges	0.00	0.00	0.00	3.09	3.09
<b>Gross ARR</b>	<b>146.71</b>	<b>90.56</b>	<b>1.77</b>	<b>48.63</b>	<b>287.66</b>
Less: Non-Tariff Income	0.00	0.00	0.00	6.87	6.87
<b>Net ARR</b>	<b>150.22</b>	<b>92.37</b>	<b>2.00</b>	<b>45.09</b>	<b>280.79</b>
Add: Revenue Gap - True Up for FY 2022-23 (Review)	5.46	7.13	0.11	0.00	12.70
Add: Revenue Gap/Surplus) allowed in FY 2021-22	72.19	54.42	1.15	-0.90	126.86
Add: Gap/(Surplus) allowed in FY 2022-23	-63.87	208.61	2.74	-175.26	-27.78
<b>Total ARR (excluding Pension Liability)</b>	<b>160.49</b>	<b>360.72</b>	<b>5.77</b>	<b>-134.40</b>	<b>392.57</b>
<b>Revenue from Operation</b>	<b>174.04</b>	<b>55.25</b>	<b>2.07</b>	<b>245.17</b>	<b>476.53</b>
<b>Gap (+) / (Surplus) (-)</b>	<b>-13.55</b>	<b>305.47</b>	<b>3.70</b>	<b>-379.57</b>	<b>-83.96</b>
<b>Comprehensive Income/ Expenses (Pension)</b>					67.34
<b>Comprehensive Income/ Expenses (1/3 MeECL) (Pension)</b>					
<b>Net Gap/ (Surplus)</b>					<b>-16.62</b>

6.15.2. MePGCL prayed to the Commission to approve the consolidated Gap of Rs. -16.62 Cr for FY 2024-25

#### Commission's Analysis

6.15.3. The Commission has examined the submissions of the Petitioner regarding computation of revenue from sale of power for FY 2024-25. The Commission notes that in the True-up Order dated 22.03.2025 in Case No. 04 of 2024, revenue from sale of power was considered equivalent to the ARR approved for the respective year in accordance

with Regulation 57(3) of the MSERC (Multi Year Tariff) Regulations, 2014.

- 6.15.4. The Commission further notes that the Tariff Order for FY 2024-25 (Case No. 30 of 2023) was issued on 24.10.2024. Accordingly, billing for the period April 2024 to September 2024 was conducted as per the Tariff Order for FY 2023-24. In tariff order dated 24.10.2024, it was directed that any differential amount shall be recovered in 9 equal instalments commencing from December 2024.
- 6.15.5. In the original Petition, MePGCL computed revenue from sale of power by adopting the same methodology as applied by the Commission in the Tariff Order dated 24.10.2024, i.e., aligning revenue with the approved ARR while adjusting for arrears billed during the year.
- 6.15.6. Subsequently, vide additional submission dated 27.02.2026, the Petitioner proposed a revised methodology requesting that the entire approved ARR for FY 2024-25, including instalments billed in FY 2025-26, be considered as revenue for FY 2024-25. The revised station-wise revenue was submitted as reproduced under:

**Table 87 : Revised Revenue from Operation for FY 2024-25 submitted by MePGCL (Rs. Cr.)**

Particular	MLHEP	NUHEP	Lakroh	Old Stations
Approved ARR for FY 2023-24	196.73	62.45	2.34	277.14
Monthly ARR for FY 2023-24	16.39	5.20	0.20	23.10
<b>ARR Billed from Apr to Sept</b>	<b>98.37</b>	<b>31.23</b>	<b>1.17</b>	<b>138.57</b>
Approved ARR for FY 2024-25	165.31	52.48	1.97	232.87
Monthly ARR for FY 2024-25	13.78	4.37	0.16	19.41
<b>ARR billed from Oct to March</b>	<b>82.66</b>	<b>26.24</b>	<b>0.99</b>	<b>116.44</b>
<b>Gross Revenue</b>	<b>181.02</b>	<b>57.47</b>	<b>2.16</b>	<b>255.01</b>
<b>Tariff Difference (Arrears)</b>				
ARR Actual Billed	98.37	31.23	1.17	138.57
Billing as per Revised ARR	82.66	26.24	0.99	116.44
Over Recovery	-15.71	-4.99	-0.19	-22.14
Instalment Amount	-1.75	-0.55	-0.02	-2.46
Instalments Billed in FY 2024-25	4	4	4	4
<b>Arrear Amount Billed</b>	<b>-6.98</b>	<b>-2.22</b>	<b>-0.08</b>	<b>-9.84</b>
<b>Net Revenue</b>	<b>174.04</b>	<b>55.25</b>	<b>2.07</b>	<b>245.17</b>
<b>Add Instalments Billed in FY 2025-26</b>	<b>-8.73</b>	<b>-2.77</b>	<b>-0.10</b>	<b>-12.30</b>
<b>Revised Revenue as Per Additional Submission</b>	<b>165.31</b>	<b>52.48</b>	<b>1.97</b>	<b>232.87</b>
<b>Total Revenue</b>	<b>452.63</b>			

- 6.15.7. The Commission, after prudence check and analysis, approves the consolidated ARR for the purpose of True-up for FY 2024-25 as under:

**Table 88 : Approved Consolidated ARR for MLHEP, NUHEP, Lakroh MHP and MePGCL Old Projects for True up of FY 2024-25 approved by the Commission (Rs. Cr)**

Particulars	MLHEP	NUHEP	Lakroh Mini HP	Old Stations including Sonapani	Total for MePGCL
Depreciation	45.12	25.70	0.49	1.55	72.86
Return on Equity	44.25	24.62	0.47	1.37	70.71
O&M Expenses	39.70	15.02	0.57	39.95	95.24
Interest and Finance Charges	12.34	22.40	0.17	0.014	34.93
Interest on working capital	5.11	2.81	0.07	2.30	10.28
SLDC Charges	-	-	-	3.09	3.09
<b>Gross ARR</b>	<b>146.52</b>	<b>90.55</b>	<b>1.77</b>	<b>48.26</b>	<b>287.11</b>
Less: Non-Tariff Income	-	-	-	14.36	14.36
<b>Net ARR for 2024-25</b>	<b>146.52</b>	<b>90.55</b>	<b>1.77</b>	<b>33.90</b>	<b>272.75</b>
Add: Revenue Gap - True Up for FY 2022-23 (Review)	5.46	7.13	0.11	-	12.70
Add: Revenue Gap/Surplus) allowed in FY 2021-22	72.19	54.42	1.15	-0.90	126.85
Add: Gap/ (Surplus) allowed in FY 2022-23	-63.87	208.61	2.74	-175.26	-27.78
Less: Adjustment due to less generation which is not payable in FY 2024-25*					46.68
<b>Total ARR after Adjustment to less generation</b>	<b>160.30</b>	<b>360.71</b>	<b>5.77</b>	<b>-142.26</b>	<b>337.84</b>
Comprehensive Income/ Expenses (Pension)					66.71
Comprehensive Income/ Expenses (1/3 MeECL) (Pension)					0.63
<b>Total ARR (including Pension Liability)</b>					<b>405.18</b>

\*Revenue shortfall had been on account of -

- 1) From the underachievement of design energy due to hydrological constraints in FY 2024-25 which may be payable in the subsequent year and shall be considered while truing up FY 2025-26 subject to the petitioner's ability to establish, with verifiable data, the actual extent of reduced water availability being beyond the control of the utility.

6.15.8. Commission has arrived at the net Revenue Gap/Surplus as follows:

**Table 89 : Approved Consolidated Revenue Gap/Surplus for MePGCL as a whole for True up of FY 2024-25 (Rs. Cr)**

Sl. no	Particulars	Total for MePGCL (Claimed)	Total for MePGCL (Approved)
1	<b>Total ARR excluding pension</b>	<b>392.57</b>	<b>337.84</b>
2	Revenue from Operation	452.63	452.63
3	<b>Gap(+)/(Surplus) (-)</b>	<b>-60.06</b>	<b>-114.79</b>
	Comprehensive Income/ Expenses (Pension)	66.71	66.71

<b>Sl. no</b>	<b>Particulars</b>	<b>Total for MePGCL (Claimed)</b>	<b>Total for MePGCL (Approved)</b>
	Comprehensive Income/ Expenses (1/3 MeECL) (Pension)	0.63	0.63
<b>4</b>	<b>Net Gap (+)/ (Surplus) (-)</b>	<b>7.28</b>	<b>-47.45</b>

**The Commission approves Net Revenue gap of Rs. -47.45 Crore for MePGCL True up for FY 2024-25.**

## 7. Summary of Order for MePGCL

The summary of True up order analysis of MePGCL as approved by the Commission, is represented in the table below:

<i>(Rs. Cr.)</i>					
Particulars	MLHEP	NUHEP	Lakroh Mini HP	Old Stations including Sonapani	Total for MePGCL
Gross Fixed Assets	1,288.08	594.80	23.09	76.36	1,982.33
<b>ARR Components</b>					
Depreciation	45.12	25.70	0.49	1.55	72.86
Return on Equity	44.25	24.62	0.47	1.37	70.71
O&M Expenses	39.70	15.02	0.57	39.95	95.24
Interest and Finance Charges	12.34	22.40	0.17	0.014	34.93
Interest on working capital	5.11	2.81	0.07	2.30	10.28
SLDC Charges	-	-	-	3.09	3.09
<b>Gross ARR</b>	<b>146.52</b>	<b>90.55</b>	<b>1.77</b>	<b>48.26</b>	<b>287.11</b>
Less: Non-Tariff Income	-	-	-	14.36	14.36
<b>Net ARR for 2024-25</b>	<b>146.52</b>	<b>90.55</b>	<b>1.77</b>	<b>33.90</b>	<b>272.75</b>
Add: Revenue Gap - True Up for FY 2022-23 (Review)	5.46	7.13	0.11	-	12.70
Add: Revenue Gap/Surplus) allowed in FY 2021-22	72.19	54.42	1.15	-0.90	126.85
Add: Gap/ (Surplus) allowed in FY 2022-23	-63.87	208.61	2.74	-175.26	-27.78
Less: Adjustment due to less generation					46.68
<b>Total ARR after Adjustment to less Generation and excluding Pension Liability</b>	<b>160.30</b>	<b>360.71</b>	<b>5.77</b>	<b>-142.26</b>	<b>337.84</b>
Comprehensive Income/ Expenses (Pension)					66.71
Comprehensive Income/ Expenses (1/3 MeECL) (Pension)					0.63
<b>Total ARR (including Pension Liability)</b>	<b>160.30</b>	<b>360.71</b>	<b>5.77</b>	<b>-142.26</b>	<b>405.18</b>
Revenue from Operation	165.31	52.48	1.97	232.87	452.63
<b>Gap(+)/(Surplus) (-) for FY 2024-25</b>	<b>-5.01</b>	<b>308.23</b>	<b>3.80</b>	<b>-375.13</b>	<b>-47.45</b>

## 8. Commission's Directives

The Commission hereby gives the Petitioner the following directives for strict adherence and is of the view that non-compliance of the directives may lead to non-admittance of the future petitions.

Sl.	Particulars					Timeline	
1.	Additional Capitalization funding structure for year					To be provided during the Next True-Up petition for FY 2025-26	
	Particulars	ADD CAP	Funded through Grant	Funded through Equity	Funded through Debt		
	Project-1						
	Project-2						
	Project-M						
2.	Petitioner to provide station wise yearly Grant data capturing the following details:						
	a. Scheme wise grant allocation details						
	Sl.	Scheme of Grant	Total Grant received	Project-1	Project-2		Project-N
	1	Scheme-1					
	2	Scheme-2					
	3	Scheme-M					
	b. Station wise Grant Capitalization details						
	Particulars	Opening Bal.	Closing Bal.				
	Grant Allocated						
	Grant Capitalized						
Grant Amortized							
3.	Petitioner is directed to submit the details of 'Grant utilised' under Fixed asset and CWIP both on a Project-wise and Scheme-wise basis duly certified by auditor.						

4.	<p>Petitioner to provide station wise yearly Loan data capturing the following details:</p> <p>a. As per Normative calculation/ Regulatory Accounts</p> <table border="1" data-bbox="264 300 1142 598"> <thead> <tr> <th>Particulars</th> <th>Loan -1</th> <th>Loan -2</th> <th>Loan-N</th> </tr> </thead> <tbody> <tr><td>Loan</td><td></td><td></td><td></td></tr> <tr><td>Opening bal.</td><td></td><td></td><td></td></tr> <tr><td>Additional Loan drawl</td><td></td><td></td><td></td></tr> <tr><td>Repayment</td><td></td><td></td><td></td></tr> <tr><td>Closing Bal.</td><td></td><td></td><td></td></tr> <tr><td>Applicable Interest rate</td><td></td><td></td><td></td></tr> <tr><td>Interest on Loan</td><td></td><td></td><td></td></tr> </tbody> </table> <p>b. As per Actual Accounts</p> <table border="1" data-bbox="264 671 1142 970"> <thead> <tr> <th>Particulars</th> <th>Loan -1</th> <th>Loan -2</th> <th>Loan-N</th> </tr> </thead> <tbody> <tr><td>Loan</td><td></td><td></td><td></td></tr> <tr><td>Opening bal.</td><td></td><td></td><td></td></tr> <tr><td>Additional Loan drawl</td><td></td><td></td><td></td></tr> <tr><td>Repayment</td><td></td><td></td><td></td></tr> <tr><td>Closing Bal.</td><td></td><td></td><td></td></tr> <tr><td>Applicable Interest rate</td><td></td><td></td><td></td></tr> <tr><td>Interest on Loan</td><td></td><td></td><td></td></tr> </tbody> </table>	Particulars	Loan -1	Loan -2	Loan-N	Loan				Opening bal.				Additional Loan drawl				Repayment				Closing Bal.				Applicable Interest rate				Interest on Loan				Particulars	Loan -1	Loan -2	Loan-N	Loan				Opening bal.				Additional Loan drawl				Repayment				Closing Bal.				Applicable Interest rate				Interest on Loan				
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5.	Petitioner is directed to submit Station-wise segregated actual O&M expense incurred during the year, duly certified by auditor, reflecting each sub-head component.	To be submitted along with the next True-Up petition																																																																
6.	Commission directs the Petitioner to submit report on MePGCL's plan for preparing a consolidated digitized Fixed Asset Register (FAR), duly verified and reconciled by reputed third party.	To be submitted within 6 months																																																																

## ***9. Applicability of the Order***

This Order shall come into effect from 1<sup>st</sup> April 2026.

The Petition of Meghalaya Power Generation Company Limited (MePGCL) in Case No. 06 of 2025 stands disposed of accordingly.

Sd/-  
**Chandan Kumar Mondol**  
**Chairman**