



**MEGHALAYA STATE ELECTRICITY REGULATORY
COMMISSION SHILLONG**

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Lower, Lachumiere, Shillong, Meghalaya 793001

Order on Case No. 08 of 2025

**Petition for approval of True Up of Distribution Business of Meghalaya Power
Distribution Corporation Ltd (MePDCL) for FY 2024-25**

Coram

Shri. Chandan Kumar Mondol, Chairman

Petitioner:

Meghalaya Power Distribution Corporation Ltd. (MePDCL)

Lum Jingshai, Short Round Road,
Shillong – 793 001

Order

(Dated: 26.03.2026)

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 Distribution Corporation Limited has started functioning as a segregated commercial operation utility independently for power Distribution in the state of Meghalaya with effect from 1st April 2013.

The 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 MePDCL, 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 Distribution Business for FY 2023-24 dated 24.03.2025.

The Commission in exercise of functions vested vide Regulation 17 of MSERC Multi Year Tariff Regulations 2014 being read along with its subsequent amendments had approved Aggregate Revenue Requirement (ARR) for FY 2024-25 in its 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 specifies 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.”

The Petitioner herein being MePDCL has filed petition for True-Up of Distribution Business for the FY 2024-25 & Revised Aggregate Revenue Requirement for FY 2026-27 and Determination of Distribution Tariff for FY 2026-27 along with audited statement of accounts on 28.11.2025.

This Commission had admitted the Petition on 10.12.2025, with a direction to MePDCL (the Petitioner) that an abstract of the Petition should be published in two consecutive issues in local dailies in Khasi, Jaintia, Garo and English. The Petition was registered as under:

- MSERC Case No. 08 of 2025: Truing up of Distribution Business for the FY 2024-25.

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

Further, the Commission taking into consideration all the facts, additional information/data and after prudence check of the claims as per the MYT Regulations, approves the true up Orders for FY 2024-25 and the detailed analysis is presented subsequently in this Order.

The Commission 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 distribution in the state of Meghalaya is carried out by the Meghalaya Power Distribution Corporation Limited (MePDCL), 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 the erstwhile Meghalaya State Electricity Board (MeSEB) since 21st 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 1st April 2012, the un-bundling of MeECL into MePDCL, MePGCL and MePTCL came into effect.
- 1.1.3. Accordingly, Meghalaya Power Distribution Corporation Limited (MePDCL) (*herein referred to as "Petitioner"*) has started functioning as a segregated commercial operation utility independently for power distribution in the State of Meghalaya with effect from 1st April 2013.
- 1.1.4. The Meghalaya State Electricity Regulatory Commission (*herein referred as "Commission"*) is an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, which was superseded by Electricity Act (EA), 2003. The Commission is vested with the authority of regulating the power sector in the State inter alia including determination of tariff for electricity consumers.
- 1.1.5. In exercise of the powers vested vide Regulation 16 of the MSERC Multi Year Tariff Regulations, 2014, the Commission had approved Multi Year Aggregate Revenue Requirement (ARR) for the Control Period FY 2024-25 to FY 2026-27 & Distribution Tariff for FY 2024-25 for MePDCL vide Tariff Order dated 24.10.2024. Subsequently, a Corrigendum dated 30.10.2024 has been approved by the Commission to the Order dated 24th October 2024 in Case No. 32 of 2023.

1.2. Facts about this Case

- 1.2.1. The Petitioner, in compliance with the Regulation 11.2 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 along with its subsequent amendments has filed a Petition for Truing Up of Distribution Business for FY 2024-25 on 28.11.2025.
- 1.2.2. This Commission vide a letter dated 10.12.2025 had admitted the Petition, directing the Petitioner 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 16.12.2025 and 17.12.2025, an abstract of the Petition were published in The Shillong Times- Shillong English Edition, U Nongsain Hima Mawphor Khasi Edition and 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. The Commission vide Notification dated 15th January 2026, had extended the last date for submission of objections/suggestions and comments by the stakeholders up to 30th January 2026.
- 1.2.5. This Commission, during the process of evaluating the submitted Petition for Truing Up of Distribution Business for FY 2024-25, had received objections/suggestions, from Byrnihat Industries Association (BIA) vide letter dated 28.01.2026 and Power Foundation of India vide letter dated 30.01.2026 on True-Up and Revised ARR petition. Subsequently, on 10.02.2026, the BIA submitted Corrigendum and Additional comments/objections. The Petitioner has accordingly submitted its replies/ responses to the issues raised by the stakeholders during the process which has been duly noted by this Commission.
- 1.2.6. The comments/suggestions and objections of the stakeholders, replies of the Petitioner and the additional information and submission of the Petitioner have been uploaded on the website of the Commission.
- 1.2.7. This Commission on 11.02.2026 and 12.02.2026 published notice for Public Hearing in the daily locals viz Shillong Times, Shillong & Tura Edition, and U Nongsain Hima.
- 1.2.8. On 10.03.2026, due consultative process was followed through public hearing of the submitted Petition for Truing Up of Distribution Business for FY 2024-25 and the Petitioner, and the stakeholders were directed to submit written submission if any by 16th March 2026.
- 1.2.9. On 16.03.2026, the Commission received written submission from the MePDCL and Byrnihat Industries Association (BIA).
- 1.2.10. The Commission has noted all replies / responses received from the Petitioner and the Stakeholders raised during the public consultation process. The Commission's analysis and ruling thereon are elaborated in the following sections.
- 1.2.11. 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.”*

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

2. True Up of Distribution Business for FY 2024-25 for MePDCL

2.1. Introduction

- 2.1.1. The Petitioner has stated that it has filed the true up Petition for FY 2024-25 as per Regulation 11 of the MSERC (Multi Year Tariff) Regulations, 2014 (herein referred as 2014 Tariff Regulations). The relevant extract of the Regulation 11.5 of 2014 Tariff Regulations is as follows,

“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 the Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of:

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

b) Review of the compliance with the directives issued by the Commission from time to time:

c) Other relevant details.”

<Emphasis added>

- 2.1.2. The Commission notes that the Petitioner has relied on the audited accounts of FY 2024-25 for claiming the components of Aggregate Revenue Requirement for the year. The detailed assumptions and methodology adopted by Petitioner and analysis of the Commission for various components of ARR have been discussed in detail in the subsequent sections of its petition.
- 2.1.3. Further, the Petitioner has mentioned that the Commission vide Order dated 24.10.2024 in Case No. 32 of 2023 has allowed the Multi Year ARR for MePDCL, including the ARR of FY 2024-25. The Corrigendum to the Order dated 24.10.2024 has been published by the Commission dated 30.10.2024 in Case No. 32 of 2023.
- 2.1.4. Since, the Annual Statement of Accounts for FY 2024-25 have been audited and hence in terms of the provisions of Regulation 11 of the MSERC (Multi Year Tariff) Regulations, 2014, the Petitioner has filed the true up Petition for FY 2024-25.

2.2. Category Wise No. of Consumers, Connected Load and Energy sales for FY 2024-25

Petitioner’s Submission

2.2.1. The Petitioner, in the instant Petition, had not submitted the category-wise number of consumers and corresponding connected load. Accordingly, the Commission sought additional information in this regard, in response to which the Petitioner submitted the category-wise number of consumers and connected load for FY 2024-25.

Table 1 : Claimed Number of consumers & Connected Load for FY 2024-25

Sl. No	Category	No. of Consumers (Nos.) approved for FY 2024-25	Connected Load (MVA) approved for FY 2024-25
	LT Category	7,06,341	1,123.32
1	Domestic	4,08,257	696.97
2	Commercial	40,194	149.40
3	Industrial	719	12.60
4	Agriculture	21	0.23
5	Public Lighting	71	1.57
6	Water Supply	603	11.34
7	General purpose	2,794	21.19
8	Kutir Jyoti	2,53,681	229.86
9	Crematorium	1	0.15
	HT Category	986	309.37
1	Domestic	133	25.15
2	Water Supply	135	25.34
3	Bulk Supply	244	60.23
4	Commercial	260	43.06
5	Industrial	211	136.68
6	Ferro Alloys	3	18.91
	EHT Category	14	171.34
1	Industrial	10	105.94
2	Ferro Alloys	4	65.40
	Total	7,07,341	1604.04

2.2.2. The Petitioner has submitted that the actual sales during the FY 2024-25 has been 1404.09 MU which is in line with the sales reported in Note 24.1 of the Audited Statement of Accounts. The approved sales as per Tariff Order for FY 2024-25 was 1954.52 MU and thus there is a shortfall of around 28% in the sales in totality. The category wise actual sales for FY 2024-25 as shared by the Petitioner are tabulated below:

Table 2 : Claimed Energy Sales to consumers for FY 2024-25

Sl. No.	Category	Energy Sales approved in Tariff Order for FY 2024-25 (MU)	Actual Sales in FY 2024-25 (MU)	% Variation
	LT Category	671.98	803.03	20%
1	Domestic	417.37	476.31	14%
2	Commercial	98.5	131.70	34%
3	Industrial	6.62	7.38	11%
4	Agriculture	0.14	0.21	48%
5	Public Lighting	1.14	1.54	35%
6	Water Supply	9.89	9.57	-3%
7	General purpose	15.44	19.90	29%
8	Kutir Jyoti	122.69	156.26	27%
9	Crematorium	0.19	0.16	-16%
	HT Category	469.69	380.21	-19%
1	Domestic	24.09	24.57	2%
2	Water Supply	38.72	39.85	3%
3	Bulk Supply	81.37	76.41	-6%
4	Commercial	32.27	43.14	34%
5	Industrial	161.11	123.73	-23%
6	Ferro Alloys	132.13	72.53	-45%
	EHT Category	812.85	220.84	-73%
1	Industrial	318.67	46.70	-85%
2	Ferro Alloys	494.18	174.14	-65%
	Total	1954.52	1404.09	-28%

- 2.2.3. The Petitioner has stated that the approved sale is more than by around 550 MU and the main contributor of this under sale are Ferro Alloys HT, EHT and Industrial HT and EHT consumers and accordingly, requested the Commission to approve the sales of FY 2023-24 as 1404.09 MU for the purpose of truing up and calculation of T&D losses and AT&C losses.

Respondents' submission in this regard

- 2.2.4. **Byrnihat Industries Association (BIA)'s Submission:**
- a. BIA in its submission has highlighted a significant 2% overall reduction in energy sales in FY 2024-25 in comparison to the previous FY 2023-24. Further, BIA pointed out that the LT to HT/EHT sales ratio has significantly shifted from the Commission's approved ratio of 34:66 to an actual ratio of 57:43, indicating substantial divergence from the approved sales pattern. LT category sales have increased by 20%, whereas HT/EHT sales have decreased by 53% compared to approved levels. On a YoY basis, LT sales increased by 12%, while HT/EHT sales declined by 16%.

- b. BIA argued that the sharp reduction in HT and EHT sales may indicate load shedding or supply constraints affecting industrial and large consumers. No justification has been provided by MePDCL for the reductions observed in these categories.
- c. It is further contended by BIA that LT category sales, particularly in Public Lighting, Agriculture, and Kutir Jyoti, have increased despite these being primarily unmetered categories. The Respondent submits that such substantial increases require detailed justification from MePDCL.
- d. Further, BIA has also objected that the category-wise sales figures as per Note 24.1 of the Audited Annual Accounts for FY 2023-24 does not align with the category-wise energy sales as submitted in Table-I of the Petition. and this misalignment was mostly due to the allocation of bulk power sales to other consumer categories.
- e. Accordingly, BIA highlighted unusual YoY variations across several consumer categories and submitted that MePDCL should provide adequate explanation and supporting data for such deviations.

2.2.5. Power Foundation of India (PFI)'s Submission:

- a. PFI has analysed the category-wise data and observed significant shortfalls (550 MU) in major consumer categories, particularly Industrial (HT/EHT) and Ferro Alloys consumers.
- b. PFI further examined sales trends over the last three years and submits that sales projections for Industrial and Ferro Alloy consumers were not aligned with historical patterns, leading to persistent gaps between approved and actual sales
- c. PFI pointed out that Industrial and Ferro-Alloy consumers are significant cross-subsidising categories, whose reduced actual sales adversely impact revenue realisation. The Hon'ble Commission had projected revenue of Rs 785 crore from these categories; however, based on actual sales and the approved ABRs, the realisable revenue is only Rs 313 crore, indicating a shortfall of Rs 471 crore.
- d. Accordingly, PFI requested that the Commission may direct MePDCL to furnish a detailed report explaining the reasons for the significant decline in Industrial and Ferro Alloy (HT/EHT) sales over the past five years, along with supporting operational and commercial data.

MePDCL's response to Respondent's submissions

2.2.6. Reply to BIA:

- a. The Petitioner, in response to the concerns raised by the Objector regarding variations between the approved and actual energy sales, has

submitted that the decline in sales is primarily attributable to the reduced consumption by Industrial EHT and Ferro-Alloy EHT consumers, who increasingly avail open access during off-peak hours while drawing power from the Petitioner only during peak periods. The Petitioner further has emphasized that such shifts in consumption behaviour among large consumers have materially impacted the sales quantum.

- b. Further citing Regulation 12.d of the MSERC (MYT Regulation) 2014, the Petitioner mentioned that sales and number of consumers are uncontrollable factors, and beyond the control of the Petitioner.
- c. With respect to the Objector's allegation that the decline in EHT sales is attributable to load shedding, MePDCL has categorically denied the claim, stating that no load shedding has occurred in the State during the past two years, rendering the contention baseless and misleading.

2.2.7. **Reply to PFI:**

- a. The Petitioner has submitted that the Objector's concerns regarding significant variations in sales across consumer categories, particularly for Ferro-Alloys (HT and EHT) and Industrial (HT and EHT), stem primarily from variations in consumer consumption patterns, which lie beyond the control of the Distribution Licensee.
- b. The Petitioner further stated that the Sales was approved in the Tariff Order which was based on the Business Plan Petition filed in the month of August 2023 and the sales was projected on the basis of data available for all categories of consumers at that point of time. As also demonstrated in the data presented by PFI, actual sales for FY 2022-23 were approximately 1,800 MU, confirming that the projections were neither inflated nor artificially framed.
- c. With respect to the decline in EHT consumption, the Petitioner highlighted that these consumers are embedded open access consumers, who, under the provisions of the Electricity Act, 2003, are entitled to procure power either from the Petitioner or through the open market depending on prevailing market conditions. Hence, the variation in sales is attributable to consumer choice, and not an operational lapse on the part of the Petitioner.
- d. On the issue of variation in revenue across categories, the Petitioner submitted that the Commission's Tariff Order dated 24.10.2024 permitted recovery of the tariff-difference amount in nine equal instalments, of which four instalments were billed in FY 2024-25, with the remaining instalments billed in FY 2025-26. Recognising that ARR and revenue recognition based strictly on instalment timing could create ambiguity during the True-Up of FY 2025-26, MePDCL has already made an additional submission requesting the Commission to consider the

entire revenue pertaining to the tariff difference in FY 2024-25 itself. MePDCL has stated that this approach eliminates any scope for misinterpretation and satisfactorily addresses the concern raised by the PFI.

Commission's Analysis

- 2.2.8. The Commission has observed that the actual energy sales have shown a declining trajectory over the last three years, with sales of 1,833.42 MU in FY 2022-23, 1,433.99 MU in FY 2023-24, and a further reduction to 1404.09 MU as reported by MePDCL for FY 2024-25 in Table 1 of the Petition. In this regard, the Petitioner, vide First Additional Information Requirement dated 13.01.2026, was directed to furnish a detailed explanation substantiating the reasons for the reduction in energy sales during the true-up year, supported with documentary evidence and requisite justification.

In response, the Petitioner submitted that, in terms of Regulation 12.1(d) of the MSERC (Multi Year Tariff) Regulations, 2014, variations in the “number or mix of consumers or quantities of electricity supplied to consumers” are categorised as uncontrollable factors, and therefore, fluctuations in actual energy sales lie beyond the direct regulatory control of the utility. The Petitioner has further stated that the decline in overall energy sales during the year is primarily attributable to a significant reduction in EHT sales, driven by large consumers increasingly opting for open access, which has materially impacted the sales trajectory.

- 2.2.9. Further, the Commission noticed that the Petitioner has claimed an amount of Rs. 47.05 crore as “Revenue from Distribution Franchisee” for FY 2024-25 under Note 24 of the Audited Accounts. In context to this, the Petitioner, vide First Additional Information Requirement dated 13.01.2026, was directed to submit the month-wise energy sales corresponding to the Franchisee, along with all necessary supporting information for proper regulatory verification.

In reply of the above query, the statement of the breakup of Revenue from Distribution Franchisee has been submitted by the Petitioner.

- 2.2.10. Further the Commission vide First Additional Information requirement dated 13.01.2026, sought the Month-wise, Category-wise and Slab-wise Billing Determinants details including Revenue earned for past 5 years on actual basis.

In response the Petitioner submitted the requisite data.

- 2.2.11. The Petitioner, vide First Additional Information requirement dated 13.01.2026, had been directed to submit the following for past 5 years on actual basis duly certified by auditor and SLDC,

- i. Month wise Total power drawn through Open Access (OA) (in MW) by the OA consumers

- ii. Month wise Total No. of Hours of drawl in OA (in Nos.) by OA consumers
- iii. Category wise Number of OA consumers
- iv. Month wise Average Load of DISCOM (in MW)
- v. Month wise Contracted Capacity DISCOM (in MW)
- vi. Month wise Peak Load of OA consumers (in MW)
- vii. Month wise Off-Peak Load of OA Consumers (in MW)

In response, the Petitioner has submitted the requisite details.

2.2.12. The Commission in line with preceding True-Up Order considers that the Petitioner is operating four of its sub-divisions through distribution franchisee. The distribution franchisee is Input Based Distribution Franchisee in nature wherein the input energy is being provided to the franchisee at the injection points of the four sub-divisions. The distribution franchisees are billed at the input energy provided to them at the injection point. Thus, the Commission considers that, technically there is no distribution loss on the energy provided to the franchisee.

2.2.13. Accordingly, the Commission has applied due prudence check to arrive at the category wise sales for FY 2024-25 in line with the Audited Statement of Accounts vide note no. 24.1 and accordingly the energy sales have been approved as 1404.09 MU.

2.2.14. The Commission further directs the Petitioner to submit a detailed Action Plan, at the time of next petition, to retain its consumers for drawing power directly from the Petitioner to meet the total energy requirement.

2.2.15. The Commission notes that Regulation 12 of the MSERC (Multi Year Tariff) Regulation, 2014 states the following,

“12 Controllable and uncontrollable factors

12.1 For the purpose of these Regulations, the term “uncontrollable factors” shall comprise of the following factors, which were beyond the control of the applicant, and could not be mitigated by the applicant:

a) Force Majeure events;

b) Change in law, judicial pronouncements and Orders of the Central Government, State Government or Commission;

c) Variation in the price of fuel and/ or price of power purchase according to the FPPPA formula approved by the Commission from time to time;

d) Variation in the number or mix of consumers or quantities of electricity supplied to consumers.

....”

<Emphasis added>

2.2.16. In line with the aforementioned regulatory provisions, the Category-wise number of consumers, Connected Load and Energy sales approved by the Commission for True up of FY 2024-25 are as shown below:

Table 3: Approved No. of Consumers, Connected Load and Energy Sales for FY 2024-25

Sl. No	Category	No. of Consumers (Nos.) approved for FY 2024-25	Connected Load (MVA) approved for FY 2024-25	Energy Sales (MU) approved for FY 2024-25
	LT Category	7,06,341	1,123.32	803.03
1	Domestic	4,08,257	696.97	476.31
2	Commercial	40,194	149.40	131.70
3	Industrial	719	12.60	7.38
4	Agriculture	21	0.23	0.21
5	Public Lighting	71	1.57	1.54
6	Water Supply	603	11.34	9.57
7	General purpose	2,794	21.19	19.90
8	Kutir Jyoti	2,53,681	229.86	156.26
9	Crematorium	1	0.15	0.16
	HT Category	986	309.37	380.21
1	Domestic	133	25.15	24.57
2	Water Supply	135	25.34	39.85
3	Bulk Supply	244	60.23	76.41
4	Commercial	260	43.06	43.14
5	Industrial	211	136.68	123.73
6	Ferro Alloys	3	18.91	72.53
	EHT Category	14	171.34	220.84
1	Industrial	10	105.94	46.70
2	Ferro Alloys	4	65.40	174.14
	Total	7,07,341	1604.04	1404.09

2.3. Energy Availability

Petitioner's Submission

2.3.1. It has been observed from the Petitioner's submission that the Petitioner has two major sources for the long-term procurement of power, i.e. power projects of MePGCL the state-owned generation company and the allocation of power from the Central Generating Stations of NEEPCO, NHPC, NTPC and OTPC. It is also pertinent to note that most of the stations from which MePDCL is having long term agreement for procurement of power are hydro power projects, the availability from which is maximum during the monsoon period and during the winter season the availability from these sources go down. Hence, to cater to the demand of the state and ensure uninterrupted supply of power, the Petitioner has to buy power from the short-term sources such as IEX/bilateral and swapping arrangements.

2.3.1. The comparative statement of the energy availability from various sources as approved by the Commission in the Tariff Order and actual availability from these sources is tabulated below:

Table 4: Claimed Energy Availability from various sources in FY 2024-25

Sl. No	Long Term Sources		
	Source	Energy Approved in Tariff Order (MU)	Actual Energy Availability (MU)
1	MePGCL	1293.49	1026.11
a)	Umiam Stage-I HEP	114.61	112.38
b)	Umiam Stage-II HEP	45.45	58.61
c)	Umiam Stage-III HEP	137.33	93.27
d)	Umiam Stage- IVHEP	203.90	147.47
e)	Sonapani	4.94	6.55
f)	Myntdu- Leshka HEP	478.71	358.76
g)	New Umtru HEP	231.48	186.87
h)	Lakroh HEP	10.87	3.28
i)	Ganol HEP	66.20	58.91
2	NTPC	313.11	400.84
a)	Farakka	0	0
b)	Kahalgaon I	0	0
c)	Kahalgaon II	0	0
d)	Talcher	0	0
e)	Bongaigaon	313.11	400.84
3	NHPC	40.11	85.54
a)	Loktak HEP	40.11	85.54
4	NEEPCO	705.89	509.02
a)	Kopili Stage-I	30.35	100.70
b)	Kopili Stage-II	12.93	22.71
c)	Khandong HEP	0	0.00
d)	Ranganadi HEP	160.21	120.63
e)	Doyang HEP	22.95	23.77
f)	AGBPP	212.1	88.53
g)	AGTPPC-Cycle	95.53	34.90
h)	Pare	70.71	50.07
i)	Kameng	75.28	67.72
j)	Free Power	25.83	0.00*
5	OTPC	493.04	402.33
a)	Pallatana	493.04	402.33
6	Short-Term	207.16	237.25
	Total Energy Availability	3052.80	2661.09

*Petitioner claimed that quantum of availability shown in the Petition (100.70 MU and 22.71 MU respectively) from Kopili Stage-I and Kopili Stage-II stations already includes the free power component

- 2.3.2. The Petitioner has also submitted that the actual availability from the long-term sources had been 2423.83 MU against 2845.64 MU as approved by the Commission resulting in a gap of 619.35 MU and accordingly, to cover this gap the Petitioner has resorted to short-term sources and has procured 237.25 MU of power from short-term sources against the approved purchase of 207.16 MU, as shown below:

Table 5: Claimed Procurement from Short Term Sources in FY 2024-25

S No.	Source	Quantum (MU)
1	IEX Purchase	115.09
2	Inward Swapping	122.16
3	DSM	39.17
	Total	276.42

- 2.3.3. Accordingly, the Petitioner requested the Commission to approve the total availability as shown in the table above.

Respondents' submission in this regard

- 2.3.4. Byrnihat Industries Association (BIA) has submitted that Inter-State loss figure (3.66%) adopted by MePDCL requires a prudence check, as it is the base of computation of energy availability.
- 2.3.5. BIA requested the Commission to verify the Inter-State Transmission Loss from the weekly loss data published by POSOCO/NLDC and review the actual energy available at both the transmission and distribution periphery based on SLDC energy accounting for FY 2024-25 and any surplus, if found, should be disallowed from power purchase cost.
- 2.3.6. BIA further argued that no clarity has been provided for the shortfall (a total of 352.53 MUs including all sources, after correctly considering the energy procured through DSM i.e. 39.17 MU) in actual energy available, whether there has been shortfall in declared availability from various generating stations or whether there was less scheduling from the generating stations. BIA has further raised objections questioning short-term market purchases. Further, the actual procured quantum does not reflect 25.83 MU of free power from NEEPCO as approved by the Commission.
- 2.3.7. BIA has argued on the difference between the power generated by MePGCL (1,031.94MUs) claimed in the Generation petition and the power procured by the Petitioner from MePGCL power plants, as claimed in the Distribution True-Up petition (1,026.10 MUs).

MePDCL's Response to Respondent's submissions

- 2.3.8. With respect to the contention regarding transmission losses, the Petitioner has clarified that the inter-state transmission loss of 3.66% represents the

average of the weekly loss figures published by POSOCO. Further, the Petitioner added that it has not deviated from the values published by POSOCO. Further, the intra-state transmission losses have been adopted strictly in line with the Petition filed by MePTCL and duly certified by the SLDC.

- 2.3.9. The Petitioner has further stated that the Objector’s allegation regarding non procurement of power from certain approved sources is unfounded, as power availability is an uncontrollable parameter for the distribution licensee. MePDCL has purchased the entire power available from MePGCL’s generating stations, and the quantum of procurement is inherently limited by the actual generation. Similarly, NEEPCO stations, being predominantly hydro-based must-run plants, require the Petitioner to schedule and draw the entire energy allocation without the option of backing down. MePTCL also highlighted the reduced power availability from OTPC due to constraints in gas supply, a factor outside the control of the Petitioner.
- 2.3.10. Due to the above-mentioned constraints, the Petitioner stated that it was compelled to procure power from the open market. The Objector (BIA) has deliberately overlooked the fact that the per unit cost of power procured from the open market was only Rs. 1.74/kWh, which is significantly economical.
- 2.3.11. The Petitioner explained that the DSM quantum of 39 MU is an incidental system deviation charge, not a form of power purchase, although it has been duly incorporated for the purpose of energy balance and computation of losses in accordance with established methodology.
- 2.3.12. With respect to free power from NEEPCO stations, the Petitioner submitted that the availability figures already include free power entitlements from Kopili and Kopili Extension stations. The quantum of availability shown in the Petition (100.70 MU and 22.71 MU respectively) already includes the free power component. The breakup is provided below:

Name of Station	Quantum Procured (MU)	Free Power Received (MU)	Total Availability (MU)
Kopili I	65.97	34.72	100.70
Kopili Ext.	12.75	9.96	22.71

- 2.3.13. The Petitioner stated that the Objector has further contended that, due to non procurement of power from certain stations, MePDCL lost the opportunity to sell surplus power in the open market. This contention is also misleading. The Petitioner has explained that the correct context is non availability, not non procurement. Despite reduced availability, MePDCL successfully sold 750 MU of surplus power in the open market, realising Rs 531 crore, as against the approved figure of 367.16 MU, thereby demonstrating efficient power portfolio management.

- 2.3.14. Regarding the alleged mismatch in energy availability from MePGCL stations, the Petitioner clarified that the Objector has conflated gross generation with ex-bus (saleable) generation. The figures reported by MePGCL reflect gross generation before auxiliary consumption and transformation losses, whereas the MePDCL's Petition correctly reports ex-bus availability. Therefore, there is no inconsistency between the submissions of the two entities.

Commission's Analysis

- 2.3.15. The Commission has noted that the energy approved in the Tariff Order dated 24.10.2024 vis-à-vis Actual supply has a shortfall of 267.37 MU from State owned generating stations, 196.87 MU from NEEPCO power plants and 90.71 MU from OTPC.
- 2.3.16. The Commission considers that the actual generation availability from different generating station depends on the various factors like actual fuel availability of Thermal generating station, water availability of Hydro generating stations, climatic conditions, etc.
- 2.3.17. Summing up the above shortfall, the Petitioner has claimed that it had resorted to procure 276.42 MU through IEX, Banking arrangement. However, the Commission has noticed that the Petitioner had not considered 39.17 MU procurement from DSM Interstate and Intrastate arrangement, which has been claimed vide Table 6 and Table 7 of the instant petition as reflected in Note 26.5 of Audited Statement of Accounts.
- 2.3.18. The Commission accordingly has rectified the availability of power for FY 2024-25 to maintain the consistency of the Order, as depicted below:

Table 6: Approved Power Procurement in FY 2024-25

Source	Quantum Approved in Tariff Order (MU)	Actual Availability Approved for True-Up (MU)
MePGCL	1293.49	1026.11
NHPC	40.11	85.54
NEEPCO	705.89	509.02
OTPC	493.04	402.33
NTPC	313.11	400.84
Total Availability from Long-Term Sources	2,845.64	2,423.84
Short Term	207.16	276.42*
Total Energy Available	3,052.80	2,700.26

**Considering the details of excess energy drawl through DSM interstate of 28.75 MU and DSM Intra state of 10.42 MU (as per Note 26.5 of Audited Statement of Accounts)*

- 2.3.19. The Commission further acknowledges the objection of BIA related to difference in Power Generation by MePGCL and power procured by the Petitioner. In response to First Additional Information sought by the

Commission dated 06.01.2026, MePGCL had submitted station-wise actual generation data, duly certified by SLDC, which reflects a power generation of 1026.11 MUs. The Commission accordingly has considered the total power procurement of the Petitioner from MePGCL generation plants as 1026.11 MUs.

2.3.20. **The Commission approves availability of power of 2,700.26 MUs for True up of FY 2024-25.**

2.3.21. The Commission further directs the Petitioner to submit the following details duly certified by SLDC (as applicable) during the submission of future petition:

- i. Monthly energy consumption by different categories of consumers
- ii. Month-wise power availability vis-à-vis Surplus/Deficit scenario based on energy demand of different category of consumers.
- iii. Month wise Power sale to consumers Vs Load shedding data and Energy Sale under Open Access

2.4. Sale of Surplus Power

Petitioner's Submission

2.4.1. The Petitioner has submitted that the Petitioner is mostly dependent on the hydro power projects for the power procurement. While in the monsoon season there is surplus power available with the Petitioner, which is sold in short-term markets such as IEX/ Bilateral Sales and swapping arrangements, there is a shortfall in the winter season i.e. during the lean flow period. The details of the surplus short-term power sold by the Petitioner in FY 2024-25, as shared is tabulated below:

Table 7: Claimed Surplus Energy Sales in MUs for FY 2024-25

Sl. No.	Particular	FY 2024-25
a. Sales on IEX and Bilateral		
1	Sale of Power on IEX	749.99
2	Inter-State DSM	80.89
	Sub-Total Sales	830.88
b. Details of Swapping		
1	Power Banked Out (Return)	91.21
2	Sub-Total Swapping	91.21
	Grand Total	922.09

Commission's Analysis

2.4.2. The Commission takes a note of the fact that the Petitioner has submitted the HPPC's consent for Banking i.e. LoI for 50 MW. However, despite multiple reminders through Additional Information requirement and Public Hearing deliberations, the Petitioner failed to submit the final Banking Agreement.

2.4.3. The Commission has taken the Source wise sale of surplus power reported vide note no. 24.3 of Audited accounts of 922.09 MU into consideration for necessary calculations.

2.4.4. **The Commission approves the Sale of Surplus power as claimed in the petition of 922.09 MU for True up period of FY 2024-25.**

2.4.1. The Commission observed that the Petitioner did not submit Banking/Swapping agreements for FY 2024-25 despite multiple reminders.

2.4.2. The Commission notes that Regulation 81 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

"81 Estimation of Sales

....

*81.7 Sale of electricity, if any, to electricity traders or other licensees or persons shall be separately indicated. Sale of electricity, if any, outside the licensees area shall be indicated separately in accordance with an agreement executed for this purpose. **Full details of swapping/banking of power, if any, shall be submitted with the copies of their agreements to the Commission.***

...."

<Emphasis added>

In line with the regulatory provision mentioned above, the Commission directs the Petitioner to submit the LoI and Banking/Swapping agreements along with the next True-Up/ARR petition, failing which it shall be considered as non-compliance and the corresponding decision of the Commission will be considered as final.

2.4.3. The Commission notes that the Petitioner is engaged into Swapping/Banking of power with a provision of settlement of Banked power between separate financial year and not within a same financial year. In spite of this situation, there is no penalty amount booked on the Utilities from whom the Petitioner could not receive the required energy during the deficit season.

In this context, the Commission directs the Petitioner to identify suitable utility(ies) for Banking/Swapping of power to get a cost-effective benefit in Power Purchase with a provision of Annual Settlement of Banking. Further, the Petitioner may consider incorporating valid Compensation clause in terms of penalty in the agreement. Otherwise, the Petitioner may consider suspension of the provision of Banking with other utilities directly or through traders.

2.4.4. The Commission further directs the Petitioner to provide the detailed Sale of Surplus energy bifurcated as Sale at North-Eastern Regional periphery/

North-Eastern Regional to East Regional periphery and Sale at State periphery with the corresponding expense both in Rs. Cr and Rs/Unit.

- 2.4.5. Further, the Commission directs the Petitioner to opt for advanced power trading & optimization solutions to extract the maximum benefit for the state through sale of Surplus Power to get the maximum rate in the overall short-term market (Power exchange/ Short term Bilateral) with a vision of reducing the unnecessary tariff burden on the consumers.

2.5. Distribution Loss (%)

Petitioner's Submission

- 2.5.1. The Petitioner has computed the distribution losses in the energy balance table for FY 2024-25 as provided below:

Table 8: Claimed Computation of Distribution Losses for FY 2024-25

Sl. No.	Particulars	Calculation	True-Up for FY 2024-25 (Claimed)
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana North Eastern Region (NER)	D	1397.72
5	Total Power at NER	$E=C+D$	1397.72
6	Inter-State Transmission Loss in NER	F	3.66%
7	Net Power available at state bus from external sources on long term	$G=E*(1-F\%)$	1346.56
8	Power purchase from MePGCL	H	1026.11
9	Power purchase from other sources (both from outside & within the State) (Inc. Swap/UI/bilateral)	I	276.42
10	Power sold to others (both outside & inside the State) (Inc. Swap/UI/bilateral)	J	922.09
11	Net power available at State Bus for sale of power within the state	$K=G+H+I-J$	1727.00
12	State Transmission Loss %	L	2.52%
13	State Transmission Loss MU	$M=K*L$	43.47
14	Net power available of Discom for sale of power within the state	$N=K-M$	1683.53
15	Power sold to consumers within the state	O	1404.09
16	Distribution Losses	$P=N-O$	279.44
17	Distribution Losses (%)	$Q=P/N$	16.60%

- 2.5.2. The Petitioner has requested the Commission to approve the distribution losses of 16.60% for the FY 2024-25. Further, Petitioner has submitted that the Commission has approved a distribution loss of 17% for FY 2024-25 against which the achievement is 16.60% this achievement is despite of reduction in HT and EHT sales by 19% and 73% respectively.

Respondents' submission in this regard

- 2.5.3. BIA has pointed out that the Commission needs to stipulate loss reduction targets and mandate the licensee to furnish loss data, justification, and a structured loss reduction programme.
- 2.5.4. BIA emphasized that the Commission, vide Order dated 22.09.2022 in Case No. 02/2022, had directed MePDCL to expeditiously implement the milestones under the UDAY Scheme, including mandatory reduction of T&D and AT&C losses. Under Clause 1.3(g) and Clause 13 of the UDAY MoU, MePDCL had undertaken to achieve AT&C losses of 15% by FY 2019-20, which remains unachieved, indicating non-compliance with the commitments under the UDAY Scheme.
- 2.5.5. BIA contended that MePDCL has not complied with several critical directives, including voltage-wise network costs segregation and conducting energy audits up to the 11 kV level, both of which are essential prerequisites for effective T&D loss control and for validating the loss trajectory proposed in the petition.
- 2.5.6. Accordingly, BIA has requested that the Commission should not allow distribution losses higher than the approved normative level.

MePDCL's response to Respondent's submissions

- 2.5.7. The Petitioner has clarified that during the approval of the Business Plan, it had already apprised the Commission of the Ministry of Power's Circular No. 12/11(01)/2021 UR&SI II (263835) dated 21.03.2023, which directed all State Commissions and JERCs to align distribution loss trajectories with the AT&C loss targets stipulated under the RDSS.
- 2.5.8. Further the Petitioner added that taking cognizance of the aforesaid directive from the Ministry of Power, the Commission, while issuing the Business Plan Order, had adopted the distribution loss trajectory consistent with the AT&C loss benchmarks approved for Meghalaya under the RDSS framework. The Petitioner has therefore submitted that the Objector's suggestion to retrospectively revise the loss level at this stage is illogical and devoid of merit.

Commission's Analysis

- 2.5.9. The Commission acknowledges the submission of BIA related to Unscheduled Load Shedding. However, the Commission considers that the issue related to Unscheduled Load Shedding has been resolved between the Petitioner and BIA industry based on the submission of BIA as given below:

"The details of power cuts imposed by the Petitioner from August-December 2023, copies of WhatsApp messages regarding load shedding sent by the State Load Despatch Center and Table containing all such directions and

*observations by this Hon'ble Commission, have been submitted to this Hon'ble Commission vide Written Submissions dated 20.3.2024. **The said Written Submission was later withdrawn on the note that the petitioner would resolve the said issue and cease load shedding.***

<Emphasis Added>

However, the Commission, also, takes note of the Petitioner's assertion that no load shedding has occurred since 2023. Accordingly, the Commission directs the Petitioner to provide documentary evidence or system reports to substantiate the claim & ensure transparency.

- 2.5.10. The Commission has observed that the Petitioner has computed the Energy Balance while claiming 16.60% overall T&D losses for FY 2024-25.
- 2.5.11. The Commission vide First Additional Information dated 13.01.2026, directed the Petitioner to submit the comprehensive details of Loss Reduction Program / Strategies for restricting AT&C loss% and Distribution Loss%, including
- i. The detailed activities being executed and planned for further progress,
 - ii. Any subsidy claimed vrs received from Government or not for any Loss Reduction schemes

In response the Petitioner submitted a detailed note on the ongoing schemes which are focusing on the loss reduction i.e., ADB funded Distribution Improvement Program and Revamped Distribution Sector Scheme along with the funding pattern of the schemes.

- 2.5.12. Further, the Commission noticed that CTU Loss is claimed as 3.66% by the Petitioner vide "Table 7-Computation of Energy Balance for FY 2024-25" of the Petition. In this regard, the Petitioner was directed to substantiate the said claim with detailed calculations and proper documents.

The Petitioner, in response, submitted that the inter-state transmission losses have been considered as per the losses declared by the POSOCO for every week of 2024-25. The details of losses published by POSOCO on their website were also attached by the Petitioner along with its submission.

- 2.5.13. The Commission considers that the Petitioner's submission on intra-state transmission loss of 2.52% in line with actual loss claimed by MePTCL in the True-Up petition. The actual average inter-state transmission losses for FY 2024-25 have been considered as 3.66% (as per POSOCO). The details of the week wise ISTS losses as reported by POSOCO and consequential impact on computation of T&D losses and energy balance had been shared by the Petitioner.

- 2.5.14. The Commission notes that Regulation 12 of the MSERC (Multi Year Tariff) Regulation, 2014 states the following,

“12 Controllable and uncontrollable factors

12.1 For the purpose of these Regulations, the term “uncontrollable factors” shall comprise of the following factors, which were beyond the control of the applicant, and could not be mitigated by the applicant:

- a) Force Majeure events;*
- b) Change in law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
- c) Variation in the price of fuel and/ or price of power purchase according to the FPPPA formula approved by the Commission from time to time;*
- d) Variation in the number or mix of consumers or quantities of electricity supplied to consumers.*
- e) Provided that where there is more than one Distribution Licensee within the area of supply of the applicant, any variation in the number or mix of consumers or in the quantities of electricity supplied to consumers within the area served by two or more such Distribution Licensees, on account of migration from one Distribution Licensee to another, shall be attributable to controllable factors: Provided further that if any consumer or category of consumers within the area of supply of the applicant is eligible for open access under sub-section (3) of Section 42 of the Act, then any variation in the number or mix of such consumers or quantities of electricity supplied to such eligible consumers shall be attributable to controllable factors;*
- f) Transmission loss*
- g) Variation in market interest rates;*
- h) Taxes and Statutory levies;*
- i) Taxes on Income*

Provided that where the applicant or any interested or affected party believes, for any variable not specified above, that there is a material variation or expected variation in performance for any financial year on account of uncontrollable factors, such applicant or interested or affected party may apply to the Commission for inclusion of such variable at the Commissions discretion, under this Regulation for such financial year.”

- 2.5.15. The Commission has considered the Intra-state Transmission losses for the Transmission network under MePTCL as 2.52% same as approved by the Commission in the True-up Order for MePTCL for FY 2024-25 and Power Purchase as well as Energy sales approved by Commission under the

concerned segment. Accordingly, the Commission has computed the Distribution Losses for FY 2024-25 as follows,

Table 9: Approved Computation of Distribution Losses for FY 2024-25

Sl. No.	Particulars	Calculation	FY 2024-25 (Approved)
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana North Eastern Region (NER)	D	1397.73
5	Total Power at NER	$E=C+D$	1397.73
6	Inter-State Transmission Loss in NER	F	3.66%
7	Net Power available at state bus from external sources on long term	$G=E*(1-F\%)$	1346.57
8	Power purchase from MePGCL	H	1026.11
9	Power purchase from other sources (both from outside & within the State) (incl. swap/UI/bilateral)	I	276.42
10	Power sold to others (both outside & inside the State) (incl. swap/UI/bilateral)	J	922.09
11	Net power available at State Bus for sale of power within the state	$K=G+H+I-J$	1727.01
12	State Transmission Loss %	L	2.52%
13	State Transmission Loss MU	$M=K*L$	43.47
14	Net power available of Discom for sale of power within the state	$N=K-M$	1683.54
15	Power sold to consumers within the state	O	1404.10
16	Distribution Losses (in MU)	$P=N-O$	279.44
17	Distribution Losses (%)	$Q=P/N$	16.60%

2.5.16. **The Commission approves the Distribution Loss (%) for FY 2024-25 as 16.60%.**

2.5.17. The Commission directs the Petitioner to submit comprehensive Loss Reduction Programme / Strategies for restricting Distribution Loss %, as the same is a mandatory performance parameter to be achieved under the UDAY scheme.

2.6. Energy Balance

Petitioner's Submission

2.6.1. The Petitioner has requested the Commission to allow the distribution losses of 16.60% for the FY 2024-25. Accordingly, the Energy Balance has been computed by the Petitioner for FY 2024-25 and the same is represented in the table below:

Table 10: Claimed Computation of Energy Balance for FY 2024-25

Sl. No.	Particulars	Calculation	Quantity
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	$C=A(1-B\%)$	0
4	Power purchase from CGS including Pallatana North Eastern Region (NER)	D	1397.72
5	Total Power at NER	$E=C+D$	1397.72
6	Inter-State Transmission Loss in NER	F	3.66%
7	Net Power available at state bus from external sources on long term	$G=E*(1-F\%)$	1346.56
8	Power purchase from State generating stations within the state	H	1026.11
9	Power purchase from other sources (both from outside & within the State)	I	276.42
10	Net power available at state bus for sale of power within the state	$J=G+H+I$	2649.09
11	Total power sold	K	1404.09
12	Distribution Losses (%)	L	16.60%
13	T&D Losses in terms of MU	$M = N - K$	279.44
14	Energy Requirement for sale by Discom within state	$N = K/(1-L)$	1683.53
15	Energy Requirement for sale within state at state bus	$O = N/(1-T\&D Loss)$	1727.00
16	Surplus Energy at state bus	$P = J-O$	922.09
17	Power sold to others at state bus (both outside & inside the State) (incl. swapping/UI/bilateral)	Q	922.09
18	Unaccounted Energy	$R = P - Q$	0.00

Commission’s Analysis

2.6.2. The Commission observes that the Petitioner has submitted the energy balance based on the actual average inter-state transmission losses as the POSOCO for FY 2024-25 which comes out to be 3.66%, whereas the Intra-State transmission losses have been claimed as approved by the Commission in True-Up Order for MePTCL for FY 2024-25.

2.6.3. Based on the approved Intra-state Transmission loss as 2.52% and considering the Inter-state Transmission loss equal to 52 weeks of average actual losses of FY 2024-25 i.e. 3.66%, the Commission approves the energy balance for FY 2024-25 as shown in the below table:

Table 11: Computation of Energy Balance (Approved) for FY 2024-25

Sl. No.	Particulars	Calculation		Quantity
1	Power purchased from the Eastern Region (ER)	A	MU	0
2	Inter-state transmission loss % for ER	B	%	1.80%
3	Net power purchased from the ER	$C=A*(1-B)$	MU	0
4	Power purchased from the North -Eastern Region (NER)	D	MU	1397.73
5	Inter-state transmission loss % for NER	E	%	3.66%
6	Net power available at state bus from external sources on long term	$F=C+[D*(1-E)]$	MU	1346.57

Sl. No.	Particulars	Calculation		Quantity
7	Power purchased from generating stations within the state	G	MU	1026.11
8	Power purchased from other sources	H	MU	276.42
9	Net power availability at State Periphery for sale of power within the state	I=F+G+H	MU	2649.10
10	Intra-State Transmission Losses %	J	%	2.52%
11	Intra state transmission loss MU	K=I*J	MU	66.68
12	Net power availability at MePDCL periphery for sale of power within the state	L=I-K	MU	2582.42
13	Power to be sold to consumers within the state	M	MU	1404.10
14	Distribution Losses (%)	N	%	16.60%
15	Energy Requirement for sale by Discom within state at DISCOM periphery	O=M/(1-N)	MU	1683.54
16	Net power requirement at State Bus for sale of power within the state	P=O/(1-J)	MU	1727.01
17	Surplus Power (for sale outside state) at State Bus	Q = I- P	MU	922.09
18	Power sold to others at state bus (both outside & inside the State) (incl. swap/UI/bilateral)	R	MU	922.09
19	Uncounted Energy	S=Q-R	MU	0.00

2.7. Power Purchase Cost

Petitioner's Submission

- 2.7.1. The Petitioner has requested for considering the Power Purchase Cost as per the audited statement of accounts. Further, the Petitioner has confirmed that they have not considered the delayed payment surcharge on the power procurement bills in the power purchase.
- 2.7.2. In addition to above, the Petitioner stated that the Commission in the Tariff Order dated 24.10.2024 for FY 2024-25 has introduced Fuel Power Purchase Adjustment Surcharge, wherein the differential amount of the approved and actual power purchase expenses during the month was supposed to be passed on or recovered from the Consumers in the N+2 month based on the formula approved in the aforesaid Tariff Order. In compliance to the order of the Commission, the Petitioner has adopted the FPPAS from the month of January 2025. It is also submitted by the Petitioner that the Tariff Order was issued in October 2024 (end of October) and accordingly FPPAS was implemented from January bill. FPPAS for the months prior to the month of October 2024 i.e., Apr- Sept 2024 was computed in consolidated manner and was passed on to consumers in 6 instalments starting from January 2025.
- 2.7.3. Further, the Petitioner added that in the aforesaid order the Commission has considered a negative adjustment of (-) Rs. 37.13 made for the barter (banking) transactions was considered as reduction of power purchase expense.

- 2.7.4. The Petitioner submitted that in the State Advisory Committee meeting held on 11th March 2025, the Commission suggested that for the barter transactions made during a particular year, provisions on certain cost should be made during the year which will make the barter transactions more transparent. Following the suggestion of the Commission in FY 2024-25, the Petitioner has made a provision of Rs. 14.26 Crore for the banking transaction and the same has been claimed as an inclusion in the Power Purchase Expenses for FY 2024-25.
- 2.7.5. The detailed statement of power purchase as submitted by the Petitioner is tabulated below:

Table 12: Claimed Power Purchase Expenses for FY 2024-25

Source	Actual Quantum (MU)	Actual Cost (Rs. Cr.)	Actual Unit Rate (Rs./kWh)
MePGCL			
Umiam Stage I	112.38	58.22	5.18
Umiam Stage II	58.61	37.61	6.42
Umiam Stage III	93.27	50.13	5.37
Umiam Stage IV	147.47	83.11	5.64
Sonapani	6.55	2.79	4.25
MLHEP	358.76	154.50	4.31
NUHEP	186.87	51.53	2.76
Lakroh	3.28	1.36	4.14
Ganol	58.91	28.10	4.77
Ganol Prior Period (CoD to Mar 2024)	28.35	13.52	4.77
Sub-Total (MePGCL)	1026.11	480.87	4.69
NTPC			
Bongaigaon	400.84	285.63	7.13
Sub-Total (NTPC)	400.84	285.63	7.13
NHPC			
Loktak	85.54	26.69	3.12
Sub-Total (NHPC)	85.54	26.69	3.12
NEEPCO			
Kopili Stage I	100.70	19.48	1.93
Kopili Stage II	22.71	3.18	1.40
Khandong HEP		0.05	
Ranganadi HEP	120.63	42.30	3.51
Doyang HEP	23.77	24.23	10.20
AGBPP	88.53	80.33	9.07
AGTCCPP	34.90	28.49	8.16
Pare HEP	50.07	26.88	5.37
Kameng HEP	67.72	33.11	4.89
Free Power			
Sub-Total (NEEPCO)	509.02	269.52	5.29
OTPC			

Source	Actual Quantum (MU)	Actual Cost (Rs. Cr.)	Actual Unit Rate (Rs./kWh)
Palatana	402.33	141.07	3.51
Sub-Total (OTPC)	402.33	141.07	3.51
Short -Term	237.25	41.31	1.74
Grand Total	2661.09	1245.09	4.68

2.7.6. In addition to above, the Inter-State Transmission Charges and Intra-State Transmission Charges incurred in actual are tabulated below:

Table 13: Claimed Actual Transmission Charge for FY 2024-25

Particular	Actual (Rs. Cr.)
Inter-State Transmission Charges	81.34
Intra-State Transmission Charges	135.36
Total	216.70

2.7.7. Thus, comparing the total power purchase cost of Rs.1554.78 Crore approved vide order dated 24.10.2024 against the actual power purchase expenses of Rs. 1458.06 Crore, the actual power purchase expenses were lower by Rs. 96.62 Crore (excluding the components which were not part of FPPAS such as DSM).

2.7.8. FPPAS Computation and Billed (As per Petition's submission): FPPAS was computed as per the formula prescribed by the Commission in the Order dated 24.10.2024.

The Source wise power purchase cost considered for FPPAS are as under:

Table 14: Claimed Power Purchase Expenses Considered for FPPAS for FY 2024-25

Source	Quantum	Power Purchase Cost for FPPAS	As per SOA	Difference
NHPC	85.54	26.69	26.69	0.00
NEEPCO	509.02	258.07	269.52	-11.45
NTPC	400.84	281.97	285.63	-3.66
OTPC	402.33	141.07	141.07	0.00
MePGCL	1026.11	482.20	480.87	1.33
Inter-State Transmission Charges		79.10	81.34	-2.23
Intra-State Transmission Charges		135.36	135.36	0.00
Total		1404.47	1420.47	-16.00

2.7.9. The Petitioner has explained the reasons for the deviation between the power purchase expenses considered in the present Petition and those reflected in the Audited Statement of Accounts, as detailed below:

- a. NEEPCO- In NEEPCO there were some credit bills amounting to Rs. 10.55 Crore which have been accounted under Rebate against Power Purchase Expenses and some of the bills were raised in March 2025

however, they were accounted in the respective months while computation of FPAAS and this has created a difference.

- b. In NTPC there was a rebate of Rs. 3.66 Crore provided by NTPC for prompt payment of the bills which has been accounted under the head Rebate against Power Purchase in the Audited Statement of Account.
- c. MePGCL – The reason for the deviation in Power Purchase expenses considered for the FPPAS and accounts is that the bill raised for the infirm power of New Umtru was wrongly considered in the monthly bills. Also since, there was no tariff for Ganol Small Hydro Project for power supplied from August 2023 to March 2023. After the approval of the Generic Tariff for Ganol and subsequent review Petition filed by MePGCL, the bill for the power supplied to MePDCL from the Ganol Station in FY 2023-24 was raised in the month of September 2024. However, there was a mistake in computation of the bill as the rate for the sale of power was considered as Rs. 5.31/ kWh instead of Rs. 4.77/ kWh.
- d. Inter-State Transmission Charges – The Credit bill raised by CTUL for an amount of Rs. 1.59 Crore has been accounted in the rebate from power purchase in the Audited SOA and since, the surcharge on delayed payment is not part of the power purchase expenses, the amount of Rs. 10.80 Lakh was not considered for FPPAS. Further, some of the bills were raised in the month of March which were adjusted in respective months creating a difference in the power purchase cost.

2.7.10. Keeping in view the above explanation, the Petitioner computed the FPPAS month wise and its impact as per Petitioner’s submission is tabulated below:

Table 15: Claimed Month Wise FPPAS and its Impact for FY 2024-25

Month	FPPAS	FPPAS Billed (as per formula)	FPPAS Left Over	Energy Charges Billed Rs Cr.	Impact Rs. Cr.
Apr-24	6.75%	6.58%	0.18%	55.56	3.65
May-24	-4.11%	-4.11%	0.00%	58.40	-2.40
Jun-24	-14.59%	-14.59%	0.00%	65.23	-9.51
Jul-24	-16.16%	-16.16%	0.00%	67.77	-10.95
Aug-24	-10.13%	-10.13%	0.00%	68.30	-6.92
Sep-24	-7.73%	-7.73%	0.00%	53.83	-4.16
Oct-24	-12.35%	-12.35%	0.00%	51.65	-6.38
Nov-24	0.33%	0.33%	0.00%	55.05	0.18
Dec-24	-14.88%	-14.88%	0.00%	59.51	-8.85
Jan-25	-13.02%	-13.02%	0.00%	70.22	-9.14
Feb-25	-5.49%	-5.49%	0.00%	65.59	-3.60
Mar-25	5.18%	5.18%	0.00%	61.67	3.19

Month	FPPAS	FPPAS Billed (as per formula)	FPPAS Left Over	Energy Charges Billed Rs Cr.	Impact Rs. Cr.
Total				732.78	-54.90

2.7.11. The Petitioner submitted there is shortfall of Rs. 31.78 Core in FPPAS passed on to the consumers. Since, this was a totally new concept and the concrete implementation of the same took time. Hence, the Petitioner requested the Commission to condone this error and instead of allowing time to the Petitioner to adjust this amount in future bills, the shortfall may please be adjusted in True Up of FY 2024-25. Further, the Petitioner assured that the concrete SOP has now been prepared and there will be no shortfall in FPPAS in FY 2025-26.

Table 16: Claimed FPPAS passed on to Consumers in FY 2024-25

Zone	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Total
Central Zone	-0.98	-1.33	-1.33	-1.34	-0.84	-2.47	-8.29
Western Zone	-0.20	-0.26	-0.25	-0.26	-0.23	-0.90	-2.10
Eastern Zone	-1.89	-1.76	-1.69	-2.05	-2.31	-6.07	-15.78
Total	-3.06	-3.35	-3.28	-3.65	-3.38	-9.45	-26.17
Less FPPAS for April 2025 Billed in June						-3.05	-3.05
FPPAS Passed on Only for FY 2024-25	-3.06	-3.35	-3.28	-3.65	-3.38	-6.40	-23.12

Table 17: Claimed Month Wise Comparison of FPPAS Actual Vs Billed for FY 2024-25

Month	Instalment Amount	FPPAS of Oct and Nov	FPPAS of Respective Month	Total	Actual	Short Fall
Jan-25	-5.05	-6.20		-11.25	-3.06	-8.18
Feb-25	-5.05		-8.85	-13.90	-3.35	-10.56
Mar-25	-5.05		-9.14	-14.19	-3.28	-10.91
Apr-25	-5.05		-3.60	-8.65	-3.65	-5.00
May-25	-5.05		3.19	-1.86	-3.38	1.53
Jun-25	-5.05			-5.05	-6.40	1.35
					-23.12	-31.78

2.7.12. The Petitioner has requested the Commission to allow the Power Purchase expenses of Rs. 1559.52 Cr. for FY 2024-25 and has submitted the reconciliation as follows:

Table 18: Claimed Actual Power Purchase Expenses for FY 2024-25

Source	Actual Quantum (MU)	Actual Cost (Rs. Cr.)	Actual Unit Rate (Rs./kWh)
MePGCL			
Umiam Stage I	112.38	58.22	5.18
Umiam Stage II	58.61	37.61	6.42
Umiam Stage III	93.27	50.13	5.37

Source	Actual Quantum (MU)	Actual Cost (Rs. Cr.)	Actual Unit Rate (Rs./kWh)
Umiam Stage IV	147.47	83.11	5.64
Sonapani	6.55	2.79	4.25
MLHEP	358.76	154.50	4.31
NUHEP	186.87	51.53	2.76
Lakroh	3.28	1.36	4.14
Ganol	58.91	28.10	4.77
Ganol Prior Period (CoD to Mar 2024)	28.35	13.52	4.77
Sub-Total (MePGCL)	1026.11	480.87	4.69
NTPC			
Bongaigaon	400.84	285.63	7.13
Sub-Total (NTPC)	400.84	285.63	7.13
NHPC			
Loktak	85.54	26.69	3.12
Sub-Total (NHPC)	85.54	26.69	3.12
NEEPCO			
Kopili Stage I	100.70	19.48	1.93
Kopili Stage II	22.71	3.18	1.40
Khandong HEP		0.05	
Ranganadi HEP	120.63	42.30	3.51
Doyang HEP	23.77	24.23	10.20
AGBPP	88.53	80.33	9.07
AGTCCPP	34.90	28.49	8.16
Pare HEP	50.07	26.88	5.37
Kameng HEP	67.72	33.11	4.89
Free Power			
Sub-Total (NEEPCO)	509.02	269.52	5.29
OTPC			
Palatana	402.33	141.07	3.51
Sub-Total (OTPC)	402.33	141.07	3.51
Short -Term	237.25	41.31	1.74
Grand Total	2661.09	1245.09	4.68
Inter-State Transmission Charges		81.34	
Intra-State Transmission Charges		135.36	
Grand Total including Transmission Cost	2661.09	1461.79	

Table 19: Claimed Summary of Power Purchase Expenses Allowed Vs Actual for FY 2024-25

Summary	Approved Quantum (MU)	Approved Cost (Rs. Cr.)	Actual Quantum (MU)	Actual Cost (Rs. Cr.)
Total Power Purchase	3052.80	1306.77	2661.09	1245.09
Inter-State Transmission Charges		103.18		81.34
Intra-State Transmission Charges		144.73		135.36
	3052.80	1554.68	2661.09	1461.79

Particular	Amount
Differential Power Purchase Cost	-92.89
FPPAS Passed on to Consumers	-23.12
Net Differential PPC	-69.77

Table 20: Final Claim of Power Purchase Expenses for FY 2024-25

Particular	Amount
Power Purchase Expenses (Approved for FY 2024-25)	1554.68
Differential Power Purchase Cost	(-)92.89
FPPAS Passed on to Consumers	(-)23.12
Net Differential PPC	(-)69.77
Power Purchase Cost for True Up W/O Adjustments of Items not covered under FPPAS.	1484.91
Add: DSM	23.22
Add: Reversal of the Barter Transaction for FY 2023-24	37.13
Add: New Provision for the Barter Transaction in FY 2024-25	14.26
Power Purchase Cost for ARR	1559.52

Respondents' submission this regard

2.7.13. BIA's Submission:

- a. BIA submitted that MePDCL has not furnished details of surcharge or interest on delayed payments, although such charges are not admissible as per the methodology consistently adopted by the Commission.
- b. BIA noted that the Commission, in its order dated 06.06.2024 in Case No. 32/2023, had approved a total power purchase cost of Rs 1,408.37 crore at a weighted average cost of Rs 4.16/kWh. However, MePDCL has shown the approved cost as Rs 1,544.78 crore, resulting in a variation of Rs 146.41 crore, without providing any clarification despite the issuance of Review/Corrigendum Orders for MePGCL and MePTCL,
- c. BIA contended that the Petitioner has excluded Rs 4.14 crore towards RPO cost in the approved figures without justification and must be directed to reconcile the power purchase cost with the Tariff Order, Review Order, and audited accounts.
- d. Further, BIA pointed out mismatch between Table 14 and Table 3 of the petition, as the Petitioner has not included DSM purchases under short-term procurement, thereby understating actual procurement. In addition to this, BIA also submitted that the Petitioner has claimed that reconciliation is provided in Annexure H, but this annexure is not available in the public domain, preventing verification of critical components such as Late Payment Surcharge (LPS) and other charges.
- e. BIA further argued that the Petitioner has not provided justification for the non inclusion of free power, RPO accounting, and reasons for increase in cost, and has relied solely on audit statements. BIA also noted that although the Commission approved Rs 4.14 crore towards RPO

compliance for FY 2024-25, the Petitioner has not reported any RPO commitment. In this context, BIA proposed that the Petitioner is liable for penalty under Regulation 11 of MSERC RPO Regulations, 2018 read with Section 142 of the Electricity Act, 2003.

- f. BIA highlighted a discrepancy between MePGCL's revenue of Rs 476.53 crore and MePDCL's reported power purchase cost of Rs 480.87 crore from MePGCL, which must be reconciled.
- g. BIA has further argued that prudence check has to be done in allowing the power purchase cost from NTPC at Rs 7.13/kWh, the highest among all sources.
- h. BIA highlighted that the Petitioner has entered into swapping arrangements, wherein the standard energy return ratio is 1:1.05. However, the Petitioner has reported 122.16 MU procured and 91.21 MU returned, which does not correspond to the agreed ratio. Further, despite claiming that swapping has no monetary implication, the Petitioner has claimed Rs 51.39 crore in Table 22. BIA has proposed that the above inconsistency requires detailed clarification.
- i. BIA has also pointed out that the Petitioner has sought condonation of 9 month delay in implementing FPPA, although FPPA implementation is mandated under MYT Regulations and reaffirmed by multiple APTEL judgments. Such delay demonstrates non-compliance with Commission directives and requires appropriate action.

2.7.14. **PFI's submission**

- a. PFI submits that although the Petitioner (MePDCL) has claimed adherence to the Merit Order Dispatch (MoD) principles—subject to must-run conditions, technical minimum constraints, and market availability—MePDCL has not furnished monthly SLDC-certified MoD reports. PFI therefore requested the Commission to direct MePDCL to submit monthly MoD compliance reports duly certified by Meghalaya SLDC, confirming that scheduling from various generating stations was undertaken strictly in accordance with MoD principles.
- b. PFI noted that MePDCL has claimed Rs 1,245 crore as Power Purchase Cost at an average cost of Rs 4.68/kWh, whereas the Commission had approved Rs 4.28/kWh (excluding transmission charges). The claim thus reflects deviation from the Commission-approved average cost, including procurement from unapproved sources, non-procurement of free power (-26 MU), and procurement from higher-cost plants (+88 MU from NTPC Plant). In this regard, PFI requested to disallow Rs 12.09 crore (i.e., 26 MU × Rs 4.68/kWh) corresponding to non-procurement of free power.
- c. PFI pointed out that while MePDCL has claimed Rs 1,560 crore as total power purchase cost, the audited accounts (Note 26) reflect Rs 1,462

crore as actual cost. MePDCL has attributed the difference to billing discrepancies, FPPAS adjustments, DSM settlement, and energy barter/swapping transactions, which must not be passed on to consumers, and the Commission may consider the audited cost of ₹Rs 1,462 crore only. PFI advised that any differential cost should be borne by the Government of Meghalaya as subsidy.

- d. PFI contended that MePDCL has not provided source-wise Renewable Energy procurement, RPO compliance details, or shortfall, despite such disclosure being mandatory for the True Up of FY 2024-25. PFI also stressed the need to promote Distributed Renewable Energy (DRE) within Meghalaya to minimise ISTS charges and losses, reduce procurement cost, and improve grid resilience. PFI therefore requested the Commission to direct MePDCL to submit the complete, verifiable RPO compliance details for FY 2024-25, and in case of non-compliance, impose penalty as per the RPO buyout price of Rs 245/MWh proposed by CERC (Suo Motu Order dated 22.10.2025).

Petitioner's Response to Respondent

2.7.15. Response to BIA:

- a. The Petitioner clarified that the power purchase figures in the Petition are fully consistent with the Audited Statement of Accounts, which have been audited by Statutory Auditors appointed by the CAG, and that no delayed payment surcharge has been included in the claim. Accordingly, the allegation of misstatement is baseless.
- b. The Petitioner further stated that the Objector's reliance on the Commission's Order dated 06.06.2024 is inappropriate, as the said Order has been formally recalled by the Commission and is not in existence. The Petitioner has therefore requested that the Objector be directed not to refer to the withdrawn Order.
- c. With respect to the approval of quantum or price for RPO compliance, the Petitioner clarified that no such approval was provided, and therefore no further response is warranted. Regarding omissions in Table 14, the Petitioner has stated that the table was prepared to reconcile power purchase expenses with the FPPAS and approved values, and the non inclusion of DSM quantum does not materially impact the reconciliation.
- d. The Petitioner acknowledged that Annexure H was inadvertently omitted in the original filing; however, the same has since been submitted to the Commission as part of Additional Information I.
- e. The Petitioner also clarified that RPO compliance is governed by a distinct set of regulations issued by the Commission, and quarterly compliance reports are regularly submitted. The Objector's concern in

this regard is therefore misplaced. On the issue of free power from NEEPCO stations, the Petitioner reiterated that the energy availability figures for Kopili and Kopili Extension already include free power, and hence no exclusion has occurred.

- f. Regarding the difference between revenue reported by MePGCL and costs claimed by MePDCL, the utility clarified that MePGCL's Petition excludes revenue from Ganol, whereas for MePDCL the corresponding power purchase represents an actual cost, and therefore a variation is inherent.
- g. On the attribution of amounts to barter transactions, MePDCL submitted that the treatment follows the suggestions of the Hon'ble Commission and the SAC during the FY 2025-26 tariff proceedings. The Commission had earlier considered a Rs 37 Crore provision in the audited accounts as a reduction from total power purchase, and accordingly, the reversal has been carried forward for tariff purposes. The notional valuation of banked power has been computed at the average power purchase cost for FY 2024-25.
- h. Finally, MePDCL strongly objected to the claim that it has sought condonation of nine (9) months for implementation of FPPAS. The MYT Order was issued on 24.10.2024, leaving only a short period (only 3 months) in the year for implementation. MePDCL clarified that certain system-level billing discrepancies prevented full pass-through of FPPAS and that it has not requested liberty to pass on the benefit in future; instead, it has sought adjustment of the remaining amount in the True-Up itself. MePDCL therefore requested the Commission to direct the Objector to refrain from making any generalised statements.

2.7.16. **Response to PFI:**

- a. With regards to the Merit Order Despatch MePDCL submit that as seen from the power portfolio of the DISCOM, it has maximum allocation from the hydro generating stations. Almost 76% of the total allocation comes from hydro generating stations which includes the State Generating Stations also. Since, these generating stations are must run projects, they are not subject to Merit Order. MePDCL is having allocation from 4 thermal projects (3 Gas Based, and 1 Coal Based), MePDCL submits that the Merit Order principle has been followed religiously while procuring power from these stations.
- b. Further, with regards to quantum of power purchase from Bongaigaon and Ganol Small Hydro Project, MePDCL submit that Ganol is a project owned and operated by the State Power Generating Corporation i.e., MePGCL. The reason for claiming the prior period expenses against this project is that the project was commissioned in the month of Aug 2023 i.e., FY 2023-24. However, the final tariff of the project was determined

by Hon'ble Commission in FY 2024-25. Thus, though some quantum of power was supplied from this station in FY 2023-24, the generation corporation was not able to raise the bills in the absence of tariff. MePDCL mentioned that since the Petition for approval of tariff for this project was filed on Generic Mechanism as per the provisions of MSERC (Terms and Conditions for Tariff for Generation from Renewable Energy Stations) Regulations, 2014 there was no scope for provisional tariff. Hence, the prior period expenses without any quantum have been claimed in the Instant Petition as quantum of the energy was already considered at the time of truing up of FY 2023-24.

- c. With regards to the increased quantum of power from Bongaigaon TPS, MePDCL submit that the increase in the quantum is attributable to shortfall in availability of power from other hydro based generating stations. Since, most of the hydro generating stations from which Meghalaya is having allocation are constructed on rain fed rivers, the generation from these stations is heavily dependent on the quality of monsoon. Since, the generation from these stations was lower as compared to the design energy, MePDCL was bound to procure power from other sources which include additional procurement from Bongaigaon, Open Market etc.
- d. Regarding the non-procurement of free power from NEEPCO Stations MePDCL submits that it is entitled for free power from two Stations of NEEPCO i.e., Kopili and Kopili Extension. The total quantum of availability shown in the Petition as 101.70 MU and 22.71 MU respectively is inclusive of free power. However, MePDCL admitted that the same should have been shown separately in the Petition.
- e. In case of the contention made pertaining to pass through of FPPAS, MePDCL submitted that the total reduction in the approved power purchase cost and actual power purchase cost is Rs. 92.89 Crore. However, the total amount of FPPAS that was supposed to be passed on to the consumers was Rs. 54.90 Crore only as the FPPAS is not passed on in absolute terms, rather it is a percentage that has to be multiplied with the energy charges which are based on the actual consumption of the consumer. Thus, even if the entire FPPAS was passed on to the consumer, it would have totalled to Rs. 54.90 Crore only and not Rs. 92.89 Crore.
- f. In respect to shortfall in passing on the benefit of FPPAS, MePDCL highlighted the fact that FY 2024-25 was the first year of implementation of FPPAS in the state. Another, important point that has been highlighted is that the final order wherein the FPPAS was approved was issued on 24.10.2024 and thus the utility had only 3 months to implement the FPPAS along with the revised tariff and tariff difference arrears. Thus, MePDCL has condoned the issue and requested the Hon'ble Commission

to reduce the balance shortfall from the approved power purchase cost of the DISCOM for FY 2024-25. Similar, kind of decision has been taken by Punjab Electricity Regulatory Commission in Order Dated 05.08.2025 in Petition No. 22 of 2025, wherein PSPCL has not passed on any FPPAS to the consumer for the entire year totalling to Rs. 179 Crores.

- g. With regards to the Renewable Purchase Obligation, which is now been converted to Renewable Consumption Obligation, MePDCL submit that it has been achieving more than the target set by the Hon'ble Commission and Ministry of Power. However, since the same is governed by a totally different set of regulations and MePDCL is submitting quarterly compliance report before this Hon'ble Commission hence the same was not made part of the true up Petition.

Commission's Analysis

- 2.7.17. The Commission vide First Additional Information requirement dated 13.01.2026, had directed the Petitioner to furnish the Source wise Power Purchase Agreements and details of invoices along with the summary in a prescribed tabular format in line with the True-Up petition, along with supporting documents. In response, the Petitioner submitted the detailed excel sheet containing the details of billed amount along with month wise original bills.
- 2.7.18. The Commission, vide para 3.6.46 of the True-Up Order dated 24.03.2025, directed the Petitioner to submit RLDC/SLDC-certified PLF (%) and actual energy availability of the power generating sources. However, the Petitioner has not submitted the said data, rendering it non-compliant with the Commission's direction. In this regard, the Petitioner, vide First Additional Information requirement dated 13.01.2026, was directed to submit the requisite data on a monthly basis, duly certified by RLDC/SLDC, for all power procurement sources except the Open Access market.

In response, the Petitioner has submitted the SLDC certified PLF% for MePGCL power plants only. It has not provided any RLDC certified actual PLF% data for the Central generating stations, from which the actual power procurement is incurred during FY 2024-25. The Commission has considered that the Petitioner to be compliant for non-submission of the asked data.

In context to the above, the Commission further directs the Petitioner to submit the month-wise generation details of the generating stations (both Intra and Inter State) on which MePDCL is dependent for the actual power procurement for the True-up year, as prescribed in the Commission's Directive section.

- 2.7.19. The Commission, vide First Additional Information requirement dated 13.01.2026, directed the Petitioner to justify whether it has identified and

evaluated any alternative and more cost-effective power procurement options in the interest of consumers.

In reply of this query, the Petitioner submitted that it is committed towards lowering the power purchase cost. In pursuit of the same, the Petitioner has recently finalized arrangement of power purchase from two small hydro power awarded to private developers by Government of Meghalaya. The total capacity of these plants is 37.5 MW and the developer and the Petitioner has agreed to get into a PPA of 30% of the total installed capacity of these projects. In addition to the same the State will be entitled to 13% free power generated from the projects. The royalty in form of free power will result in a lower blended tariff of around Rs. 4/ kWh which is lower than other sources of power currently available for the Petitioner. Further, the Petitioner added that the Government of Meghalaya has signed an Implementation agreement for development of Kynshi Stage I Hydro Power Project with installed capacity of 270 MW. The Petitioner also stated that it will not get into any PPA with this project as the estimate tariff is quite high (Rs. 8/kWh) however, the State will be entitled for 13% free power to the tune of 126 MU per year which will help in reducing the burden of power purchase cost to a large extent.

- 2.7.20. The Petitioner, vide First Additional Information requirement dated 13.01.2026, was directed to provide month-wise Power purchase details of past 5 years starting from FY 2020-21 to FY 2024-25 on actual basis in line with its Audited Annual Accounts in a prescribed format along with proper documentation and detailed justification. In response, the Petitioner submitted the details in an excel form.

However, the Commission during the prudence check, noticed that the Actual Power Purchase Cost is not aligned with the Audited Annual Accounts of the Petitioner. In accordance with the above, the Commission directs the Petitioner to rectify its accounting henceforth and maintain all details of Power Purchase aligned with Audited Financial Accounts and submit the same as and when required by the Commission for regulatory prudence check.

- 2.7.21. The Commission has observed that the Petitioner inadvertently didn't submit the detailed reconciliation of power purchase expenses with the Audited Statement during the submission of Petition. In this context, as per the First Additional Information Requirement dated 13.01.2026, the Petitioner submitted the requisite data as follows:

Table 21: Reconciliation of Power Purchase (Claimed) for FY 2024-25

S No.	Source of Power	Amount in Cr.As per SOA (in Rs Cr)	Amount Claimed (in Rs Cr)	Remarks
1	NEEPCO	269.52	269.52	Row No. 1326 of Trial Balance

S No.	Source of Power	Amount in Cr.As per SOA (in Rs Cr)	Amount Claimed (in Rs Cr)	Remarks
2	NHPC	26.69	26.69	Row No. 1746 of Trial Balance
3	NTPC	285.63	285.63	Row No. 1327 of Trial Balance
4	OTPC	141.07	141.07	Row No. 1328 of Trial Balance
5	MePGCL	551.71	480.87	Row No. 1324 of Trial Balance Reconciliation Given Below
6	PGCIL	81.34	81.34	Row No. 1335,1660 and 1977 of Trial Balance
7	MePTCL	135.36	135.36	Row No. 1336 of Trial Balance
8	Short Term	41.31	41.31	Row No. 1329 and 1748 of Trial Balance
9	DSM Inter State + Intra-State	23.22	23.22	Row No. 1333 and 1334 of Trial Balance
	Barter Transaction	51.39	51.39	Note 26 of SOA
	POSCO and VAR	1.44	0.00	Row No. 1330 and 1331 of Accounts
	Total	1608.68	1536.40	
	Difference		72.29	

MePGCL Reconciliation	Amount (in Rs Cr)
Amount as per SOA	551.71
Less: Supplementary Bills for Shortage of Generation in 2023-24	69.51
Less: Prior Period Bill Accounted for Ganol	15.06
Add: Correct Prior Period Bill for Ganol	13.52
Add: NUHEP Infirm Power	1.22
Final Amounts	481.89
Less: Ganol Current Year Differential amount	1.02
Claimed	480.87
Difference	0.00

Reconciliation of Difference in Claim and SOA	Amount (in Rs Cr)
Difference	72.29
Difference due to MePGCL Supplementary Bills	69.51
Difference due Ganol Prior Period Bills	1.33
Net Difference	1.44
Claimed Missed Out in Tariff Petition	
POSO and VAR	1.44
Final Difference	0.00

Further, the Petitioner submitted that the claim of power purchase expenses towards POSOCO and VAR amounting to Rs. 1.44 Crore was missed out due to inadvertent error in the original Petition and accordingly, in response of the First Additional Information requirement, the Petitioner

revised power purchase claim by addition of the above two expense, and accordingly, the total power purchase cost comes out to be Rs. 1560.96 Crore.

- 2.7.22. The Petitioner, vide First Additional Information requirement dated 13.01.2026, was directed to submit the clarification and treatment of “Ganol Prior Period (CoD to Mar 2024)” expenditure which has been claimed by the Petitioner under the Table 20 of the Petition.

In response, the Petitioner clarified that the Ganol Small Hydro Project (22.5 MW) was commissioned in August 2023. However, MePGCL filed a Petition before the Commission for determination of tariff which was disposed of by the Commission on 13.03.2024 with following order:

“The RE Tariff Shall be applicable from 01.04.2024. The levelized Tariff for 40 years of the life time of the project is notified in this Order.”

The Petitioner further added that, subsequently MePGCL filed a review Petition against the aforesaid order on the ground that the Tariff should be applicable from the date of COD. The review was accepted by the Commission vide the order dated 29.08.2024 post which the bills were raised by MePGCL from the date of Commissioning of the project. Hence, the Ganol Prior Period (CoD to Mar 2024) was billed in FY 2024-25 and is claimed in the instant Petition.

- 2.7.23. The Commission noticed vide ‘Power Purchase Cost’ excel sheet of the True-Up model submitted by the Petitioner that the Actual Power Purchase cost Rs 1461.79 Cr is lower than the Approved Power purchase cost (Rs 1554.68 Cr) as per Tariff Order dated 24.10.2024. Moreover, the month-wise calculation of FPPAS submitted by the Petitioner illustrated a negative figure of FPPAS. In this regard, vide First Additional Information Requirement dated 13.01.2026, the Petitioner was directed to clarify the rationale for application of FPPAS when the actual power purchase cost is lower than the approved level.

The Petitioner, accordingly, replied that the Automatic Pass through of the variation in power purchase expenses was introduced by Ministry of Power to minimize the gap pertaining to the power purchase expenses during the true up exercise. Hence, any variation in the power purchase expenses whether on the higher side or whether on the lower side needs to be passed on to the consumers. Since, the actual power purchase expenses in FY 2024-25 is lower than the approved power purchase expenses the Z factor computed as per the formula approved by the Commission came to be negative and hence the benefit was passed on to the consumers. Further, the computation of the Z factor can result in negative or positive based on the actual power purchase cost. Since, in the case of FY 2024-25 the Z factor was negative for all the months the resultant FPPAS was negative.

2.7.24. The Petitioner, vide First Additional Information Requirement dated 13.01.2026, was asked to submit the details and reconciliation of short-term power purchase of Rs 41.31 Cr (for 237.25 MUs) in line with the accurate Account code from trial balance.

Accordingly, the Petitioner provided the detailed reconciliation of short-term power purchase along with the details of the bills, as per following table and declared that the short-term power purchase is managed through NTPC Vidyut Vyapar Nigam Limited (NVVN).

Row No. of TB	GL Description	Amount
1329	70.100 (NVVN) (Power Purchase (NVVN))	403943721
1748	70.500 (NVVN) (Open Access Charges NVVN)	9190795
Total		413134516

2.7.25. The Commission, vide First Additional Information Requirement dated 13.01.2026, directed the Petitioner to elucidate the consideration of power procurement cost from Hydro Power Plants like NHPC, NEEPCO and MePGCL power plants during the determination of FPPAS vide Table 16 of the Petition. In this regard, the Petitioner was further asked for submitting the correct calculation of FPPAS along with the month-wise all supporting documents to justify its claim of FPPAS.

The Commission observed that the Petitioner resubmitted the same calculation of FPPAS which had been provided at the time of True-Up petition submission. No further clarification of considering the Hydro Power plants have been submitted by the Petitioner.

2.7.26. It has been observed by the Commission that an error occurred in the computation of bills raised by MePGCL, wherein the rate for sale of power was considered as Rs 5.31/kWh instead of the approved rate of Rs 4.77/kWh, as claimed by the Petitioner. In this regard, the Petitioner, vide First Additional Information Requirement dated 13.01.2026, was directed to submit a detailed clarification regarding the said error, including how the incorrect rate led to overstatement of power purchase cost and reason for not highlighting this mistake to MePGCL to rectify the same, and the methodology adopted to nullify its impact on consumers.

In reply, the Petitioner explained that, since the final tariff order with applicability of the tariff from the COD of the generating station was available only on 29.08.2024. Till that time there was confusion and due to the same due to inadvertent error the billing was done on Rs. 5.31/ kWh which was based on the AFC decided for the first year in original order dated 13.03.2024. However, after the disposal of the review Petition it was realized that the billing was done wrongly for the period from COD till April 2024. To mitigate the impact of the same on consumers, the Petitioner has claimed the corrected power purchase cost against Ganol in the True Up Petition. Further,

the credit bill towards the excess bills raised by MePGCL has been received in FY 2025-26 and the copy of the credit bill received had also been attached by the Petitioner.

- 2.7.27. The Commission, vide First Additional Information requirement dated 13.01.2026, sought the elaborate details of Rs 14.26 Cr claimed under New Provision for the Barter Transaction along with the valid documents and SLDC certification.

In response, the Petitioner submitted the details of two banking agreement with Haryana Power Purchase Centre, that it has entered into, as follows:

Banking Agreement 1:

A. Supply of Power from MePDCL to HPPC on firm basis:

S No.	Period	Duration (Hrs.)	Quantum (MW)
1.	16.05.2024 to 31.05.2024	00:00 to 24:00	50

B. Return of Power by HPPC to MePDCL on Firm Basis:

S No.	Period	Duration (Hrs.)	Quantum (MW)
1.	01.02.2025 to 28.02.2025	00:00 to 24:00	105% of the banked power.

Banking Agreement 2:

A. Supply of Power from HPPC to MePDCL on firm basis:

S No.	Period	Duration (Hrs.)	Quantum (MW)
1.	01.12.2024 to 31.01.2025	00:00 to 24:00	50

B. Return of Power by MePDCL to HPPC

S No.	Period	Duration (Hrs.)	Quantum (MW)
1.	01.07.2025 to 31.08.2025	00:00 to 24:00	50

Accordingly, the Petitioner further added that in execution of the 1st agreement the Petitioner supplied 16.8 MU to HPPC in the month of May 2024 and a quantum of 17.64 MU was received back in the month of February 2025 and hence the transaction was nullified in the same financial year.

In execution of the second contract the Petitioner has received 74.40 MU in the month of December and January 2025 and this quantum is to be returned in FY 2025-26.

Apart from the above, the Petitioner clarified that it is supposed to receive some quantum of energy which is nearly 50 MU from M/S Kreate Energy. However, currently the matter is pending litigation before Hon'ble Central

Electricity Regulatory Commission. Thus, the provision has been made on net basis.

The copies of the consent letter of accepting the banking arrangement by HPPC has been submitted by the Petitioner.

- 2.7.28. The Commission stated that ‘Swapping arrangement of Power’ i.e., ‘Banking facility’ is the method of power procurement where no monetary transaction is required, i.e., no tariff need to be paid for the energy availed/supplied between the utilities. In this context, the Petitioner vide First Additional Information requirement dated 13.01.2026, was asked to elaborate the valid reason of booking of Rs 14.26 Cr (New Provision for the Barter Transaction in FY 2024-25) and Rs 37.13 Cr (Reversal of the Barter Transaction for FY 2023-24) vide Table No. 22 of the True-up petition. In addition to the above, the details of monthly transactions of Banking with forward and reverse Banking along with the approval have also been sought by the Commission.

In reply, the Petitioner, submitted that as per the discussion in the State Advisory Committee Meeting held for tariff related exercise of FY 2025-26, it was suggested that for transparency and clarity of the barter transactions, provisions might be made in the year of transaction if the two different legs of the transaction fall in different financial years. Accordingly, the Petitioner further added that the Commission also considered a deduction of Rs. 37.12 Crore which was the similar provision made in the audited accounts of FY 2023-24. Following the same practice, the Petitioner has reversed the negative provision of Rs. 37.12 Crore and new provision of Rs. 14.26 Crore has been made for the transaction involving two financial years.

- 2.7.29. The Commission therefore considers the Cost booked by Auditor for Barter Transaction at Notional Power Purchase Rate to adjust the overall Power purchase expense for FY 2024-25. Hereby, Commission directs the Petitioner to book cost/revenue to adjust in power purchase expense/Non-Tariff Income for Banking Power receivable/to be exported, respectively henceforth in the Audited Accounts.
- 2.7.30. The Commission vide First Additional Information requirement dated 13.01.2026 had sought the clarity on “Outside Party Purchases” of Rs 803.26 Cr. In response, the Petitioner has provided the details of the power procurement from outside sources as well as state generating sources, as shown below;

Table 22: Reconciliation of Outside Party Purchase for FY 2024-25

S No.	Source of Power	Amount in Cr.As per SOA	Remarks
1	NEEPCO	269.52	Row No. 1326 of Trial Balance

S No.	Source of Power	Amount in Cr.As per SOA	Remarks
2	NHPC	26.69	Row No. 1746 of Trial Balance
3	NTPC	285.63	Row No. 1327 of Trial Balance
4	OTPC	141.07	Row No. 1328 of Trial Balance
5	Short term purchase	41.31	Row No. 1329 and 1748 of Trial Balance
6	DSM Charges	23.22	Row No. 1333 and 1334 of Trial Balance
7	POSOCO and VAR	1.44	Row No. 1330 and 1331 of Accounts
8	Delayed Payment Surcharge (PGCIL and CTUIL)	0.11	Row No. 1661 and Row No. 1345 of Trial Balance
9	Provisions for Barter Transaction	14.26	Note 26 of the Accounts
	Total	803.26	

2.7.31. The Commission vide First Additional Information requirement dated 13.01.2026, had directed the Petitioner to submit the followings for past 5 years on actual basis duly certified by Auditor and SLDC,

- i. Month wise Total power purchased Through Open Access (OA) (in MW)
- ii. Month wise Total No. of Hours of purchased in OA (in Nos.)
- iii. Month wise and Annual available generation data for DISCOM (in MW)
- iv. Month wise and Annual Scheduled energy data for DISCOM (in MW)
- v. OA scheduled energy (STU Periphery) on Month wise and Yearly (in MUs)
- vi. OA scheduled energy (DISCOM Periphery) on Month wise and Yearly (in MUs)

In response Petitioner has submitted the requisite data in a prescribed excel format.

2.7.32. The Petitioner vide Second Additional Information Requirement dated 16.02.2026, was directed to justify this prior period expenditure booked under the head of "Ganol Prior Period (CoD to Mar 2024)".

In response the Petitioner submit that the Ganol Small Hydro Project (22.5 MW) was commissioned in August 2023. MePGCL filed a Petition before the Commission for determination of tariff which was disposed of by the Commission on 13.03.2024 with following order:

"The RE Tariff Shall be applicable from 01.04.2024. The levelized Tariff for 40 years of the life time of the project is notified in this Order."

Subsequently, MePGCL filed a review Petition against the aforesaid order on the ground that the Tariff should be applicable from the date of COD. The review was accepted by the Commission vide the order dated 29.08.2024 post which the bills were raised by MePGCL from the date of Commissioning of the project. Hence, the Ganol Prior Period (CoD to Mar 2024) was billed in FY 2024-25 and is claimed in the instant Petition.

2.7.33. The Commission observed that the Petitioner has claimed Rs. 269.52 Crore towards power procurement from NEEPCO (Table 20 of the Petition), whereas the generating station wise summation of Actual Cost amounts to Rs. 258.07 Crore, and the Trial Balance reflects Rs. 10.55 Crore under “61.CN NEEPCO (Sundry Debtors for Sale of Power-)”, resulting in a net cost of Rs. 258.97 Crore only. MePDCL, vide Second Additional Information Requirement dated 16.02.2026, was therefore directed to reconcile and explain the discrepancy of Rs. 0.90 Crore, supported by a detailed reconciliation statement and relevant documentary evidence.

In reply the Petitioner submitted that NEEPCO submits the monthly on consolidated basis and it seems that some of the amount had been missed out while bifurcating the amount into individual project. However, the Petitioner has submitted the month wise Invoice received from all the power producers including NEEPCO for verification.

2.7.34. Further, the Commission identified that against the approved quantum of 1293.49 MU from MePGCL power plants (Tariff Order FY 2024-25), the Petitioner (MePDCL) has procured only 1026.11 MU, resulting in a shortfall of 267.38 MU, while the Actual Cost incurred is Rs. 480.87 Crore as against the approved cost of Rs. 484.32 Crore, indicating that expenditure remains nearly at par despite significant reduction in procurement.

In this context, the Petitioner, vide Second Additional Information Requirement dated 16.02.2026, was directed to justify the high Actual Cost incurred notwithstanding the substantial shortfall in energy drawal.

In response, the Petitioner submitted that the power from the State Generating Stations i.e., the stations owned by the MePGCL are hydro in nature and must-run and hence it cannot be backed down. The Petitioner claimed that it has procured all the power generated from MePGCL. However, since the actual generation from MePGCL Stations was lower than the approved value hence there is a difference in approved quantum and actual quantum.

Further with regards to the difference in the billing, the Petitioner confirmed that MePGCL was raising bills as per the old tariff order till October 2024. After the issuance of final tariff order on 24.10.2024, MePGCL started billing at the revised tariff (Reduced) and the difference was passed on 9 equal instalments part of which was billed in 2024-25 while the balance was billed in 2025-26. Further, the bills were raised based on actual quantum of energy generated.

2.7.35. The Commission noticed the following:

- i. MePDCL claimed Rs 480.87 Cr as the Actual Cost paid to MePGCL vide Table 14 of the Petition, whereas the Note 26 of Financial Audited statement for FY 2024-25

- ii. "70.100 (MePGCL) (Power Purchase (MePGCL))" of Trial Balance reflects a booking of Rs 551.71 Cr for the same expenditure.
- iii. On the contrary, MePGCL booked only Rs 476.53 Cr after adjustments of arrears payment.

In this regard, the Commission vide Second Additional Information Requirement dated 16.02.2026, directed the Petitioner to elucidate the above discrepancy, with reconciliation and submit the valid documents in support.

In response, the Petitioner submitted a detailed reconciliation statement with respect to the difference in the claim of power purchase against the MePGCL owned stations and the amount booked in Statement of Account by MePDCL.

Further, the Petitioner highlighted that it is evident from the Audited Statement of Accounts of MePGCL, the revenue booked is Rs. 551.71 Crore only which is in line with the amount booked by MePDCL. Thus, there is no discrepancy.

Further, the Petitioner clarified that the revenue claimed by the Generation company in their Petition is based on the methodology adopted by the Commission in previous true up i.e., the entire ARR allowed less the tariff difference passed in FY 2024-25. Thus, the revenue claimed by the generating company is not the actual amount billed based on the actual generation. While the claim of the MePDCL (the Petitioner) is based on the bills based on actual generation raised by MePGCL.

The Petitioner would like to further submit that the amount claimed by MePGCL exclusive of Ganol is Rs. 452.63 Crore (Based on additional submission I made by MePGCL) whereas MePDCL has claimed an amount of Rs. 439.24 Crore which is exclusive of 5 instalments of arrears which has been booked in FY2025-26.

- 2.7.36. The Commission identified a variation between the 'Power Purchase Cost considered for FPPAS' and the 'Power Purchase Cost booked in the Audited Financial Statements' as reflected in Table 16 of the Petition, whereas all actual costs should have been duly accounted for in the Audited Statements. In this regard, vide Second Additional Information Requirement dated 16.02.2026, the Petitioner was directed to justify the said variation by submitting a detailed reconciliation statement clearly explaining the reasons for the difference, along with a supporting Auditor's certificate.

In response, the Petitioner submitted that separate head for booking of FPPAS could not be created in FY 2024-25 and hence it was included in the revenue from sale of power to individual consumer category. However, due care is being taken that the audited statement of FY 2025-26 reflects the amount pertaining to FPPAS separately as an expense item instead of

clubbing it with the revenue from sale of power. The auditor's certificate in this regards has also been submitted by the Petitioner.

- 2.7.37. The Commission further observed that the Trial Balance for FY 2024-25 includes an entry titled "41.200 (VAR POOL) (Provision for Liability for Purchase of Power – VARPOOL)". In this context, vide Second Additional Information Requirement dated 16.02.2026, the Petitioner was directed to justify the basis and purpose of this cost booked in the Trial Balance, and to clarify whether the said amount has been claimed in the current Petition, supported by appropriate documentary evidence.

In reply, the Petitioner submitted that this amount pertains to the excess payments made to the sources of power purchases. However, since it is a provision, it had not been claimed anywhere in the ARR under power purchase expenses or any other head.

- 2.7.38. The Commission observed that MePDCL has not claimed the actual quantum procured under 'DSM Inter-State' and 'DSM Intra-State' in Table 14 (Actual Power Purchase Expenses as per Audited SOA for FY 2024-25) of the Petition, while simultaneously considering 39.16 MUs as "Power Units Under DSM" in the computation of Distribution Loss in Table 6 as well as in the "T&D and AT&C Loss" excel sheet of the True-Up Model. In this context, vide Second Additional Information Requirement dated 16.02.2026, the Commission sought the justification of this inconsistency in the treatment of DSM quantum.

In response, the Petitioner submitted that it has submitted two sheets in the excel based model under Sheet "Availability" the DSM quantum of the 39 MU has been shown separately however, in the Power Purchase Cost sheet the same has not been shown separately because the primary purpose of the sheet was cost claim. However, the quantum of sale and purchase has been considered while computing the energy balance. Accordingly, the Petitioner requested the Commission to condone the error since it does not have any material impact on the ARR.

- 2.7.39. The Petitioner in response of the Second Additional Information Requirement submitted that the cost pertaining to VARPOOL Rs. 0.09 Crore and POSOCO Rs. 1.35 Crore has been included under the head power purchase cost of Rs. 1340.59 Crore under Note 26 of the Audited Statement of Accounts. However, the Petitioner further confirmed that these claims were missed out while filing the original petition and accordingly corrected the error. The Petitioner has requested to consider the revised power purchase cost including the amount of Rs. 1.44 Crore.
- 2.7.40. It is identified by the Commission that as per Para No 4 of point No K of Annexure C of the Audit report, Auditor stated as below:

“Advance for Power Purchase - Rs. 2,073.96 Lakhs: We have observed differences between balances appearing in the books of accounts and Balance confirmations produced before us for verification, for the following advances included under this head. The management is currently reconciling the said balances and in absence of such reconciliations, we are unable to independently verify the existence, accuracy, and completeness of the reported balance. Following is the list of balances as per books and balances as per party ledger account:

(Amount in Lakhs)

SI No.	Particulars	Balance as per Books	Balance as per Party Confirmation
1	NEEPCO	1356.11	2287.68
2	OTPC	711.03	1930.71
3	POSOCO	0.16	0.16
4	Prov for Liability for Purchase of	6.66	Not available

....”

In this context, the Petitioner vide Second Additional Information Requirement dated 16.02.2026, was directed to submit the clarification of the above discrepancy.

In response, the Petitioner submitted that the advances against power purchase are currently under reconciliation and shall be completed within this financial year. However, since it does not have any impact on the tariff, the Petitioner requested the Commission to allow reconciliation to be completed in this financial year.

- 2.7.41. With regards to Renewable Purchase Obligation (RPO) compliance, SLDC has been submitting the RPO Compliance on quarterly basis to the Commission as the same is to be submitted by the Commission to the Forum of Regulators (FOR). For the FY 2024-25 the RPO Compliance of MePDCL is shown below:

Actual Energy Consumption During the Year	Stated RPO Target for the FY as stipulated by the State Commission Regulations/Order					Energy Consumed from the stated RPO Source			Total RE consumed	Deficit/ (-)Surplus
	Non-Solar		Solar		Total Non-Solar and Solar	Non-Solar	Solar	Total Non-Solar and Solar		
MU	%	(MU)	%	(MU)	MU	(MU)	(MU)	(MU)	MU	MU
1731.17	5.50%	95.21	2.00%	34.62	129.84	1166.74	424.27	1591.01	1591.01	-1461.17

The RPO Compliance Reports till FY 2024-25 in respect of MePDCL (along with other obligated entities) have been submitted by the SLDC as per the

Order dated 4th November 2024 and Corrigendum Order dated 13th November 2024 of the Commission. Furthermore, the RPO Compliance Report of MePDCL and other obligated entities have been submitted to the Forum of Regulators in the matter of OP 5 of 2023 IWPA vs UERC and Ors. before the Hon'ble Appellate Tribunal of Electricity.

Accordingly, the Commission has considered that the Petitioner to be compliant with RPO Obligation during FY 2024-25.

- 2.7.42. The Commission has observed in Note 26.1 of Audited Accounts that the Auditor disclosed the following:

"The Company takes and return back power under the banking arrangement and accounts for the same as Power Purchase (Net) at average power purchase cost. The average Power purchase cost for the year ended 31.03.2024 is Rs 5.45 per unit. As at 31.03.2024 the Company has to receive 68.08 Million units of energy under Banking arrangement which will be received during subsequent period. Therefore, Power Purchase cost during the year is reduced by Rs 371281360 to consider the effect of Units receivable in subsequent period."

- 2.7.43. The Commission prudently checked the Statement of Accounts (SoA) and Additional submissions submitted by the MePGCL, wherein the revenue from operations is reported as Rs. 476.53 crore. However, the Commission observed that MePGCL was required to return an amount of Rs. 23.90 Crore to MePDCL on account of excess billing booked to MePDCL during FY 2024-25. Although, MePGCL had not returned this amount to MePDCL by the end of FY 2024-25, but based on the documents submitted and confirmation received vide Second Additional Information Requirement from MePGCL, the Commission understands that MePGCL has returned the said amount of Rs. 23.90 Crore to MePDCL in the FY 2025-26 and it requested to consider this same amount during the treatment of true-up for FY 2024-25 itself to avoid any discrepancy.

In lieu of the above, the Commission has adopted a considerate approach and has approved the revenue from operations for MePGCL as Rs. 452.76 crore after adjusting the excess amount of Rs. 23.90 Crore.

The Commission is allowing this adjustment as a one-time consideration. Further, the Commission clearly states that the Petitioner shall not be allowed to claim the impact of the said Rs. 23.90 crores during the true-up of FY 2025-26.

- 2.7.44. The Commission has carefully analysed the Additional submissions of the Petitioner and has prudently checked the Audited Statement of Accounts as submitted by the Petitioner and verified the power purchase cost.

- 2.7.45. The Commission is of the view that the Power Purchase Cost reflected in the Audited Financial Statements of the Petitioner is based on the actual bills

raised by the generating companies to the Petitioner during the year, which incorporates the actual fuel cost and all applicable adjustments. Accordingly, the Commission notes that the Power Purchase Cost recorded in the Audited Financial Statements and the corresponding Trial Balance represents the Final Amount booked after settlement of all adjustments during the year.

- 2.7.46. In view of the above, the Commission does not find merit in the Petitioner's claim of Rs. 23.12 Crore towards additional cost on account of Fuel and Power Purchase Adjustment Surcharge (FPPAS). Therefore, the Commission disallows the Petitioner's claim of Rs. 23.12 Crore in this regard.
- 2.7.47. Further, the Commission considers the "Revenue from Operations" strictly as reflected in Note 24 of the Audited Financial Statements of the Petitioner. Accordingly, the amount of Rs. 23.12 Crore has not been adjusted either under the Power Purchase Cost or under Revenue from Operations for the purpose of the present True-up of FY 2024-25.
- 2.7.48. The Commission further clarifies that any refund on account of FPPAS pertaining to FY 2024-25, which has been actually refunded to the consumers during FY 2025-26, shall neither be considered for adjustment under the heads of 'Power Purchase Cost' nor 'Revenue from Operations' at the time of True-Up for FY 2025-26. As per submission of the Utility it is understood that MePDCL has refunded the total outstanding amount payable to consumers for FY2024-25 i.e. INR 54.90 Cr. partly in FY2024-25 & rest in FY2025-26, through necessary credit note / bill adjustments.
- 2.7.49. Hence, in order to have due prudence check of the above, MePDCL is directed to submit, at the time of submitting True-Up petition for FY2025-26, a detailed month wise break-up of the FPPAS amounts refunded to consumers on account of INR 54.90 Cr., which is actually payable to consumers against FPPA adjustment for FY 2024-25, duly certified by the Statutory Auditor. The submission shall clearly explain the accounting treatment adopted for the FPPAS, the accounting principles followed, and a detailed reconciliation of the amounts reflected in the books of accounts and those considered for regulatory purposes.
- 2.7.50. The Commission, as per True-Up Order for FY 2023-24 dated 24.03.2025, decided to pass on the cost corresponding to Barter Transaction at Notional power purchase rate to determine the overall Power purchase expense. Hereby, the Commission directs the Petitioner to book cost/revenue to adjust in power purchase expense/Non-Tariff Income for Banking Power receivable/to be exported, respectively henceforth in the Audited Accounts
- 2.7.51. The Commission further noticed that MePTCL, vide Additional Submission dated 27.02.2026, requested to consider the entire Revenue from nine (9) instalments during FY 2024-25 itself. Accordingly, the Commission allows an additional income of Rs 9.37 Cr pertaining to the 9 instalments for MePTCL in the respective True-Up Order of MePTCL for FY 2024-25. On the contrary, the

Commission considers an Additional Expenditure of Rs. 9.37 Cr as Transmission Charge for MePDCL.

2.7.52. Accordingly, the Commission has determined source wise approved power purchase cost in line with Audited Accounts as well as Trial Balance excluding Late Payment Surcharge as shown below:

Table 23: Approved Power Purchase for FY 2024-25

Sl. No.	Source	Quantum Procured (Approved) (MU)	Amount Rs. Cr (Approved by Commission)	Per Unit Cost (Approved by Commission)
A	Long Term Sources			
1	MePGCL	1026.11	452.62	4.41
2	NHPC	85.54	26.69	3.12
3	NEEPCO	509.02	269.52	5.29
4	OTPC	402.33	141.07	3.51
5	NTPC	400.84	285.63	7.13
	Total Long Terms	2423.84	1175.53	4.85
B	Short Term Purchase			
B1	Power Exchange and DSM			
1	NVVN IEX	115.09	40.39	3.51
2	DSM Intra-State	10.42	1.25	1.20
3	DSM Inter-State	28.75	21.97	7.64
	Sub-Total B1 (Purchased from Exchange and DSM)	154.26	63.62	4.12
B2	Power Swapped In			
1	NVVN (Swapping)	122.16	0.92	0.08
	Sub-Total B2 (Energy Swapped In)	122.16	0.92	0.08
	Total Power purchased from Short Term sources	276.42	64.53	2.33
	Grand Total	2700.26	1240.07	4.59
	Transmission and Other Charges			
1	Transmission Charges MePTCL		144.73	
2	Transmission Charges PGCIL		81.34	
3	POSO CO Charges		1.35	
4	VAR Charges		0.09	
	Total Power Purchase Cost		1467.58	
5	Less: RRAS Settlement		-	
6	Add: Reversal of the Barter Transaction for FY 2023-24		37.13	
7	Add: New Provision for the Barter Transaction in FY 2024-25		14.26	
	Total Power Purchase Cost	2700.26	1518.97	5.57

2.7.53. Accordingly, the Commission approves Rs 1518.97 Cr as Power purchase cost during FY 2024-25 for procuring total 2700.26 MUs power at Rs 5.57/unit.

- 2.7.54. The Commission in line with Regulation 81 of the MSERC (Multi Year Tariff) Regulation 2014, directs the Petitioner to adopt realistic and accurate sales projection during the ARR/MYT year, so that over-estimation of sale can be restricted, and the Power purchase planning can also be in line with necessary electricity requirement to sale further to the consumers.
- 2.7.55. The Commission hereby directs the Petitioner, in the interest of the consumers, to identify and evaluate alternative, more cost-effective power procurement options available in the market and also the Petitioner shall enter into any future Long-Term Power Purchase Agreement (PPA) keeping in mind the objective of reducing the overall power procurement costs. Prior to the execution of the PPA, the Petitioner is required to submit a comprehensive cost-effectiveness analysis report to the Commission within 3 months for review. The Commission, after due consideration of the power procurement alternatives, shall provide its final approval for the proposed PPA.

2.8. Gross Fixed Assets (GFA)

Petitioner's Submission

- 2.8.1. The Petitioner has considered the opening GFA equal to the closing GFA for FY 2023-24 as considered by the Commission in the Order dated 24.03.2025 in Case No. 06 of 2024 for Truing Up of Expenses for FY 2024-25. The addition and deletion have been considered as per actuals based on the audited statement of accounts for FY 2024-25. The GFA as submitted by the Petitioner for FY 2024-25 is shown in the table below:

Table 24: Gross Fixed Asset (Claimed) for FY 2024-25

Particular	Amount (Rs Cr)
Opening GFA	1495.81
Addition During the Year	824.30
Deletion During the Year	0.83
Closing GFA	2319.29

- 2.8.2. The Petitioner submitted that it has capitalized Rs. 824.30 Crore in FY 2024-25 along with a decapitalization of Rs. 0.83 Crore. However, in the Note 2 of the Audited Statement of the Accounts the amount has been bifurcated into prior period capitalization, shown as restatement of Rs. 773.05 Crore. The Petitioner further submitted that the amount pertains to the assets were actually put to use but due to some constraints it was carried under CWIP till 2023-24.
- 2.8.3. However, the Petitioner has identified such assets after a detailed exercise and engagement of expert consultant and has capitalized this amount in FY 2024-25. Accordingly, the Petitioner claimed that, this capitalization is

considered as prior- period error under Indian Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors, as follows:

“Errors must be corrected retrospectively in the first set of financial statements approved for issue after their discovery.”

2.8.4. Method of Correction followed by the Petitioner:

1. Restate comparative amounts for the prior period(s) presented in which the error occurred.
2. If the error occurred before the earliest prior period presented, adjust the opening balances of assets, liabilities, and equity for the earliest period presented.

2.8.5. Hence, following the Method of Correction, the Petitioner has restated the earliest period presented i.e., FY 2023-24.

2.8.6. Further, in the Current Year the Petitioner has capitalized Rs. 50.42 Crore which is appearing in the Note 2 of the Audited Accounts under Current Year Capitalization.

2.8.7. Accordingly, the Petitioner has claimed a capitalization of Rs. 824.30 Crore in FY 2024-25 out of which Rs. 773.05 Crore pertains to prior period and Rs. 50.42 Crore for the Current Year. The auditor’s certificate from independent auditor with respect to the funding pattern of the above capitalization is also submitted by the Petitioner. The Scheme wise capitalization of prior period and current year as submitted by the Petitioner is tabulated below:

Table 25: Scheme Wise Details of Prior Period Capitalization (Claimed) for FY 2024-25

Restated Capital Expenditure- Scheme Wise				
Name of Scheme	Amount Capitalized	Grants	Loan	Equity
APDRP	199.09	199.09	0.00	0.00
RAPDRP	109.81	0.00	109.81	0.00
RGGVY	212.40	47.43	0.00	164.98
DDUGJY	2.85	2.76	0.00	0.10
IPDS	26.64	25.15	1.49	0.00
ADB	222.25	222.25	0.00	0.00
Total	773.05	496.68	111.30	165.08

Table 26: Scheme Wise Capitalization in Current Year (Claimed) for FY 2024-25

Current Capital Expenditure- Scheme Wise				
Name of Scheme	Amount Capitalized	Grants	Loan	Equity
ADB	46.60	46.60	0.00	0.00
Direct Capitalization	3.83	0.00	0.00	3.83
Total	50.42	46.60	0.00	3.83

Table 27: Scheme Wise Capitalization - Combined (Claimed) for FY 2024-25

Current Capital Expenditure- Combined				
Name of Scheme	Amount Capitalized	Grants	Loan	Equity
APDRP	199.09	199.09	0.00	0.00
RAPDRP	109.81	0.00	109.81	0.00
RGGVY	212.40	47.43	0.00	164.98
DDUGJY	2.85	2.76	0.00	0.10
IPDS	26.64	25.15	1.49	0.00
ADB	268.85	268.85	0.00	0.00
Direct Capitalization	3.83	0.00	0.00	3.83
Total	823.48	543.27	111.30	168.91

Respondents' submission this regard

2.8.8. BIA's Submission:

- a. BIA has objected before the Commission that MePDCL has claimed asset addition of Rs 824.30 crore and decapitalisation of Rs 0.83 crore for FY 2024-25; however, no supporting details, documentation, or scheme wise justification have been provided. Moreover, the claimed decapitalisation of Rs 0.83 crore is not reflected anywhere in Note 2, requiring clarification and reconciliation.
- b. BIA further argued that as per SOA Note 3, total deletion from CWIP (Rs 46.60 crore) and capital stock (Rs 22.57 crore) amounts to Rs 69.16 crore, whereas MePDCL has claimed capitalisation of only Rs 50.42 crore. No justification has been provided for the resulting discrepancy, which raises the following concerns:
 - i. The deletion amount of Rs 0.83 crore claimed in the petition does not appear in the audited accounts, and in this regard, BIA proposed that MePDCL must provide details of such deletion, including whether it pertains to the current year and the reason of absence of this figure in Note 2.
 - ii. MePDCL has not furnished nature of works, commissioning dates, or scheme-wise output associated with the capitalisation. In the absence of substantiating documents, the capital additions require detailed prudence check.
 - iii. MePDCL has not provided details of when the capitalised assets were put to use, or reasons for remaining under CWIP for several years.
 - iv. While the Commission had approved nil capitalisation in Tariff Order dated 06.06.2024, MePDCL has capitalised Rs 824.30 crore, indicating significant delays or preponement of schemes. Such shifts can

materially impact costs, and a scheme-wise status and spillover details must be furnished.

- c. BIA further objected against the delayed capitalisation of assets which are already put to use, and advised not to be passed on to the consumers and proposed that only the net depreciated value as on 01.04.2024 should be considered for regulatory purposes.
- d. BIA also highlighted that financial accounting under IndAS and regulatory accounting under cost plus principles differ. Even if IndAS permits retrospective restatement of fixed assets, the regulatory approach requires considering only the net asset value after adjusting accumulated depreciation, computed as:

Net Asset Value = OCFA – AD – CC, where

OCFA: Original Capital Cost,

AD: Accumulated Depreciation,

CC: Consumer Contribution

- e. BIA emphasised that under Regulation 29 of the MSERC MYT Regulations, 2014, Additional Capitalisation after COD is admissible only in select cases, such as undischarged liabilities, deferred works, change in law, court orders, procurement of initial spares, or essential works for efficient system operation, subject to prudence check. However, MePDCL has not established the eligibility of its capitalisation claims under any of these regulatory provisions.
- f. In view of the above, and in the absence of any supporting documents, BIA submitted that the Additional Capitalisation claim is not admissible. Allowing such claims would be contrary to Regulation 29 and inconsistent with established regulatory principles.

2.8.9. **PFI's Submission:**

- a. PFI observed that a significant portion of this capitalisation relates to GoI funded schemes, wherein assets are supported through grants. The delayed capitalisation of such assets raises concerns regarding operational efficiency, project monitoring, and timely accounts reconciliation by the DISCOM. PFI further submitted that the audited accounts provide only a single paragraph disclosure without detailing the grant, equity, and loan components of the capitalised assets or the basis for the delay.
- b. PFI further objected that sudden recognition of such a large quantum of capitalisation has direct implications on consumer tariffs, as it increases Return on Equity, Interest on Loan, and Depreciation. Therefore, the legitimacy and timing of this capitalisation must undergo detailed scrutiny.

- c. In view of the above, PFI requested the Commission to provisionally allow the capitalisation claimed by MePDCL, subject to physical verification of assets by the Commission to confirm the existence, utilisation, and eligibility of such assets for inclusion in the regulatory asset base.

Petitioner's Response to Respondent

2.8.10. Response to BIA:

- a. The Petitioner clarified that the scheme-wise breakup as well as the asset class-wise details of the additional capitalization were duly furnished along with the Petition, supported by the statutory auditor's certification. Further, in compliance with the directions of the Hon'ble Commission, MePDCL has also submitted the detailed list of assets capitalized during the year, duly certified by the auditor, thereby ensuring complete transparency.
- b. With respect to the deletion of Rs 0.83 crore, the Petitioner clarified that the restated capitalization figures for FY 2023-24, as disclosed under Note 2 of the Accounts, already include the impact of both additions and deletions. Due care has therefore exercised to reflect asset deletions appropriately for ARR determination.
- c. The Petitioner also submitted that the complete list of capitalized assets, including the year of capitalization, has been uploaded on the Corporation's website for public access.
- d. The Petitioner has further stated that while there may have been delays in capitalization over the years, the Objector has overlooked the fact that grants corresponding to these assets were consistently considered by the Commission up to the True Up of FY 2021-22.

2.8.11. Response to PFI:

- a. The Petitioner submitted that the claim made towards the additional capitalization has been duly substantiated with the scheme wise asset wise breakup certified by the Auditor along with the funding pattern. However, the Petitioner confirmed that it can share any kind of additional information or physical verification if required by the Commission.

Commission's Analysis

- 2.8.12. The Commission vide First Additional Information dated 13.01.2026, has directed the Petitioner to furnish the detailed breakup of asset-wise and each line item-wise breakup of 'additions and deletions' from the Gross Fixed Assets (GFA) for FY 2024-25 for ensuring proper governance, transparency and accurate reporting of financial and operational management of fixed assets.

Additional Capitalization Claimed by MePDCL – Rs. 824.30

Deletion Claimed by MePDCL - Rs. 0.83

Net Capitalization - Rs. 823.47

- 2.8.15. The Commission sought the detailed item wise breakup of Asset Addition for prior period of Rs 773.05 Cr and Current year of Rs 50.42 Cr along with Auditor certificate and other supporting documents like (i) Original Board approval and / or Government approval, (ii) Detailed Project Report, (iii) Fund deployment details, (iv) Certificate of Authorised signatory for completion of the projects, (v) Detailed Financing of the schemes and (vi) Any cost benefit analysis for these projects etc. However, the Petitioner didn't respond to this query, rendering it non-compliant due to violation of the Commission's query.
- 2.8.16. Further, the Petitioner didn't respond to the Commission regarding the query on details of its capital expenditure wherein insurance has been claimed along with necessary supporting documents, duly certified by Auditor for FY 2024-25.
- 2.8.17. The Commission observed that 'Additions during the year' amounting Rs 357.79 Cr, 'Conversion During the Year' amounting of Rs 46.60 Cr and Adjustments amounting Rs (-4.23) Cr have been booked in below mentioned schemes as per Note 3.2 of Financial Statements of FY 2024-25,

Table 28: Commission's observation on Adjustment of CWIP for FY 2024-25

CWIP	Additions during the year (in Rs)	Adjustments (in Rs)	Conversion During the Year (in Rs)
IPDS (Integrated Power Development Scheme)	37,68,084.53	-	-
Asian Development Bank	1,27,81,91,670	-	46,59,50,201
Others	-	(2,51,33,162)	-
RDSS	2,29,59,56,707	(1,71,95,224)	-
Total	3,57,79,16,462	(4,23,28,386)	46,59,50,201

In this regard, the Commission vide First Additional Information, has directed the Petitioner to clarify the rationale for this accounting treatment, along with appropriate justification and an auditor's certificate. Additionally, the Petitioner was also directed to clarify the Others Scheme under CWIP along with substantiating documents.

In response, the Petitioner has submitted the following:

1. Additions during the year (Rs. 357.79 Crore):

Note 3.2 provides scheme-wise details of capital expenditure incurred during the current financial year. These represent actual additions to Capital Work-in-Progress (CWIP) during the year and have been properly classified.

2. Conversion during the year (Rs. 46.60 Crore):

The amount represents conversion of CWIP into completed assets during the year. These amounts have been capitalised under the appropriate fixed asset heads upon completion of the respective schemes.

3. Adjustments (Rs. -4.23 Crore):

Adjustments shown in the note relate to book entries having the effect of increasing or decreasing CWIP. These primarily pertain to reclassification of entries passed in earlier years for appropriate presentation and better disclosure in the financial statements. Such adjustments ensure correct scheme-wise allocation and proper financial reporting.

The Commission notes that the Petitioner has failed to respond to the query regarding the clarification of the Others Scheme under CWIP with proper justification and supporting documentation

Further, the Commission directs the Petitioner to maintain all necessary data pertaining to CWIP Movement, Capital stock, Asset addition in accordance with proper Accounting Norms and submit the detailed reconciliation. It is relevant to note that failure by the Petitioner to submit the relevant data, as asked vide First Additional Information requirement dated 13.01.2026, prior to submission of next petition, shall be deemed to be a violation of the Commission directives.

- 2.8.18. The Commission has noticed that Note 3 (CWIP) of the Financial Statement (FS) for FY 2024-25 indicates that Rs 64.93 Cr has been adjusted (in total) under 'Adjustments' and 'Deductions/ Adjustments during the year' of Note 3 (Capital Work-In-Progress), whereas Note 2(PPE) of FS reflects an addition of Rs 50.42 Cr. In light of this, the Commission vide First Additional Information dated 13.01.2026 had directed the Petitioner to justify this difference and provide the reconciliation of the amounts.

In reply of the above query, the Petitioner submitted that the apparent difference between the adjustment shown in Note 3 (CWIP) and the additions reflected in the Fixed Assets schedule is reconciled as under:

1. Adjustment in CWIP – Rs. 64.93 Crore

The total adjustment of Rs. 64.93 Crore in CWIP includes:

- CWIP converted to Fixed Assets: Rs. 46.60 Crore
- Capital Stock adjustment: Rs. 22.56 Crore
- Other adjustments: Rs. (4.23) Crore

The Petitioner further highlighted that:

- Capital Stock represents materials purchased for execution of capital works and deposit works. These do not constitute fixed assets by themselves but are inventory items meant for consumption in capital projects.
- Therefore, deduction/adjustment of Capital Stock (Rs. 22.56 Crore) and other book adjustments (Rs. 4.23 Crore) do not result in addition to fixed assets.

Addition in Fixed Assets – Rs. 50.42 Crore

The addition of Rs. 50.42 Crore in the Fixed Assets schedule comprises:

- Rs. 46.60 Crore – Assets capitalised out of CWIP conversion during the year
- Rs. 3.52 Crore – Assets directly purchased and capitalised during the year

In light of the above, the Petitioner claimed that the CWIP adjustment of Rs. 64.93 Crore includes items other than asset capitalisation (i.e., capital stock and reclassification adjustments). Only the portion relating to actual capitalisation of completed works is reflected as addition in Fixed Assets. Accordingly, Fixed Assets addition of Rs. 50.42 Crore correctly represents:

- Conversion from CWIP Rs 46.60 crore, and
- Direct asset purchases during the year Rs 3.52 Crore.

2.8.19. The Commission, vide First Additional Information Requirement dated 13.01.2026, asked the Petitioner to submit the details of Capital Stock in CWIP (Rs 47.36 Cr vide Note 3) and its movement. In reply, the Petitioner stated that the capital stock is not directly impacting the tariff computation. However, it is pertinent to mention that the accurate detailed response has not been submitted by the Petitioner.

2.8.20. The Commission based on above submissions and Auditor Certificates decides to allow the Prior Period Additional Capitalization of Rs 773.05 Cr as

one-time exception and directs the Petitioner to maintain its Audited Accounts with proper accounting methodology without any further error.

2.8.21. Further, the Commission observed that Rs 23.66 Cr booked under the line item of “Lines and Cables” of ‘Repair and Maintenance Expense’ are mostly regarding the ‘Tower Poles, Fixtures, Overhead Conductors & Devices’ and ‘Metering Equipment’, which are generally CAPEX in the nature. Hence, the said amount has been disallowed from R&M Expenses and allowed under the Additional Capitalization of Gross Fixed Asset under the line item of “Lines and Cable Network”.

2.8.22. In line with the Commission’s approach in previous true-up Orders, the closing Gross Fixed Assets (GFA) as approved in the preceding True-Up Order, amounting to Rs. 1,495.81 Crore for the FY 2023-24 has been considered as the opening balance for FY 2024-25. The Petitioner has reported addition of Rs. 823.48 Crore during the FY 2024-25 including the prior period capitalization. The Commission allows the opening GFA and considers the Disposals/ Deduction in line with Auditor Statement and Statement of Accounts for FY 2024-25. Accordingly, the Commission has computed the closing GFA for the year, consistent with the Statement of Accounts submitted by the petitioner. The asset wise breakup for True up Order of FY 2024-25 as considered by the Commission is given below.

Table 29: Approved Gross Fixed Asset for FY 2024-25

(in Rs. Crs)

Sl. No.	Particulars	Value of Assets at the beginning of the year (01.04.2024)	Additions during the year	Disposals and/ or Deductions during the year	Asset Value at the end of the year (31.03.2025)
1	Land	2.14	0.00	-	2.14
2	Buildings	45.28	70.03	-	115.31
3	Plant and Equipment	224.52	110.19	-	334.71
4	Furniture and Fixtures	0.99	0.18	-	1.17
5	Vehicles	0.76	1.49	-	2.25
6	Office equipment	3.86	14.90	-	18.76
7	Others				
7a	Hydraulic Works	0.09	-	-	0.09
7b	Other Civil Works	3.05	(0.74)	-	2.31
7c	Lines and Cable Network	1,215.12	544.26	-	1,759.38
8	Intangible Assets	-	106.84		106.84
9	Total	1495.81	847.14	-	2,342.95

2.8.23. **The Commission approves Closing GFA of Rs. 2,342.95 Crore for True up of FY 2024-25 for MePDCL.**

2.8.24. The Commission directs that in the event of any excess claim with respect to Additional Capitalization during the True-Up (TU) for FY 2025-26 compared to the amounts approved in the Business Plan/Tariff Order for the control period, the Petitioner shall be required to submit the detailed Scheme wise

status of the Assets and a valid justification along with requisite documentation. Accordingly, the Commission shall undertake a thorough prudence check and the Commission will admit the costs based on the outcome of such assessment. The Commission hereby also directs that, the Petitioner shall prioritize execution of works in line with Business Plan approved.

- 2.8.25. The Commission directs the Petitioner should submit the Performance Highlights in terms of Infrastructure Enhancement to improve the performance and cater to the growing demand of the consumers in an efficient manner. Further, the Investment plan projected for construction of Distribution lines and substations should be executed as approved by the Commission.
- 2.8.26. The Commission also directs the Petitioner to prioritize the execution of works for which Govt. grants and contributions are available with the Petitioner under ongoing / new schemes. If there is any delay/Spillover of the schemes for Construction/Upgradation of Distribution lines, substations and other infrastructures, then the Petitioner should submit a relaxation request application to the Commission with valid justifications and the Commission will with due cognizance take the decision of approval.
- 2.8.27. The Commission has further directed the Petitioner to audit its balance sheet as per proper Accounting Methodology so that the yearly basis continuous dispute related to 'Assets transferred from CWIP' not aligned with 'Addition in GFA' during the year can be settled once and for all. The Petitioner is also directed to provide a detailed 'Asset class wise' and 'Item wise' reconciliation of 'CWIP' and 'GFA addition' during the submission of True-Up petition for subsequent years.
- 2.8.28. The Commission additionally directs the Petitioner, to provide Asset class wise and Itemized "Funding Pattern" of 'Capex', 'Capitalization' and 'Decapitalization' during the year with details of 'Name of the scheme' and corresponding work done under the scheme, during the submission of True-Up petition of the subsequent year, along with Auditor's certificate, for ensuring proper governance and transparency in tariff determination.
- 2.8.29. The Commission further states that under Capital work in progress (CWIP) Ageing Schedule a large amount of fund is still under CWIP for a long period. The Commission directs the Petitioner to submit the proper justification of pending amount under CWIP with Auditor Certificate and if there is any legacy issue under CWIP Aging schedule that be settled at the earliest.

The Commission, in addition to the above, directs the Petitioner to take necessary action in order to ensure that there is an early capitalization of the assets which are lying in CWIP for more than 1 year and also the assets which are lying in CWIP for more than 3 years and a suitable justification should be

submitted by the Petitioner prior to filling of the petition of the subsequent year.

- 2.8.30. The Petitioner is further directed to submit project wise CWIP details along with project starting date at the time of true-up.
- 2.8.31. The Commission directs the Petitioner to conduct the Third-Party Physical Verification of its assets and submit the report of the same with the Commission for its consideration.

2.9. Grant Adjustment and Funding Pattern

Petitioner's Submission

- 2.9.1. The Petitioner has submitted that the methodology considered by the Commission in deciding the true up of FY 2022-23 and FY 2023-24 has been strictly considered for the treatment of the capital structure and funding pattern (i.e. grants, consumer contribution, equity, loan) and the fixed cost components such as depreciation, interest on loan and return on equity.
- 2.9.2. However, the Petitioner further submitted that out of the grants of Rs. 543.27 Crore in the funding pattern shown in the previous section, the grant of Rs. 296.76 Crore has been considered in the addition of grants. The reason behind this deviation is that the grants related to APDRP were received before FY 2012-13 and Grants related to RGGVY were received from the period 2012-13 to 2018-19. The auditor certificate with respect to year wise grants received is attached with the petition. The Petitioner also claimed that, since the Commission has been considering the entire grants available in the books of accounts irrespective of capitalization till FY 2021-22, the same has already been considered in the opening balance of grants of FY 2022-23.
- 2.9.3. Accordingly, the Petitioner has submitted the Movement of Grants and Funding Pattern as shown in the table below:

Table 30: Movement of Grants and Funding Pattern (Claimed) for FY 2024-25

(in Rs. Crs)

Particular	Approved in True Up of FY 2023-24	Approved in Tariff Order of FY 2024-25	Claimed in True Up 2024-25
GFA			
Opening GFA	1491.6	2090.32	1495.81
Addition During the Year	4.21	242.13	824.30
Deletion During the Year	0.00	0.00	0.83
Closing GFA	1495.81	2332.45	2319.29
Average GFA	1493.70	2211.39	1907.50
Grants			
Opening Grants	1378.31	1857.28	1382.35
Add Cap Funded By Grants	4.04	193.71	296.76
Closing Grants	1382.35	2050.99	1679.11

Particular	Approved in True Up of FY 2023-24	Approved in Tariff Order of FY 2024-25	Claimed in True Up 2024-25
Average Grants	1380.33	1954.13	1530.73
Addition of Fresh Loan for CY Add Cap	0.12	33.89	368.70
Addition of Equity for CY Add Cap	0.05	14.53	158.02

2.9.4. The Petitioner has requested the Commission to accept the methodology proposed by it for capital structuring and calculation of subsequent components depending on the capital structure.

Respondents' submission in this regard

2.9.5. **BIA's submission:**

- a. BIA has submitted that MePDCL has claimed a closing grant balance of Rs 1,679.11 crore as on 31.03.2025, with grant additions of Rs 296.76 crore during FY 2024-25. However, the audited financial statements reflect a total grant balance of only Rs 1,624.76 crore, comprising: Rs 1,475.77 crore under Note 17 (Government Grants), and Rs 148.99 crore under Note 23 (Deferred Government Grant). This results in a difference of Rs 54.35 crore between the petitioned amount and audited accounts.
- b. BIA further contended that the grant addition during the year, as per the Audited Statement of Accounts, is Rs 283 crore, whereas Annexure-D to the petition indicates total grants of Rs 543.27 crore for various schemes. Despite this, MePDCL has claimed only Rs 296.76 crore as additional grant in the petition.
- c. In view of the above discrepancies in (i) opening and closing grant balances, (ii) grant additions during the year, and (iii) grant figures between Statement of Accounts and annexures filed, BIA requested the Commission to direct MePDCL to furnish complete reconciliation.

2.9.6. **PFI's submission:**

- a. PFI raised the same type of objection related to difference in Audited certified grant (Rs 543.27 crore) and the amount which has been considered by the Petitioner (Rs 296.76 crore). Therefore, PFI requests the Hon'ble Commission to consider the full grant amount of Rs 543.27 crore for capitalisation purposes, instead of the reduced figure claimed by MePDCL.
- b. PFI further observed that MePDCL has been receiving grants in a timely manner under Central Government schemes specifically for creation of fixed assets. However, MePDCL has not capitalised these assets in corresponding years despite having received the grant, thereby delaying both capitalization and corresponding accounting entries. This delay

inflates the capitalisation in FY 2024-25 and has direct implications on tariff through higher RoE, Interest on Loan, and Depreciation.

MePDCL's response to Respondent's submissions

- 2.9.7. The Petitioner (MePDCL) stated that, consistent with the methodology approved by the Hon'ble Commission in the True Up Orders for FY 2022-23 and FY 2023-24, the capital structure and funding pattern have been aligned strictly with prior regulatory practice.
- 2.9.8. The Petitioner further declared that out of the total grants of Rs 543.27 crore, only Rs 296.76 crore has been considered as grant additions because a substantial portion of the grants, specifically those pertaining to APDRP (received prior to FY 2012-13) and RGGVY (received during FY 2012-13 to FY 2018-19), had already been accounted for in the opening grant balance. MePDCL further submitted that, since the Commission had consistently considered the entire grant balance available in the books, irrespective of capitalization, up to the True Up of FY 2021-22, the earlier received grants have already been factored into the regulatory opening position. Reconsidering the same grants again would lead to double deduction, which would distort the computation of capital cost and related ARR components. The auditor certified year wise grant details have also been submitted along with the petition.
- 2.9.9. The Petitioner has submitted that the entire grants available in the books of accounts cannot be considered for tariff as the grants only towards capitalized assets can be considered for the purpose of tariff. Hence, there might be some grants towards which the works are still under progress which are not relevant for Tariff.

Commission's Analysis

- 2.9.10. As per the extant MSERC (MYT) 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.
- 2.9.11. In this context, the Commission has observed that in the present Petition, the Petitioner has furnished the Auditor Report for demonstrating the Assets funded through Grants, Loan and Equity for the additional capitalization claimed for FY 2024-25.
- 2.9.12. However, the asset class wise and scheme wise detailed bifurcation of Grant remaining under CWIP and under fixed asset with documentary evidence of Govt. Order and Auditor certificate for the grant schemes had not been submitted the Petitioner. Accordingly, vide First Additional Information Requirement dated 13.01.2026, the Commission asked the Petitioner to submit the above information in a prescribed format, but the Petitioner in

response submitted that the compilation of the information is still under process and thereby did not provide the required details.

- 2.9.13. In First Additional Information Requirement dated 13.01.2026, the Commission sought the clarification of the mismatch of the information between Grant figures of Note 17 (Rs 1,475.77 crore) and Note 17.1 (Rs 1,624.76 crore) of Financial Statement.

In reply, the Petitioner submitted that the apparent difference arises due to the classification between Current Rs. 148.99 Crore (Note 24) and Non-Current portions of the grant liability Rs. 1475.77 Crore (Note 17), in line with the disclosure requirements of IND AS 20 – Accounting for Government Grants. Further provided the following:

- Note 17.1 Rs. 1624.76 Crore → Total Grant to be amortised.
- Note 17 (Rs. 1475.77 Crore) → Non current portion only.
- Note 24 (Rs. 148.99 Crore) → Current portion to be amortised within one year.

Accordingly, the Petitioner stated that, the total grant to be amortised Rs. 1624.76 Crore represents Rs. 1475.77 Crore Non-current portion to be amortised and Rs. 148.99 Current portion to be amortised within one year. The figures are consistent and compliant with the applicable accounting standards, with no misstatement involved.

- 2.9.14. The Commission observed the opening grant considered by the Petitioner equal to the closing grant approved by the Commission for FY 2023-24 is Rs 1,382.35 Cr., but the opening grant vide Note 17.1 of Financial Statement is Rs 1,387.14 Cr. In this regard, vide First Additional Information dated 13.01.2026, the Petitioner was directed to clarify this discrepancy.

In reply, the Petitioner submitted that the Commission while issuing the Order for True Up of FY 2022-23 has restricted the grants to the GFA and hence the grants in regulated asset base and grants as per the accounts are liable to be difference as the accounts also has the grants pertaining to the works which are under CWIP.

- 2.9.15. The Commission has prudently checked the above clarifications and Auditor certificates submitted by the Petitioner. Accordingly, the Commission noticed that there is a difference between the Grant funded additional capitalization that the Petitioner considered (Rs 296.76 Cr) and the amount certified by the Auditor (Rs 543.27 Cr). In justification, the Petitioner admitted that out of Rs 543.27 Cr grant, Rs 246.51 Cr grant had already been considered by the Commission in the earlier True-Up Orders, while considering the entire grants available in the books of accounts irrespective of capitalization till FY 2021-22.

- 2.9.16. In this context, the Commission clarifies that at the time of consideration of “Opening grant” of FY 2022-23” during the time of True-Up, the Commission

had disallowed Rs 176.60 Cr from the Closing grant of FY 2021-22. The principle set out by the Commission, vide True-Up Order for FY 2022-23 dated 18.10.2024 in case no. 36 of 2023, is reproduced below:

“Since the closing grant in commissioned assets for FY 2021-22 cannot be more than the approved closing GFA, so according the same is restricted to Rs 1010.19 Cr instead of Rs 1186.79 cr. And the same is thereafter used as opening grant for FY 2022-23.”

2.9.17. Hence, the Commission is of the view that Rs 473.36 Cr grant (Rs 176.60 Cr + Rs 296.76 Cr grant) should ideally be considered while allowing the Additional capitalization funded through grant during FY 2024-25. However, the Petitioner failed to submit the Scheme wise bifurcation of the Grant for ‘Asset class wise’ and ‘Line-item wise’ reconciliation of remaining Rs 69.91 Cr grant (Rs 543.27 Cr – Rs 473.36 Cr). Hence, the Commission considers the entire Rs 543.27 Cr grant as certified by the Auditor. In addition to the above, as per response of First Additional Information Requirement submitted by the Petitioner, Rs 3.11 Cr of consumer contribution is also being considered under the head of “Add Cap funded through Grant” for FY 2024-25. Accordingly, the Commission approves total Rs 546.38 Cr grant in the Additional Capitalization.

2.9.18. With a view to ascertain the exact amount of grant across each of the operational projects, for the current context, the Commission has decided to follow the following principle to determine 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 equal to 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 its 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 True-up Petition (duly certified by Auditor), 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 each commissioned asset is derived by adding the opening grant as considered in step-1 & the additional capitalization executed through grants 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, as per regulatory norms.

2.9.19. The grant fund considered by Commission is tabulated below;

Table 31: Approved Grant Adjustment for FY 2024-25

Sl. No	Particular	True up for FY 2023-24 (Approved by Commission) (Rs Cr)	True-Up for FY 2024-25 (Approved by Commission) (Rs Cr)
	Gross Fixed Asset (GFA)		
1	Opening GFA	1491.60	1495.81
2	Addition to GFA	4.21	847.14
3	Deduction from GFA	0.00	0.00
2	Closing GFA	1495.81	2342.95
3	Average GFA	1493.71	1919.38
	Grant		
4	Opening Grant	1378.31	1382.35
5	Add Cap funded through Grant	4.04	546.38
6	Closing Grant	1,382.35	1,928.73
7	Average Grant	1380.33	1655.54
8	Addition of fresh loan for current year add-cap (Sl. No.2- Sl. No.5) * 70%	0.12	210.53
9	Addition of fresh equity for current year add-cap (Sl. No.2- Sl. No.5) * 30%	0.05	90.23

2.9.20. **The Commission considers an average capitalized grant of Rs 1655.54 Cr. for the True Up Order for the period FY 2024-25.**

2.9.21. The Commission further directs the Petitioner to henceforth provide (during the submission of True-Up petition) Scheme wise and Asset Line-Item wise amount of Grant funding (including both Government Grant and Consumer Contribution) received and Grant utilization status, detailing the utilized and unutilized amounts on a project-wise and scheme-wise basis, duly certified by Auditor (in a proper format with accurate figures) along with copy of signed Government Grant Orders.

2.9.22. The Commission also directs the Petitioner to conduct the Third-Party Physical Verification of its assets for preparation of a consolidated digitalized Fixed Asset Register (FAR) duly reconciled by Third-Party Auditor at the earliest prior to submission of the Next True-Up Petition and submit the report of the same with the Commission for its consideration.

2.10. Depreciation

Petitioner's Submission

2.10.1. The Petitioner has submitted that the depreciation has been computed as per the methodology adopted by the Commission in the previous true ups.

Further the opening balance of GFA has been considered as per the GFA approved by the Commission in the Order dated 24/03/2025 in Case No. 06 of 2024 in true up of 2023-24. The calculation of depreciation as shared by the Petitioner is tabulated below.

Table 32: Calculation of Depreciation (Claimed) for 2024-25

Asset Details	As on 1st April 2024 (Rs Cr)	Additions (Rs Cr)	Disposals / deductions (Rs Cr)	As on 31 st March 2024 (Rs Cr)	Average GFA (Rs Cr)	90% of Average GFA	Depreciation Rate	Depreciation (Rs Cr)
Land	2.14	0.00	0.00	2.14	2.14	1.93	0.00%	0.00
Buildings	45.28	70.03	0.00	115.31	80.29	72.26	3.34%	2.41
Plant and Equipment	224.52	110.19	0.00	334.71	279.61	251.65	5.28%	13.29
Furniture and Fixtures	0.99	0.26	-0.08	1.33	1.16	1.04	6.33%	0.07
Vehicles	0.76	1.49	0.00	2.25	1.51	1.35	9.50%	0.13
Office equipment	3.86	14.90	0.00	18.76	11.31	10.18	6.33%	0.64
Others								
Hydraulic Works	0.09	0.00	0.00	0.09	0.09	0.08	5.28%	0.00
Other Civil Works	3.05	0.00	-0.74	3.79	3.42	3.08	3.34%	0.10
Lines and Cable Network	1215.12	520.60	0.00	1735.72	1475.42	1327.88	5.28%	70.11
Intangible Assets	0	106.84	0.00	106.84	53.42	48.08	15.00%	7.21
Total	1495.81	824.30	-0.83	2320.94	1908.37	1717.54		93.97
Rate of Depreciation								5.47%
90% of Average Grants								1377.66
Depreciation on Grants								75.38
Claim of Depreciation								18.60

2.10.2. The Petitioner has requested the Commission to allow the depreciation of Rs. 18.60 Cr for FY 2024-25.

Respondents' submission in this regard

2.10.3. BIA's submission:

- a. BIA has argued citing Regulation 33 of MYT Regulation that the depreciation rate should be computed based on 90% of GFA (excluding land), as per MYT Regulations, 2014, because including 90% of land value results in an artificially lower depreciation rate which is inconsistent with regulatory provisions and accordingly recalculated the rate of depreciation is 5.48%. BIA has further objected that for the spread over of depreciation over the balance useful life of the assets after 12 years, as the Petitioner has failed to provide any details.
- b. BIA has contended that as the Petitioner is unable to submit the reconciliation of grant balances with the audited accounts, which that must be reconciled before depreciation can be prudently assessed.
- c. BIA raised the objection against the Petitioner's claim of depreciation after deducting capital grants, wherein the Petitioner highlighted that for North Eastern States, 90% of the project cost is funded through Government of India grants, and the remaining 10% State Government share is interest free with no defined repayment tenure. Such loans, particularly those under RAPDRP-A & B, are effectively in the nature of grants. Therefore, BIA apprehended that there must be many assets which have no equity infusion or conventional loan financing attributable to MePDCL.
- d. In light of the above, BIA urged for a prudence check for each asset on which depreciation has been claimed to determine whether any equity or loan was actually infused by MePDCL before allowing depreciation. Therefore, BIA requested to undertake a scheme-wise and asset-wise verification, ensuring that depreciation is allowed only on assets funded through actual investment made by MePDCL.

2.10.4. PFI's Submission:

- a. PFI highlighted the discrepancy in grant consideration (considered Rs 297 Cr vs Auditor certified Rs 543.27 crore) and the delay in capitalisation is attributable to MePDCL's inefficiency rather than timing of grant receipt. Further PFI requested the Commission that the differential impact arising due to MePDCL's delay in capitalisation should not be passed on to consumers.
- b. PFI has recomputed depreciation by applying the same Weighted Average depreciation Rate, but correcting the grant deduction in line with the actual grant utilisation reflected in Table 11 and proposed the depreciation at Rs 12.53 Cr instead of Rs 18.60 Cr as submitted by Petitioner.

MePDCL's response to Respondent's submissions

2.10.5. Response to BIA:

- a. The Petitioner reiterated that the rationale for considering a lower grant amount vis-à-vis the funding pattern has already been detailed in the preceding paragraphs as well as in the Petition and claimed that it has strictly followed the same methodology adopted in previous True-Up Orders without any deviation.
- b. With respect to the Objector's suggestion that the balance depreciation should be spread over the remaining useful life of each asset, MePDCL clarified that such an approach is not practically feasible for the distribution business, given the existence of thousands of assets and the fact that tariff is determined on an aggregate company wide basis rather than on an asset specific basis
- c. Further the Petitioner has claimed that it had not included land in the computation of depreciation as the depreciation rate for land is 0%. Moreover, as per Petitioner's claim, the inclusion of land within the GFA is necessary for computing the weighted average depreciation rate. Omitting land from GFA would artificially inflate the depreciation rate, as demonstrated by the Objector's own calculation.
- d. Further, the Petitioner has mentioned that the explanation signifies no deviation in 'depreciation' computation and its treatment of land within the GFA is in line with the settled regulatory methodology, adopted by the Commission in the preceding True-Up Orders.

2.10.6. Response to PFI:

- a. The Petitioner reiterated that the differential treatment of grants has been fully justified, supported by auditor-certified year-wise details, and is entirely consistent with the methodology previously approved by the Commission up to the True-Up of FY 2021-22.
- b. Further, the Petitioner respectfully submitted that the explanations regarding the Grant clarifications furnished under relevant section may be considered as its complete response on the matter and requested the Commission to compute Depreciation in line with the treatment of grants as claimed in the Petition.

Commission's Analysis

- 2.10.7. The Commission considers the Opening Capital Cost in line with the True-Up Order for FY 2023-24 dated 24.03.2025 in Case No. 6 of 2024.

2.10.8. The Commission observed that the Petitioner has claimed the depreciation of Rs. 18.60 crore after adjusting the Amortization of 90% average grant of Rs. 1377.66 Crore at a Depreciation rate of 5.47%.

2.10.9. As per the Regulation 33 of MSERC Regulations 2014:

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

a) 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.***

....

c) 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.

Provided that land is not a depreciable asset and its cost shall be excluded from the capital cost while computing the historical cost of the asset

.....”

<Emphasis added>

2.10.10. Accordingly, the Commission has observed that the Govt. Grants and contributions are infused under the Additional Capitalization during the year FY 2024-25 is Rs. 546.38 Cr and Opening Grant available with the Petitioner has been considered as Rs 1382.35 Cr, as detailed out in respective section of Grant Adjustment of this Order. Based on the asset wise Depreciation Rate, the Commission has determined the Gross Depreciation over 90% of the Average Asset. Moreover, the Commission has computed the Amortization of “Consumer contribution and Grants” on the basis of the calculated ‘Weighted Average Rate of Depreciation’ as 5.48% for FY 2024-25 and deducted 90% of Amortization of Grants from the Gross Depreciation and accordingly, the Net Depreciation approved by the Commission for FY 2024-25 is as follows;

Table 33: Approved Computation of Depreciation for FY 2024-25

Asset Details	Opening GFA (Rs Cr)	Additions (Rs Cr)	Retirements (Rs Cr)	Closing GFA (Rs Cr)	Average GFA (Rs Cr)	90% of GFA (Rs Cr)	Depreciation Rate	Amount of Depreciation (Rs Cr)
Land	2.14	0.00	-	2.14	2.14	0.00	0.00%	0.00
Buildings	45.28	70.03	-	115.31	80.29	72.26	3.34%	2.41
Plant and Equipment	224.52	110.19	-	334.71	279.61	251.65	5.28%	13.29
Furniture and Fixtures	0.99	0.18	-	1.17	1.08	0.97	6.33%	0.06
Vehicles	0.76	1.49	-	2.25	1.50	1.35	9.50%	0.13
Office equipment	3.86	14.90	-	18.76	11.31	10.18	6.33%	0.64
Others								
Hydraulic Works	0.09	0.00	-	0.09	0.09	0.08	5.28%	0.00
Other Civil Works	3.05	-0.74	-	2.31	2.68	2.41	3.34%	0.08
Lines and Cable Network	1215.12	544.26	-	1759.38	1487.25	1338.53	5.28%	70.67
Intangible Assets		106.84		106.84	53.42	48.08	15.00%	7.21
Total	1495.81	847.14	0.00	2342.95	1919.38	1725.51		94.51
Average assets				1919.38				
Rate of Depreciation							5.48%	
Opening Grant	1382.35							
Grant Capitalized during the Year		546.38						
Closing Grant				1928.73				
Average Grants in GFA					1655.54			
90% of Average Grant in GFA						1489.99		
Less : Depreciation on 90% of Avg. Grants and contributions								81.61
Net Depreciation for the year								12.90

2.10.11. **The Commission approves Depreciation of Rs. 12.90 Crore for the True up period of FY 2024-25 for MePDCL.**

2.10.12. The Commission further directs the Petitioner to submit Asset class wise and Item wise Cumulative depreciation during the submission of Petition henceforth.

2.11. Return on Equity

Petitioner's Submission

2.11.1. The Petitioner has submitted that it has calculated the Return on Equity (RoE) in line with the provisions of Regulation 27 of the 2014 Tariff Regulations and the capital structure presented in Table 12 of the petition and the methodology adopted by Hon'ble Commission in True Up of FY 2022-

23 and FY 2023-24. The calculation of Return on Equity as submitted by the Petitioner is tabulated below:

Table 34: Return on Equity (Claimed) for FY 2024-25

Particulars	Approved in True Up of FY 2023-24 (Rs Cr)	Approved in Tariff Order of FY 2024-25 (Rs Cr)	Claim in True Up of FY 2024-25 (Rs Cr)
Opening GFA	1491.60	2090.32	1495.81
Addition	4.21	242.13	824.30
Retirement	0.00	0	0.83
Closing GFA	1495.81	2332.45	2319.29
Average GFA	1493.71	2211.39	1907.55
Less: Average Grants	1380.33	1954.14	1530.73
Net Average Assets Not Funded Through Grants	113.38	257.25	376.82
Average 70% Debt Component	79.36	180.08	263.77
Average 30% Equity Component	34.01	77.18	113.05
Rate of Return on Equity	14.00%	14.00%	14.00%
Return on Equity	4.76	10.80	15.83

2.11.2. The Petitioner requested the Commission to allow Return on Equity of Rs. 15.83 Cr for FY 2024-25.

Respondents' submission in this regard

2.11.3. PFI reiterated that grants under Central Government schemes were received on time, and the delay in capitalising these assets lies with MePDCL. Therefore, PFI re-computed the Return on Equity of at Rs 10.65 Cr, after correcting the grant deduction in consideration of Rs 1,653.99 Cr of Average grant.

2.11.4. In light of the above, PFI recommended that any differential impact arising from MePDCL's delay in asset capitalisation should not be passed on to consumers, but may be borne by the Government of Meghalaya in the form of subsidy.

MePDCL's response to Respondent's submissions

2.11.5. The Petitioner respectfully submitted that the explanations regarding the Grant clarifications furnished under relevant section may be considered as its complete response on the matter and requested the Commission to compute Return on Equity in line with the treatment of grants as claimed in the Petition.

Commission's Analysis

2.11.6. The Commission has observed that the Petitioner has claimed the Return on Equity of Rs. 15.83 crore which is basically based on apportionment methodology the Petitioner followed on its Capital Structure and the

proportion of Opening GFA as approved in previous True-Up Order dated 24.03.2025.

- 2.11.7. The Return on Equity shall be computed as per Regulation 31 read with Regulation 27 of Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014. The relevant Regulations 33 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%.

....”

<Emphasis added>

- 2.11.8. Further, Regulation 27 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following,

“27 Debt-Equity Ratio

27.1 For a project declared under commercial operation on or after 1.4.2015, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan;

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff.

Provided further that equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

Provided any grant obtained for execution of the project shall not be considered as a part of capital structure for the purpose of debt-equity ratio.

.....”

<Emphasis added>

- 2.11.9. 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 respective section of this Order. The approved equity and RoE for FY 2024-25 is as follows,

Table 35: Approved Return on Equity for FY 2024-25

Particulars	Amount (Rs Cr)
Opening GFA	1,495.81
Addition	847.14
Retirements	-
Closing GFA	2,342.95
Average GFA	1,919.38
Less: Average Grants	1,655.54

Particulars	Amount (Rs Cr)
Net Average Asset (not funded through grants)	263.84
Average 70% Debt component	184.69
Average 30% Equity component	79.15
Rate of Return on Equity (%)	14%
Return on Equity @ 14%	11.08

2.11.10. **The Commission approves Return on Equity of Rs. 11.08 Crore for the True up period of FY 2024-25 for MePDCL.**

2.12. Interest on Loan

Petitioner's Submission

2.12.1. The Petitioner has submitted that Interest on loan has been computed as per the provisions of Regulations 27 and Regulation 32 of the MSERC (MYT Regulation) 2014 and the Petitioner has computed the weighted average rate of interest on the actual loans as represented in the table below:

Table 36: Computation of Weighted Average Rate of Interest (Claimed) for FY 2024-25

(in Rs. Crs)

Particular	RAPDRP-A	RAPDRP-B	PFC 325 Cr.	State Government	IPDS
Opening Balance	12.19	104.06	171.38	175.45	4.44
Addition	0	0	0.00	0	0
Repayment	0	0	46.43	0	4.44
Closing Loan	12.19	104.06	124.95	175.45	0.00
Average Loan	12.19	104.06	148.17	175.45	2.22
Interest as per SOA	0	0	15.41		0.14259
Less: Penal Interest	0.00	0.00	0.00	0.00	0.00
Net Interest	0.00	0.00	15.41	0.00	0.14
Rate of Interest	0.00%	0.00%	10.40%	0.00%	6.42%
WAROI	3.52%				

2.12.1. The calculation of interest on loans as submitted by the Petitioner is provided below:

Table 37: Computation of Normative Interest on Loan (Claimed) for FY 2024-25

(in Rs. Crs)

Particular	Approved FY 2023-24 (True Up)	Approved FY 2024-25 (Tariff Order)	Claimed in True up of 2024-25
Net Normative Loan-Opening	185.68	261.34	180.57
Addition	0.12	33.9	368.70
Repayment	5.23	1.89	18.60
Net Normative Loan-Closing	180.57	293.35	530.68
Average Normative Loan	183.125	277.345	355.62
Weighted Average Rate of Interest	4.16%	6.33%	3.52%
Interest on Loan	7.62	17.56	12.51

- 2.12.1. The Petitioner has requested the Commission to allow Interest on Loan of Rs. 12.51 Cr for the period of FY 2024-25.

Respondents' submission in this regard

- 2.12.2. PFI citing the Regulations 27 and 32 of the MSERC MYT Regulations, 2014, has contended that Petitioner's claim is inconsistent with its audited statements. As per Note 16.3 of the audited accounts, the interest liability on PFC loans amounts to Rs 4.11 crore (Rs 1.0975 crore + Rs 3.0134 crore), while Note 16.4 reflects Rs 3.0134 crore as interest accrued during FY 2024-25. Despite this, the Petitioner has claimed a substantially higher total interest liability of Rs 15.55 crore (Rs 15.41 crore + Rs 0.14 crore) in Table 24 of the petition.
- 2.12.3. PFI objected against the non-consideration of repayment of loan equivalent to the depreciation amount while computing interest on loan.
- 2.12.4. PFI argued that the Petitioner has not provided loan-wise break-up, amortisation/repayment schedule, or reconciliation of outstanding loan balances.

MePDCL's Response to Respondent's submissions

- 2.12.5. The Petitioner respectfully submitted that in context to additional capitalization claimed, the Petitioner has provided a detailed justification in the respective paragraphs and requested the Commission to compute Interest on Loan in line with the treatment of grants as claimed in the Petition

Commission's Analysis

- 2.12.6. The Commission has observed a mismatch in terms of closing loan of FY 2023-24 and opening loans of FY 2024-25, as submitted by MePDCL vide Table 24 of the petition and that of Accounts audited by the Auditor as well as approved by Commission in last True-Up order dated 24.03.2025. In this regard, Commission vide First Additional Information dated 13.01.2026 directed the Petitioner to furnish the actual loan portfolio duly certified by the auditor (in line with the audited annual accounts for FY 2024-25) in a prescribed format shared by the Commission. The Petitioner was further directed to justify its claims in case there is any deviation of the actual loan portfolio and its audited annual accounts for FY 2024-25.

In response the Petitioner has submitted that the closing balance of the loans are matched with the approved figures by the Commission vide order dated 24.03.2025, except the opening balance for the PFC 325 Crore loan. Further, the Petitioner stated that the Commission has considered the closing balance of the loan as Rs. 167.26 Crore against the Petitioner's claim in the instant Petition of Rs. 171. 38 Crore. The difference is because of the restatement in

the accounts of FY 2023-24, for which the Petitioner has submitted the clarification at the time of truing up of FY 2023-24. The same is reproduced as under:

“MePDCL would like to submit that there is a mismatch in the closing balances of two loans as shown in the auditor’s certificate submitted at the time of truing up of FY 2022-23 and the balances shown in the audited statement of accounts under Note 16. The differences are summarized below:

Loan	Closing Balance as on 31.03.2023 as per Auditor’s certificate	Closing Balance as on 31.03.2023 as per the restated Statement of Accounts	Difference
REC Re-Scheduled Loan	3,48,00,235	3,16,92,223	-31,08,012
PFC 325 Crore	21,78,111,820	2,136,865,509	-4,12,46,311
Total			-4,43,54,323

The detailed reason for this difference has been provided under Note 32 of the Audited Statement of Account. The same is reproduced below for clarification:

“As per requirements of Ind AS 8, Company has corrected Material prior period(s) errors retrospectively by restating the comparative amounts for the prior periods to the extent practicable along with change in basic and diluted earnings per share. However, if the error relates to a period prior to the comparative period, balances of the assets, liabilities and equity of the comparative period presented are restated. Immaterial prior period errors have been classified in their natural head of income and expenses.”

Under the above disclosure table has been provided wherein adjustment made to long term borrowing is also provided:

Particulars	As on 31.03.2023 as last audited Balance Sheet (in Rs)	Prior period items	Restatement (in Rs)	As on 31.03.2023 Restated (in Rs)	Remark
Borrowings	15,49,71,40,346		(4,43,54,322)	15,45,27,86,024	Excess Provision Booked in Earlier Years

It is evident from the table that the accounts of the FY 2022-23 have been restated as per the justification above and the amount of difference shown in the provisions table is exactly the restatement amount provided in the table above.”

Further, the Petitioner has claimed that the above claim can be verified from the audited Statement of Accounts ‘Note. 16 - NON-CURRENT FINANCIAL LIABILITIES: BORROWINGS’. Additionally, the Petitioner, submitted the loan portfolio certified by the Auditor.

However, the Commission observed that Auditor certificate was not available in the submission, which the Petitioner has subsequently submitted in response of Second Additional Information requirement.

- 2.12.7. The Commission vide First Additional Information Requirement dated 13.01.2026 directed the Petitioner to substantiate their claim on Interest of R-APDRP loan with the appropriate relevant documentary evidence till FY 2024-25.

In response, the Petitioner has submitted that the matter has already been taken up with Power Finance Corporation to consider the loan as grants, however, PFC is yet to respond and also there has been no demand raised by PFC against this loan as of now. Further, the Petitioner declared that it has not claimed any interest on these loans while computing the weighted average interest on loan, only the opening and closing amount on the loan has been considered. In case the same is not considered the weighted average interest on loan would increase from current claim of 3.52% to 4.77%.

- 2.12.8. The Commission notes the Regulation 32.1 and 32.2 of MSERC Regulations 2014:

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

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

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

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

<Emphasis added>

- 2.12.9. Further Regulation 27 of the 2014 Tariff Regulations states that:

“27.1 For a project declared under commercial operation on or after 1.4.2015, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan;

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff.”

<Emphasis added>

- 2.12.10. Accordingly, the Commission has checked the Actual Loan Profile duly certified by Auditor, in a specific tabular format, as submitted by the Petitioner in response to Additional Information raised by the Commission.
- 2.12.11. The Petitioner, vide Second Additional Information requirement, dated 16.02.2026 was directed to furnish an auditor certificate along with detailed justification for the default payment for State Government and RAPDRP loan. The Commission has sought the clarification whether such payment has been incorporated within the Actual Loan Portfolio as submitted in the petition.

In response to the query sought by the Commission, the Petitioner submitted that the Loans pertaining to the RAPDRP-A and B no demand has been received from the PFC and the process of consideration of converting these loans into grants is still under process hence though no payment has been made against these loans it does not tantamount to default. Further, no interest cost against these loans has been considered while computing the weighted average rate of interest as per the methodology adopted by the Commission. Further, the Petitioner added that the State Government loan are also in the process of conversion to equity along with the accrued interest hence, in line with the RAPDRP-A and B the interest on loan on state government loan has been considered as zero.

- 2.12.12. The Commission has observed that as per Para No 3 of point No C of Annexure C of the Audit report, Auditor has stated as below:

"Ind AS 23 requires that borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset shall be capitalised as part of the cost of that asset. We observed during the course of audit, interest paid/ payable on RAPDRP loan amounting to Rs 1,046.31 lakhs and IPDS Loan amounting to Rs. 14.25 lakhs have been charged to Profit and Loss A/c, however the corresponding assets of RAPDRP and IPDS are lying in CWIP. Thus, the treatment of interest as an expense is not in accordance with the principles of IND AS 23 "Borrowing Costs". Interest expenses are overstated and CWIP is understated by Rs. 1,060.56 Lakhs."

In context of the above,

- a) The Commission has directed the Petitioner to submit all its loan allocation documents (for RAPDRP and IPDS loan) as received from Govt along with Year Wise Loan repayment schedule including interest paid/accrued
- b) Further, the Petitioner was directed to submit detailed write up explaining why the interest has been charged in Profit & Loss account (P/L), while the assets are still in CWIP.

In reply, the Petitioner submitted that the details of all state government loan has been shown under the Note 16.4 of the Accounts which has already been audited by the auditor. Further, since no interest against these loans has been

included in the computation of weighted average rate of interest hence these loans do not have any impact on tariff. The Commission finds this response irrelevant and incomplete.

- 2.12.13. The Commission further noticed that as per Para No 4 of point No C of Annexure C of the Audit report, Auditor has stated as below:

“An amount of Rs. 11,890.37 lakhs is included in CWIP for Saubhagya Scheme where there has been no movement for several years. The management has informed that the matter is sub judice and is currently involved in ongoing legal dispute. However, this material fact has not been disclosed in the notes to the financial statements, nor has any impairment assessment or provisioning been made under Ind AS thereby violating provisions of Ind AS 36- Impairment of Assets and Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets respectively”

In light of this, the Commission, vide Second Additional Information Requirement dated 16.02.2026, sought the justification of this discrepancy and an elaboration of the measurements undertaken for solving the ongoing legal dispute and to resolve the violation of Ind AS.

In response, the Petitioner submitted that the ongoing dispute with respect to SAUBHAGYA has been resolved and the closure report has already been submitted to the Ministry of Power, Government of India. It is also pertinent to mention that due to non-utilization, some of the amount was retracted back by Ministry of Power, for which the Petitioner is rigorously following up and on receipt of such amount the capitalization shall be done immediately after making payments to the contractors.

- 2.12.14. The Commission, vide Second Additional Information Requirement dated 16.02.2026, asked the Petitioner regarding Balances and Penal Interest on RAPDRP-A and B as per Para No 1(i) of point No O of Annexure C of the Audit report:

“1. Secured Term Loans from Others:

(i) Balance confirmations in respect of the following loan(s) were not made available to us. In the absence of such external confirmations and any alternate audit evidence, we are unable to comment on the accuracy, completeness and existence of the said balances.

<i>Particulars</i>	<i>Amount as on 31st March, 2025</i>	<i>Remarks</i>
<i>9% Loan from Power Finance Corporation Limited (PFC) (R-APDRP-Part A)</i>	<i>1,219.40</i>	<i>Principal as well as Interest is not being discharged by the company on this loan.</i>
<i>9% Loan from Power Finance Corporation</i>	<i>10,406.24</i>	<i>Principal as well as Interest is not being</i>

Limited (PFC) (R-APDRP-Part B)		discharged by the company on this loan.
-----------------------------------	--	--

..."

In response, the Petitioner submitted that as stated earlier that it has considered zero interest against all the above three loans hence, inclusion of the penal interest in the claim does not arise. This can be verified from the table below:

Particular	RAPDRP-A	RAPDRP-B	PFC 325 Cr.	State Government	IPDS
Opening Balance	12.19	104.06	171.38	175.45	4.44
Addition	0	0	0.00	0	0
Repayment	0	0	46.43	0	4.44
Closing Loan	12.19	104.06	124.95	175.45	0.00
Average Loan	12.19	104.06	148.17	175.45	2.22
Interest as per SOA	0	0	15.41		0.14259
Less: Penal Interest	0.00	0.00	0.00	0.00	0.00
Net Interest	0.00	0.00	15.41	0.00	0.14
Rate of Interest	0.00%	0.00%	10.40%	0.00%	6.42%
WAROI	3.52%				

2.12.15. The Commission directed the Petitioner vide Second Additional Information Requirement dated 16.02.2026, to elucidate the scenario of incurring penal interest for State Government loan that had been highlighted by the Statutory Auditor in his Audit report:

"(ii) It was also observed that the sanction letter for the loans from the State Government includes a penal interest rate of 2.50% and 0.50% in the event of non-payment of instalments. Further, as stated in Note 16.4, the company has defaulted in repayment of loan from State Government. However, the company has not accounted for the penal interest. In absence of complete details, we are unable to quantify the total penal interest payable by the company."

The Petitioner is also directed to provide documentary evidence to ensure of not claiming any penal charge under the loan portfolio as claimed for FY 2024-25.

In response, the Petitioner submitted that it has considered zero interest against the State Govt. loan, hence inclusion of the penal interest in the claim does not arise.

2.12.16. In the previous True-up Order dated 13.11.2023, the Commission had quoted that,

"2.5.

....

Licensee has been projecting outstanding loans against the R-APDRP-A and R-APDRP- B schemes through the Audited accounts. The R-APDRP A&B Scheme provides that loans drawn were to be utilized to strengthen the network of the licensee and achieve the loss Reduction. As soon as the objective has been achieved the licensee should have submitted proposal for conversion of loans as Grant through the state government.

The Licensee has been utilizing the borrowed money under the R-APDRP-A&B schemes for the infra structural works contemplated to achieve loss reductions and network efficiency for the period FY 2015-16 to FY 2020-21 and Commission has been allowing interest cost in the True up process.

....

Commission considers that the Licensee has failed to submit the proposals for conversion of loans as grant through the State Govt. along with the project appraisals as envisaged in the sanction of funding by the Ministry of power, Govt. of India.

It is imperative that the interest so far allowed in the Tariffs as detailed in the statement shall be a surplus of approved True up ARR which could be considered claw back from the future interest liabilities.

Commission does not consider allowance of interest in the true up ARR against the outstanding loans availed from PFC for improvement of network efficiency to reduce the AT&C losses contemplated in the RAPDRP A&B projects.”

- 2.12.17. In view of the above, the Commission has disallowed the interest on R-APDRP – A and R-APDRP – B loans for FY 2024-25 also. Additionally, the Commission has disallowed the loan on account of Atmanirbhar Bharat Abhiyan Scheme for the Petitioner has not shared any relevant document w.r.t utilization of the same in the core Distribution Business.
- 2.12.18. The Commission has further noticed that Note 16 of Audited Financial Statement received from the Petitioner, reflects that the **PFC 325 Cr loan** amounting Rs 1,24,95,40,388 has been availed for power Purchase (mainly to repay the long pending outstanding power purchase dues of NEEPCO), not for any CAPEX of core Distribution business. Hence, accordingly the Commission disallows this loan to arrive at the weighted average rate of interest on Loan and to be passed on to the consumers.
- 2.12.19. The Commission notes that Regulation 32 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 states the following:

“32 Interest and finance charges on loan capital

32.1 Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan

repayment, terms and conditions of loan agreements, bond or debenture and the lending rate specified therein.

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

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

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

.....”

<Emphasis added>

- 2.12.20. This Commission notes that the interest on normative loan as per the Regulation 27 of the MSERC (Multi Year Tariff) Regulation, 2014 shall be computed after deducting the Grants and contributions.
- 2.12.21. As per Regulation 32.2, penal interest is not to be included in tariff calculations. The Commission has conducted a prudence check and confirms that penal interest has not been included in the Annual Revenue Requirement (ARR) calculation.
- 2.12.22. The Commission is of the view that Weighted Average Interest Rate (WAIR) is computed using all project loans that fund the regulated asset, regardless of whether the asset is already capitalized or still under CWIP. The loans funding CWIP are not used directly for tariff, but those should remain part of the actual loan portfolio and the WAIR must ensure neutrality. Further, the Commission considers the Interest Accrued during the year for all loans based on the Loan Schedule, irrespective of the fact that whether the interest has been actually paid or not.
- 2.12.23. In consideration of the above, the Commission has approved the Weighted Average Rate of Interest based on the Actual Loan Portfolio submitted by petitioner as follows,

Table 38: Approved Computation of Weighted Average Rate of Interest for FY 2024-25

Sl. No.	Details of Loan	Opening Balance (Rs Cr)	Addition during the Year (Rs Cr)	Repayment of Loan (Rs Cr.)	Closing Balance (Rs Cr)	Average Loan (Rs Cr)	Interest Cost (Rs Cr)	Wt. Average Rate of Interest (%)
1	Restructured REC Loan	0.00	0.00	0.00	0.00	0.00	0.00	
2	PFC Loan R-APDRP A	12.19	0.00	0.00	12.19	12.19	1.10	
3	PFC Loan R-APDRP B	104.06	0.00	0.00	104.06	104.06	9.37	
4	PFC Loan / PFC 325crs	0.00	0.00	0.00	0.00	0.00	0.00	
5	PFC Loan IPD Scheme	4.44	0.00	4.44	0.00	2.22	0.14	

6	9.50% Atmanirbhar Bharat Abhiyaan Scheme	0.00	0.00	0.00	0.00	0.00	0.00	
7	State Government loan Semi Annual Repayment	175.45	0.00	0.00	175.45	175.45	3.01	
	Total	296.15		4.44	291.70	293.92	13.62	4.63%

2.12.24. For calculation of the actual interest on loan admissible to the Petitioner through ARR, the Commission had considered the Approved Normative Closing Loan Balance of the previous True-up Order as Normative Opening Loan Balance of FY 2024-25 i.e. Rs 180.57 Cr. and the Addition of loan equal to 70% of 'Net Addition to GFA' after deducting the 'Addition of Grant in GFA' during the Year (Rs 12.90 Cr.) as detailed out in respective section.

2.12.25. Further, the Normative Repayment of Loan during the year has been considered equivalent to minimum of Approved Depreciation for FY 2024-25 and the Summation of Normative Opening and Addition of Loan during the year. Accordingly, the Commission computes the Normative Interest on Loan and approved figure is shown in the table below:

Table 39: Approved Computation of Normative Interest on Loan for FY 2024-25

Particular	True-Up for FY 2024-25 (Claimed by Petitioner) (Rs Cr)	True-Up for FY 2024-25 (Approved by Commission) (Rs Cr)
Net Normative Loan-Opening	180.57	180.57
Addition	368.70	210.53
Repayment	18.60	12.90
Net Normative Loan-Closing	530.68	378.20
Average Normative Loan	355.62	279.38
Weighted Average Rate of Interest	3.52%	4.63%
Interest on Loan	12.51	12.95
Other Financing Charges	0.00	0.00
Total Interest and Financing Charges	12.51	12.95

2.12.26. **The Commission approves Interest and Finance charges at Rs 12.95 for True up period of FY 2024-25.**

2.12.27. The Commission emphasizes the importance of strict compliance with audited accounts and regulatory provisions to ensure accurate computation of interest rates and appropriate exclusions in tariff orders. The Commission hereby directs the Petitioner to submit the followings along with True-Up petition henceforth;

- i. Actual Loan Profile as per Annexure attached in this Order, certified by Auditor,
- ii. Normative Repayment schedule,
- iii. Loan agreements or amendments,
- iv. Bank confirmation certificate for Repayment and

v. Valid reason of change in Actual Interest Rate (if any).

2.13. Operation and Maintenance Expenses

Petitioner's Submission

2.13.1. The Petitioner has submitted that as per the settled practice followed by the Commission in past the operation and maintenance expenses have been claimed as per the audited accounts of FY 2024-25. The details of operation and maintenance expenses are tabulated below:

a. Employee Expenses

2.13.2. The Petitioner has claimed the Employee expenses as per the audited accounts.

Table 40: Employee Expenses (Claimed) for FY 2024-25

Sl. No.	Particular	Amount (Rs. Cr.)
1	Salaries and Wages	161.98
2	Gratuity Expenses	0.00
3	Leave Encashment Expenses	0.00
4	Pension Expenses	0.00
5	Contribution to PF	7.80
6	Apportionment of Employee Benefit of Holding Company	7.62
7	Total	177.41
8	1/3rd of Employee Expenses of MeECL	1.71
9	Total	179.12

Table 41: Reconciliation of Employee Expenses aligned with SOA (Claimed) for FY 2024-25

Particular	Amount	Remarks
Total Employee Expenses as per SOA	274.15	
Less: Gratuity Expenses as per SOA	4.92	Not Claimed as per SOA as Hon'ble Commission is allowing the same separately in instalments
Less: Leave Encashment Expenses as per SOA	6.01	
Less: Pension Expenses	85.44	
Less: Pension Expenses included in Apportionment of Holding Company	0.37	
Net Employee Expenses Claimed	177.41	

Table 42: Reconciliation of Employee Expenses of MeECL aligned with SOA (Claimed) for FY 2024-25

Particular	Amount	Remarks
Total Employee Expenses as per SOA	60.21	Any expenses related to Terminal Benefits appearing in the Statement of Accounts has not been claimed as the Hon'ble Commission is allowing
Less: Terminal Benefits	32.21	
Net Employee Expenses	28.00	
Less Allocation to Subsidiaries		

Particular	Amount	Remarks
MePGCL	7.62	the same separately.
MePTCL	7.62	
MePDCL	7.62	
Total Allocation	22.87	
Balance	5.13	
Allocation to MePDCL	1.71	

2.13.3. The Petitioner has requested the Commission to allow the Employee Expenses of Rs. 179.12 Cr for FY 2024-25.

b. R&M Expenses

2.13.4. The Petitioner has claimed that the R&M expenses have been claimed as per the audited statement of accounts. Also, as per settled principle the Petitioner has apportioned the MeECL expenses among the three companies in equal proportion.

2.13.5. The Petitioner further submitted that it has conducted the R&M of the lines and network to strengthen the network and ensure 24X7 uninterrupted power supply in FY 2024-25.

Table 43: R&M Expenses (Claimed) for FY 2024-25

S No	Particular	Actual in Rs. Cr.
1	Buildings	1.01
2	Plant and Equipment	2.46
3	Civil Works	0.42
4	Lines and Cables	23.66
5	Vehicles	0.13
6	Furniture and Fixtures	0.01
7	Office Equipment	0.12
8	Total	27.80
9	1/3rd of MeECL	0.24
10	Total R&M Expenses	28.04

2.13.6. The Petitioner has requested the Commission to allow the R&M expenses of Rs. 28.04 Cr for FY 2024-25.

c. A&G Expenses

2.13.7. In line with the claims of the Employee expenses and R&M expenses the A&G expenses have also been claimed by the Petitioner as per the statement of accounts. The Petitioner has apportioned A&G expenses of MeECL in the three companies in equal proportion.

2.13.8. The Petitioner has further submitted that the A&G expenses of MeECL also includes the penalty of Rs. 0.0009 Cr which has been excluded from the claim.

Table 44: A&G Expenses (Claimed) for FY 2024-25

S No.	Particular	Amount (Rs Cr)
1	Insurance	0.02
2	Rent and Taxes	0.31
3	Billing Software Expenses	2.02
4	Postage and Telegraph	0.31
5	Training, Conveyance and Vehicle Running Expenses	11.55
6	Printing and Stationary	0.42
7	Auditor's Remuneration	0.07
8	Consultancy Charges	1.28
9	License and Registration Charges	0.00
10	Technical Fees	0.00
11	Smart Card Charges	1.13
12	Books and Periodicals	0.01
13	Fee and Subscription	0.10
14	Advertisement Charges	0.09
15	Legal and Professional Fees	2.59
16	Filing Fees (MSERC)	0.13
17	Electricity and Water Charges	0.02
18	Franchisee Commission	0.27
19	Discount Allowed	0.21
20	Stamp Duty	0.00
21	Bank Charges	0.15
22	GST Expenses	0.00
23	ROC Charges	0.01
24	Entertainment Expenses	0.03
25	Compensation to Injuries	0.34
26	Misc. Expenses	0.89
27	Sub-Total	21.95
28	A&G Expenses of Holding Company (1/3)	0.87
29	Total	22.82

2.13.9. The Petitioner requested the Commission to allow the A&G expenses of Rs. 22.82 Cr for FY 2024-25.

Respondents' submission in this regard

2.13.10. BIA has objected that MePDCL's claim towards O&M expenses suffers from following discrepancies:

- a. The Employee Expenses and Pension & Gratuity amounts reflected in the audited accounts have not been considered in accordance with the methodology adopted by the Commission;
 - b. MeECL's O&M expenses have been equally apportioned among the three utilities without any regulatory basis;
 - c. MePDCL has not proposed any normative O&M trajectory as required under the MYT Regulations, 2014, and has instead claimed actual expenses.
- 2.13.11. BIA citing Regulation 94 of the MYT Regulations, 2014, stated that it mandates that O&M expenses shall be determined strictly as per the norms fixed by the Commission. In the absence of such norms, the Commission must determine O&M costs based on prudence check, taking into account CPI/WPI inflation indices.
- 2.13.12. Accordingly, BIA requested to allow O&M expenses only after prudence verification.
- 2.13.13. BIA argued that as per Note 23 of MeECL's Statement of Accounts and Note 27 of MePDCL's Statement of Accounts, Rs 7.62 crore has been apportioned to each of the three utilities. Despite this, MePDCL has claimed an additional apportioned amount (Rs 1.71 crore), which is inconsistent with the methodology adopted by the Commission in the Tariff Order dated 24.03.2025.
- 2.13.14. Further, BIA pointed out that the Commission had approved Employee Expenses of Rs 168.41 crore in the True-Up of FY 2023-24, whereas MePDCL has claimed Rs 179.11 crore for FY 2024-25, which is an increase of 6.35%, exceeding the 5% normative escalation approved in Case No. 32 of 2023. BIA, accordingly, submitted that permitting the actual claim would undermine the normative O&M framework and allow inefficiencies to pass through to consumers.
- 2.13.15. BIA submitted that the total R&M and A&G expenses claimed amount to Rs 50.86 crore, compared to Rs 28.69 crore approved by the Commission for FY 2023-24, which reflects an overall increase of 77%, including 187% increase in R&M and 21% increase in A&G. No justification has been provided for these substantial increases. Accordingly, BIA requested that in absence of any justification such cost should not be approved and passed on to the consumers.

MePDCL's response to Respondent's submissions

- 2.13.16. The Petitioner clarified that it has not included any terminal benefits (gratuity, leave encashment, and pension expenses) reflected in the Statement of Accounts in its O&M claim. In accordance with the methodology consistently adopted by the Commission, the Petitioner has claimed only the

instalment of terminal benefits separately allowed by the Commission. Hence, based on the above, the Petitioner submitted that the Objector's allegation is factually incorrect and liable to be rejected.

- 2.13.17. Regarding the Objector's contention that the Petitioner has claimed an additional Rs 1.71 crore despite apportionment of Holding Company expenses, the Petitioner elucidated that this amount represents the balance employee expenses, net of the amounts already apportioned to the three successor utilities, and therefore forms a legitimate component of the claim.
- 2.13.18. On the matter of escalation in employee expenses compared to the previous year, the Petitioner submitted that the settled regulatory practice requires employee costs to be claimed strictly as per the Audited Statement of Accounts, which it has duly followed.
- 2.13.19. With respect to R&M and A&G expenses, the Petitioner reiterated that both expenditures have been claimed as per the audited accounts. MePDCL highlighted that the increase in R&M expenses is attributable to several operational improvement initiatives undertaken by the utility, including strengthening of distribution lines, installation of check meters for consumers with connected load above 50 kW, and installation of boundary meters and feeder meters under the National Feeder Monitoring System. These measures have contributed to improved energy accounting and operational efficiency, and the resulting increase in expenditure cannot be construed as inefficiency on the part of the Corporation.

Commission's Analysis

a. Employee Expenses

- 2.13.20. The Commission has observed that the Petitioner had reported Employee benefit expenses at Rs. 177.41 Crore (except Gratuity Expense, Leave Encashment Expense and Pension Expense) vide note no.27 of SOA for FY 2024-25.
- 2.13.21. The Commission noticed that the Petitioner has claimed the 'Contribution to PF' of Rs 7.80 Cr vide Table No. 27 of the petition, which is in line with the Trial Balance,
- 2.13.22. The Commission vide First Additional Information Requirement dated 13.01.2026, directed the Petitioner to submit item-wise details of R&M expenses, along with valid supporting documentation, to justify the higher amount of claim as compared to the previous year. In response the Petitioner claimed an excel format had been attached for the due diligence by Commission, however it has been noticed that the detailed excel was missing from its submission.

In this regard, the Commission prudently checked the Trial Balance and noticed that maximum expenditures under the line item of 'Lines and

Cables' booked in the R&M Expenses are in nature of Capital Expenditure. Accordingly, the Commission considered the Rs 23.66 Cr shall be added under the 'Lines and Cable Network' of Gross Fixed Asset, instead of R&M Expense.

- 2.13.23. The Petitioner vide First Additional Information Requirement dated 13.01.2026, was directed to provide the detailed reconciliation in line with Trial Balance for Gratuity Expense, Leave Encashment Expense, Pension Expense and Contribution to provident and other funds, as booked under Note 27 of Financial Statement (FS).

In reply, the Petitioner confirmed that the employee expenses claimed in the Petition are exclusive of Pension and Gratuity Expenses. The detailed reconciliation of the Employee expenses claimed and as per SOA is as under:

Particular	Amount
Total Employee Expenses as per SOA	274.15
Less: Gratuity Expenses as per SOA	4.92
Less: Leave Encashment Expenses as per SOA	6.01
Less: Pension Expenses	85.44
Less: Pension Expenses included in Apportionment	0.37
Net Employee Expenses	177.41

The details of Gratuity, Leave Encashment and Pension expenses with respect to Trial Balance submitted by the Petitioner are as under:

Row No. of TB	Description	Amount (in Rs)	Amount in (in Rs. Cr.)
1679	75.300(G) (Gratuity Expenses)	49216638.9	4.92
1680	75.300 LEB (Earned Leave Encashment Expenses)	60115283.1	6.01
1681	75.300 (Pension) (Pension Expenses)	854360368.2	85.43
	Total	963692290.2	96.36

- 2.13.24. The Commission, vide First Additional Information Requirement dated 13.01.2026, sought the clarification on claiming the MeECL expense under Employee Cost twice ('Apportionment of the Holding Company' is Rs 7.62 Cr and '1/3rd Employee Expenses of MeECL' is Rs 1.71 Cr) vide Table 28 of the Petition.

The Petitioner, in response, submitted that there is no claim of the apportionment of expenses twice. As per regular practice followed in the past, some portion of the employee expenses in the books of MeECL have been apportioned in the Books of MePDCL, MePGCL and MeECL which amounts to Rs. 7.99 Crore in FY 2024-25. Out of this 7.99 Crore an amount of Rs. 0.37 Crore pertains to the Terminal Benefits which have not been claimed

in instant Petition as the Commission is allowing the terminal benefits separately. After allocation, the balance amount of employee expenses in the books of MeECL have been claimed in the Petition. This is in line with the methodology adopted in previous true ups approved by this Commission. Detailed reconciliation of the claim under “1/3 of MeECL expenses” is as under:

Particular	Amount
Total Employee Expenses as per SOA of MeECL	60.21
Less: Terminal Benefits	32.21
Net Employee Expenses (1)	28.00
Less Allocation to Subsidiaries	
MePGCL	7.62
MePTCL	7.62
MePDCL	7.62
Total Allocation (2)	22.87
Balance 3= (1-2)	5.13
Allocation to MePDCL 4= (3/3)	1.71

2.13.25. The Commission observed that Auditor’s Report for FY 2024-25 reflects the following;

*“According to the information and explanations given to us and based on the records examined by us, **we are unable to comment on whether the company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities due to non-availability of relevant records/information. Furthermore, in the absence of relevant information, we are unable to comment if there are undisputed amounts payable in respect of statutory dues which were outstanding at the year-end for a period of more than six months from the date, they became due to be paid”***

The Petitioner, vide Second Additional Information requirement dated 16.02.2026, was directed to provide comprehensive details, along with the necessary supporting documents, pertaining to the deduction and deposit of the Provident Fund.

In reply to the query, the Petitioner has submitted that the Statement made by the Auditor is the Standard Para. However, the Petitioner submitted that barring minor legacy issues which pertains to the period prior to trifurcation all the statutory dues have been paid within the stipulated time including GST, PF and other statutory dues. However, the Commission noticed that the Petitioner has failed to submit any suitable necessary documents like PF Challans to substantiate its claim.

2.13.26. The Commission has considered the Employee Benefit Expenses for the Petitioner including the Apportionment of Employee Benefit Expenses (from Holding Company) amounting Rs 7.62 Cr as per note no. 27 of Statement of Accounts (SoA) of the Petitioner. Additionally, the Commission allows the shortfall of 1/3rd of share of Employee Benefit expenses of holding company amounting Rs 1.64 Cr reconciled from Note 23 of Audited statements of Holding company, as one-time exception.

The Commission hereby directs the Petitioner to book the apportionment of expenses pertaining to MeECL (Meghalaya Energy Corporation Limited) appropriately under its Audited Financial Statements only.

2.13.27. Similarly, 1/3rd of share of R&M and A&G cost has been allowed in accordance with note no. 26 of SOA of the Holding company. As a principle the Commission has already decided that the 1/3rd apportionment of MeECL expense related to Employee, R&M and A&G cost shall be considered in line with Meghalaya Transfer Scheme and its subsequent amendments and shall be admissible to each of the 3 state utilities (MePGCL, MePTCL & MePDCL) to be recovered through their respective tariff orders.

2.13.28. Further, the Commission allows all the expenses against the contribution to Provident fund as claimed by the petitioner.

2.13.29. The Commission reconciled the 1/3rd apportionment of MeECL expense as follows:

Table 45: Approved Reconciliation of Employee Expenses of MeECL for FY 2024-25

(in Rs Crs)

Particular	Amount
Total Employee Expenses as per SOA	60.21
Less: Terminal Benefits	32.42
Net Employee Expenses	27.80
Less Allocation to Subsidiaries	
MePGCL	7.62
MePTCL	7.62
MePDCL	7.62
Total Allocation	22.87
Balance	4.92
Allocation to MePTCL	1.64

Table 46: Approved Employee Expense for FY 2024-25

(in Rs Crs)

S No	Particular	True-Up for FY 2024-25 (Claimed by Petitioner)	True-Up for FY 2024-25 (Approved by Commission)
1	Salaries and Wages	161.98	161.98
2	Gratuity Expenses	0.00	0.00
3	Leave Encashment Expenses	0.00	0.00

S No	Particular	True-Up for FY 2024-25 (Claimed by Petitioner)	True-Up for FY 2024-25 (Approved by Commission)
4	Pension Expenses	0.00	0.00
5	Contribution to PF	7.80	7.80
6	Apportionment of Employee Benefit of Holding Company	7.62	7.62
	Total	177.41	177.41
7	1/3rd of Employee Expenses of MeECL	1.71	1.64
	Total	179.12	179.05

2.13.30. Accordingly, the Commission approves the Employee Expenses of Rs 179.05 Cr for the True up period FY 2024-25 for the MePDCL.

b. R&M Expenses

2.13.31. The Commission has observed that the Petitioner had reported total R&M Expenses vide Note no. 30 of SOA of FY 2024-25 for MePDCL and note no.26 of SOA of MeECL for FY 2024-25. However, the Commission observed that Rs 23.66 Cr booked under 'Repair and Maintenance' of "Lines and Cables" are mostly regarding the 'Tower Poles, Fixtures, Overhead Conductors & Devices' and 'Metering Equipment', which are generally CAPEX in the nature. Hence, the said amount has been disallowed from R&M Expenses and allowed under the Additional Capitalization of Gross Fixed Asset under the line item of "Lines and Cable Network".

2.13.32. Accordingly, the Commission approves the R&M expenses of Rs. 4.38 Crore for True up period of FY 2024-25.

c. A&G Expenses

2.13.33. The Commission has observed that the A&G expenses of Rs 22.83 Cr claimed by the Petitioner vide note no.30 of SOA for FY 2024-25 has been considered.

2.13.34. Hence, the Commission allows the Net Admissible A&G expenses of Rs. 22.83 Crore for MePDCL with 1/3rd share of MeECL A&G expenses of Rs. 0.87 Crore for True up of FY 2024-25.

2.13.35. Accordingly, the total O&M expense approved vis-à-vis claimed by the Petitioner is shown in the table below:

Table 47: Approved O&M Expenses for FY 2024-25

Particulars	Amount (Rs. Cr) (Claimed by Petitioner)	Amount (Rs Cr) (Approved by Commission)
Employee expenses	179.12	179.05
R&M Expenses	28.04	4.38
A&G expenses	22.82	22.83
Total O&M expenses	229.98	206.27

- 2.13.36. **The Commission approves O&M Expenses at Rs. 206.27 Crore for True up of FY 2024-25.**
- 2.13.37. The Commission further directs the Petitioner, to justify any variation (shortfall/excess) between its O&M expense claim as per Statement of Accounts and that of approved in Tariff Order/ preceding True-Up Order, substantiated with valid documents and Auditor certificate. The Commission, in addition to the above, directs the Petitioner to maintain a Normative accounting approach, henceforth, based on the CEA 'Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution utilities.

2.14. Interest on Working Capital

Petitioner's Submission

- 2.14.1. The Petitioner has submitted that Regulation 34.3 of the 2014 Tariff Regulation details out the methodology of the computation of the Interest on Working Capital for distribution business.
- 2.14.2. As per the Regulation 34.3.

"34.3 Distribution Business

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

Operation and maintenance expenses for one month; plus

Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus

Receivables equivalent to two (2) months of the expected revenue from charges for use of Distribution at the prevailing tariffs; minus

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

- 2.14.3. In line with the provisions of the above Regulations, the Petitioner has computed the interest on working capital which is tabulated below. The State Bank of India Advance Rate as on 01.04.2024 has been considered for the purpose of computation of the interest on working capital by the Petitioner.

Table 48: Computation of Interest on Working Capital (Claimed) for FY 2024-25

S No.	Particular	Claimed for FY 2024-25 (Rs Cr)
1	O&M Expenses (1 month)	19.16
2	Maintenance Spares	15.86
3	Receivables (2 Months)	190.55

S No.	Particular	Claimed for FY 2024-25 (Rs Cr)
4	Total Working Capital Requirement	225.57
5	Rate of Interest	15%
6	Interest on Working Capital	33.84

2.14.4. The Petitioner requested the Commission to allow the interest on working capital as Rs. 33.84 Cr. for the FY 2024-25.

Respondents’ submission in this regard

2.14.5. PFI argued that MePDCL has incorrectly used ARR in place of revenue from sale of power for computing receivables, resulting in an inflated working capital requirement and consequently a higher IoWC claim.

2.14.6. PFI has recomputed the IoWC in strict accordance with Regulation 34.3, correcting the receivables component, at Rs 30.26 Cr instead of Rs 33.93 Cr claimed by MePDCL.

MePDCL’s response to Respondent’s submissions

2.14.7. The Petitioner claimed that the Objector’s contention regarding the computation of Interest on Working Capital (IoWC) is speculative. The Petitioner clarified that the IoWC has been computed strictly in accordance with the methodology consistently adopted by the Commission in previous True-Up Orders, without any deviation. The Petitioner has therefore requested the Commission to continue to apply the same established methodology for the instant True-Up as well.

Commission’s Analysis

2.14.8. The Commission notes that Regulation 34.3 of MYT MSERC Regulations 2014,

“34.3 Distribution Business:

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

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

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

2.14.9. Accordingly, the Commission has computed the Interest on working capital as depicted in the table below:

Table 49: Approved Computation of Interest on Working Capital for FY 2024-25

Sl. No.	Particulars	Approved for FY 2024-25 (Rs Cr.)
1	O&M expenses for 1 Month	17.19
2	Maintenance Spares at *1% of Opening GFA escalated at 6%	15.86
3	Receivables for 2 Months (Net ARR*2/12)	177.16
4	Total Working Capital	210.21
5	Interest Rate (%) (SBIAR as on 01.04.2024)	15.00%
6	Interest on Working Capital	31.53

2.14.10. **The Commission approves Interest on Working Capital at Rs. 31.53 Crore for True up of FY 2024-25.**

2.15. Revenue From Sale of Surplus Power

Petitioner's Submission

2.15.1. The Petitioner has submitted that the Revenue from sale of surplus power has been claimed as per the audited statement of accounts. The details of revenue from sale of surplus power as shared by the Petitioner is tabulated below:

Table 50: Revenue from sale of surplus power (Claimed) for FY 2024-25

Particular	Actual Quantum FY 2024-25 (MU)	Actual Amount FY 2024-25 (Rs. Cr.)	Actual Rate Discovered (Rs. /kWh)
Sale of Power On IEX	749.99	531.74	7.09
Inter State DSM Charges	80.89	30.47	3.77
Total	830.88	562.21	6.77

2.15.2. Further, the Petitioner has mentioned that it had entered into swapping arrangements where in the Petitioner provides return power in lieu of the power swapped depending on the availability of surplus and deficit in the power. The ratio of return is generally 1:1.05. The Petitioner has further emphasized that these transactions do not have any monetary value as they are settled in terms of energy only. The details of swapping return as shared by the Petitioner is provided below:

Table 51: Details of Swapping Return (Claimed) during FY 2024-25

Particular	MU
Energy Swapped Out	91.21
Total	91.21

2.15.3. The Petitioner has requested the Commission to approve the revenue from sale of surplus power as Rs. 562.21 Cr for FY 2024-25.

Respondents' submission in this regard

- 2.15.4. BIA has submitted that the Petitioner, while causing intentional unscheduled load shedding on the consumers, has been selling surplus power in the market. Therefore, BIA has requested the Commission to direct the Petitioner to justify such actions. BIA has further mentioned that the cost of surplus power procured by the Petitioner as a result of increased distribution losses may be disallowed as a pass-through in tariff.

MePDCL's response to Respondent's submissions

- 2.15.5. The Petitioner claimed that BIA's submission pertaining to the unscheduled load shedding and the relevant objections have already been justified in the respective section of this Order.
- 2.15.6. Petitioner has further claimed that BIA's objection related to 'the inclusion of quantum returned towards banking in the revenue' is based on hypothetical assumptions made by the BIA.

Commission's Analysis

- 2.15.7. The Commission has observed that the Petitioner has submitted Revenue from sale of surplus power at Rs. 562.21 Crore for 91.21 MU which is also reported through Audited Annual Accounts vide Note no. 24 for FY 2024-25 and hence is found to be acceptable.
- 2.15.8. **The Commission approves Revenue from sale of surplus power at Rs. 562.21 Crore for True up of FY 2024-25.**

2.16. Non-Tariff and Other Income

Petitioner's Submission

- 2.16.1. The Petitioner has submitted that the Non-Tariff Income has been considered as per the audited statement of account with following exclusions,
- 2.16.2. Further, the Petitioner admitted that Amortization of grants shown in the audited accounts in non-tariff income has been excluded from the claim as the entire movement in grants has been considered at the time of calculation of return on equity and depreciation. Since the amortization of grants is not an actual income and has been accounted in the statement of accounts for the purpose of complying with the relevant accounting standards issued by ICAI hence the same is not in the nature of revenue.
- 2.16.3. In addition to the above, the Petitioner mentioned that Grants received under UDAY scheme shown under the head other income in the books of accounts are the grants provided by the Government of India for improving the financial viability of the DISCOM and does not classify as the capital grants. Hence, these grants are not for the purpose of passing on the benefit of the same to the consumers. Revenue grants are provided to meet the gap between the cost that is being recovered from the tariff and actual cost

incurred, hence if these grants are considered as reduction from ARR the purpose of these grants is defeated.

- 2.16.4. The details of the Non-Tariff Income as claimed by the Petitioner for FY 2024-25 are tabulated below:

Table 52: Details of Non-Tariff Income (Claimed) for FY 2024-25

Sl. No.	Particular	Amount (Rs. Cr.)
A	Other Income	
	Interest Income	
	From Banks	8.97
	From Others	0.02
	Sub-Total A	8.99
B	Other Non-Operating Income	
	Rental and Hiring Income	0.007
	Fees and Penalties	0.00
	Sale of scrap, tender forms and others	0.25
	Miscellaneous receipts	11.98
	Revenue Grants for Other Expenditures	32.45
	Revenue Grants for UDAY	0.00
	Sub-Total B	44.69
C	Other Operating Income	
	Meter Rent	0.52
	Reconnection Fees	0.02
	Delayed Payment Charges Collected from Consumers	30.07
	Rebates on Purchase of Energy	22.22
	Other Charges from Consumers	15.97
	Cross Subsidy Surcharge	38.53
	Sub-Total C	107.34
	Grand Total	161.01

- 2.16.5. The Petitioner requested the Commission to allow the Non-Tariff Income as Rs.161.01 Cr for FY 2024-25.

Respondents' submission in this regard

- 2.16.6. **BIA's Submission:**

- a. BIA argues that MePDCL has claimed Rs 161.01 crore as Non Tariff Income (NTI), excluding amortisation of grants, UDAY grants and other revenue items. However, the audited accounts reflect a significantly higher NTI of Rs 730.65 crore,

- b. BIA has strictly objected the alteration of Accounting Principle. BIA has also pointed out that Petitioner has altered its accounting principle specifically for the delayed payment charges (DPC), shifting from the accrual basis to the cash basis, while continuing to use the accrual basis for other accounting heads, which is to mask the inefficiencies of the Petitioner and understate the DPC income. It is against IndAS-1 (Presentation of Financial Statements) which mandates accrual based accounting for all revenue related transactions (except cash flow disclosures). BIA stated that MePDCL's Note 14 of the SOA acknowledges this unilateral change, despite the Hon'ble Commission having previously directed MePDCL to justify the shift and align it with the Companies Act, 2013, supported by the Auditor's Report. No such justification has been provided.
- c. BIA objected that MePDCL has not provided details of provisions written back amounting to Rs 6.73 crore, nor any explanation for excluding this amount from NTI.
- d. BIA also proposed that 1/3rd of the other income from the Holding Company, as reported in Note No.22 of the audited accounts, has not been considered by the Petitioner.
- e. BIA further argued that as reflected in Note 25 of the Audited Financial Statements, an amount of Rs 468 crore has been shown as "Revenue Grants for UDAY", forming part of "Other Income" and contributing significantly to MePDCL's reported profit of Rs 69.79 crore for FY 2024-25. Being a revenue grant, it is mandatorily treated as income under standard accounting principles and must be considered for ARR computation. Further the said amount of Rs 468 crore is received by MePDCL as revenue grant to offset the expenditure income gap of FY 2023-24 and therefore, no revenue gap remains for recovery through the True Up for FY 2024-25.
- f. In addition to the above, BIA submitted that MePDCL's attempt to exclude UDAY grants from income while claiming tariff gaps amounts to double recovery, once from the State Government and again from consumers, which is impermissible and contrary to public interest. In this regard, BIA requested the Commission to treat the UDAY revenue grant as part of NTI.
- g. Further, post Public Hearing, dated 10.03.2026, BIA reiterated the MePDCL's response on UDAY Grant as follows:

"

MePDCL in its Reply has simply stated that "*Statement of Accounts has used the terminology of "Grants Under UDAY" these are not of*

revenue grants or any subsidy in nature". MePDCL has further stated that these grants "sort of bailout package".

....."

BIA objected that MePDCL has provided no legal basis, accounting principle, or regulatory provision to support this assertion.

- h. Further, BIA contended that in the absence of any recognised accounting or legal framework permitting such exclusion, MePDCL cannot unilaterally decide that UDAY grants should be omitted while computing the revenue gap. Such an approach unfairly disadvantages consumers and amounts to selective treatment of income.
- i. BIA highlighted that Clause 1.2(m) of the UDAY Scheme expressly states that banks and financial institutions shall no longer extend short term loans to MePDCL for financing losses. Accordingly, UDAY related loans and financial assistance must be treated separately and transparently, without arbitrary adjustments by MePDCL.
- j. BIA further referred to the operational funding framework under UDAY guidelines, which mandates that the State Government shall fund the cash loss of a DISCOM after adjusting: Revenue + Government Subsidy – (Income + Depreciation). Accordingly, BIA stated that UDAY's purpose is to ensure elimination of financial gaps, not to allow DISCOMs to re-create gaps through regulatory filings.
- k. BIA strictly objected that UDAY loss calculation methodology does not include regulatory penalties, disallowed expenditures, or Atmanirbhar loan interest, as suggested by MePDCL. Therefore, MePDCL's attempt to utilise UDAY grants for such purposes is not supported by any provision under the scheme.
- l. BIA also pointed out that MePDCL's claim that UDAY grants may be utilised for covering expenditure such as regulatory penalties, depreciation, and interest on Atmanirbhar loans is legally untenable, unsupported by documents, and contrary to the intent of the scheme. Therefore, BIA requested the Commission to direct MePDCL to treat the UDAY assistance strictly as a revenue grant.
- m. BIA stated that MePDCL's practice is counter-productive, as it removes the incentive to achieve efficiency targets or improve performance. MePDCL has admitted that its revenue gap of Rs 159.63 crore in FY 2023-24, disallowed by the Hon'ble Commission and later ballooned to Rs 442 crore, which was transferred to accounting losses and absorbed via grants. BIA contended that allowing such treatment would effectively negate regulatory oversight and encourage inefficiency.

2.16.7. **PFI's Submission:**

- a. PFI referred to the Hon'ble APTEL Judgment dated 28.11.2013 in Appeal No. 14 of 2012 (NDPL vs. DERC) wherein it was categorically held that Late Payment Surcharge (LPSC)/DPC shall constitute Non Tariff Income, and that the financing cost attributable to such delayed payments must be allowed to the DISCOM.
- b. Accordingly, PFI has adopted the same methodology and derived the financing cost element on DPC as follows:
 - i. DPC collected from consumers: **Rs. 30.07 crore**
 - ii. Late Payment Surcharge @ 18%: **Rs. 167.08 crore**
 - iii. Less: Financing Cost @ 15%: **Rs. 25.06 crore**
 - iv. **Net NTI from DPC: Rs. 5.01 crore**
- c. PFI therefore recalculates NTI by adjusting DPC appropriately in line with the APTEL judgment and using figures reported in MePDCL's audited accounts and arrived at Rs. 135.95 Cr of NTI.
- d. PFI further submitted that the differential impact arising from MePDCL's inefficiency should not be passed on to consumers, but may be borne by the Government of Meghalaya in the form of subsidy.

MePDCL's response to Respondent's submissions

- 2.16.8. The Petitioner clarified that DPS is a penal charge imposed on consumers who wilfully delay payments, and recognising such amounts as revenue prior to actual realisation would be illogical as well as contrary to regulatory principles. The MYT Regulations expressly stipulate that only "delayed payment surcharge collected from consumers" is to be treated as Non Tariff Income, and not the surcharge merely billed. The Petitioner further stated that the shift to cash basis recognition of DPS is fully permissible under applicable Indian Accounting Standards, and similar accounting treatment is consistently followed by several other States, including Uttar Pradesh, Gujarat, Himachal Pradesh, and Odisha.
- 2.16.9. With respect to the Objector's contention regarding inclusion of MeECL's 'Other Income' in the DISCOM's Non Tariff Income, the Petitioner has claimed that a review of MeECL's income components shows that none of the income streams are common across the generation, transmission, and distribution subsidiaries. Therefore, there is no regulatory or accounting basis for including MeECL's other income in MePDCL's Non Tariff Income.
- 2.16.10. Regarding observations on UDAY, the Petitioner submitted that a separate, detailed response will be furnished to the Commission and the same will also be made publicly available on the Corporation's website.

- 2.16.11. Further in context to the UDAY grant, the Petitioner clarified that although the Statement of Accounts uses the terminology “Grants under UDAY”, these amounts are neither revenue grants nor subsidies. Instead, they pertain to the accumulated accounting losses of prior years that have been taken over by the State Government as part of a financial restructuring initiative, effectively functioning as a bailout package and not as operational income.
- 2.16.12. The Petitioner further emphasized that the audited Statement of Accounts (wherein the Profit and Loss Account is included) follows an accounting framework that is distinct from the regulatory mechanism utilised for ARR determination. Several material components create divergences between the two frameworks, including:
- Interest expenses on the Atmanirbhar loan, which average around Rs 98 crore,
 - Significant differences in depreciation, particularly due to the amortisation of grants applied under accounting standards but not recognised similarly in regulatory computations, and
 - The Rs 99 crore regulatory penalty imposed by the Hon’ble Commission for non-achievement of AT&C loss targets.
- 2.16.13. The Petitioner stated that, to support the financial viability of the DISCOM, the Government of Meghalaya has provided these UDAY-related loss takeovers. Accordingly, these amounts are neither subsidies nor grants in the regulatory sense and have no nexus with the ARR determination process. Therefore, the Petitioner claimed that the UDAY grant must not be treated as Non-Tariff Income for the purpose of ARR computation.
- 2.16.14. The Petitioner (MePDCL) further submitted that the losses assumed by the Government under UDAY and subsequent Ministry of Finance schemes were meant solely to reduce the Petitioner’s accumulated losses and have no bearing on regulatory treatment. MePDCL has also demonstrated that deductions made during previous years’ True Up exercises contributed significantly to the Corporation’s losses. To substantiate its position, MePDCL has submitted the auditor’s certificate, which has been uploaded on the websites. These amounts are reflected in the accounts as non-tariff income only to adjust accumulated losses, and not as revenue grants or subsidies to be passed on to consumers. Passing such amounts to consumers would prevent any reduction in the corporation’s accumulated losses. Accordingly, MePDCL requested that the UDAY loss takeover of Rs. 468 Crore should not be considered for ARR or tariff purposes.
- 2.16.15. MePDCL also addressed concerns regarding auditor observations, explaining that while certain observations exist, they relate to legacy issues without direct tariff impact. The corporation is actively working to resolve these issues in the current financial year. It emphasized that there is no

misrepresentation or malpractice in the accounts, and all tariff-related claims have been substantiated with auditor certificates.

Commission's Analysis

2.16.16. Commission has observed that the Petitioner has not considered the Revenue Grants for UDAY amounting to Rs 468.00 Cr. In this regard, the Commission vide First Additional Information requirement dated 13.01.2026 has sought the following:

- a) The Petitioner was directed to justify its inability of achieving the Financial Viability with Revised Tariff and the clarification of UDAY Grant received from Government.
- b) The current status of the activities mentioned under UDAY MOU have been asked to be detailed out and a comparative summary between listed activity as on zero date vis-a-vis Current Status vrs Future Plan has been sought in a prescribed format.
- c) Commission has stated that as per the MOU entered for implementation of UDAY scheme, energy audit up to 11 kV level has been made mandatory, and in this regard, the Petitioner was directed to submit the energy audit as contemplated in the MOU to ensure the reduction of loss level and improvement of infrastructural and performance KPIs. Additionally, the Commission had sought the moth-wise progress report of loss levels and the corresponding action plan to reduce the losses in the distribution network.
- d) The Petitioner was directed to provide justification of considering the UDAY grant under Revenue Booking with proper supporting documentation.
- e) The Petitioner was further directed to provide a detailed justification, with appropriate reasoning, for classifying the UDAY grant under Other Liabilities, as disclosed by the Auditor in its report. Additionally, the Petitioner was required to explain the impact of this classification on the Financial Statements, specifically addressing the rationale for not adhering to the prescribed accounting treatment. Additionally, the Petitioner was required to explain the impact of this classification on the Financial Statements, specifically addressing the rationale for not adhering to the prescribed accounting treatment.

In response, the Petitioner submitted the requisite data along with Auditor Certificate.

2.16.17. The Commission is of the view that UDAY (Ujjwal Discom Assurance Yojna) is a power sector reform initiative launched by the Government of India in November 2015 to improve the financial and operational health of electricity distribution companies (DISCOMs). The scheme seeks to:

- Reduce the debt burden of DISCOMs

- Improve operational efficiency
- Ensure affordable and reliable electricity supply
- Enhance the long-term financial sustainability of the distribution sector

For a DISCOM, the Net Aggregate Revenue Requirement (ARR) determined by the Commission forms the basis for projecting tariffs and billing consumers for electricity supplied during the relevant year. The Net ARR is computed as:

Net ARR = Power Purchase Cost (PPC) + DISCOM Network Cost + Terminal Liabilities – Non-Tariff Income – Income from Surplus Power ± Past Period Gap/(Surplus)

Whether a grant received under the UDAY scheme should be treated as Non-Tariff Income (NTI) depends on the nature of support. Commission would like to highlight some of the key points with respect to the consideration of same as Non-Tariff Income:

As per Regulation 2(40) of the MSERC (MYT) Regulations, 2014:

“40) “Non-Tariff Income” means **income relating to the regulated business** other than from tariff, excluding any income from Other Business and, in case of the Retail Supply Business of a Distribution Licensee, excluding income from wheeling and receipts on account of cross-subsidy surcharge and additional surcharge on charges of wheeling;”

2.16.18. Hon’ble APTEL also in matters such as North Delhi Power Ltd. vrs. Delhi Electricity Regulatory Commission, BSES Rajdhani Power Ltd. v. DERC, and South Bihar Power Distribution Co. Ltd. v. BERC, among others, reaffirm two key regulatory principles:

- Financial adjustments pertaining to past periods or restructuring exercises should not automatically influence the ARR of subsequent tariff years.
- Only income intrinsically linked to regulated distribution activities may be considered while determining ARR; receipts unrelated to tariff operations cannot be used to reduce ARR arbitrarily

2.16.19. In the present case, based on the Statement of Accounts (SoA) of MePDCL and the disclosures under Note 25 (Other Income), it is evident that MePDCL has received a grant of INR 468 crore for FY 2024 25 from State Government. Further, as per the Auditor’s Certification dated 6 March 2026, reproduced below, the amount pertains entirely to the takeover of past accumulated losses and not to operational revenue:

“This is to certify that the amount of Rs. 468.00 Crore shown as Revenue Grants for UDAY under Note 25- OTHER INCOME of the Audited Statement

of Accounts of Meghalaya Power Distribution Corporation Limited for FY 2024-25 pertains to the accounting losses taken over by the Government of Meghalaya and is not a revenue grant. It is being given by the Government of Meghalaya towards the Accumulated Losses of the corporation.

However, since the previous year account of the Corporation cannot be re-casted, the amount is required to be passed in the Current Year Accounts through other income to reduce the accumulated losses of the corporation.”

2.16.20. The Commission is of the considerate view that Grant received from State Government can be treated as follows:

Type of Support under UDAY	Regulatory Treatment
Revenue support / gap funding	Deducted from ARR as NTI and benefit applicable to all categories of consumers
Capital grant for assets	Adjusted against capital cost for Network Cost computation and benefit applicable to all categories of consumers
Funding of past accumulated losses / Financial restructuring	Not treated as NTI for ARR
Subsidy	Targeted to benefit a category of consumers and not treated as NTI

2.16.21. In case the loss takeover of the corporation is considered as Non-Tariff Income, which is aimed at the improvement of financial viability of the MePDCL, the corporation would not be able to retain the said amount depriving it the benefit for which such amount is being provided by the Government of Meghalaya. Grant under UDAY scheme is aimed at **clean up the past financial losses of DISCOMs**, and not to fund current-year operations.

2.16.22. Commission would like to further submit that the revenue grant received from Government of Meghalaya for meeting other expenditure amounting to Rs. 32.45 Crore has been considered as a Non-Tariff Income because this amount is primarily of grant in nature and hence is ought to be considered as Non-Tariff Income contrary to the loss take over by State Government.

2.16.23. In view of the above regulatory framework, the established treatment of UDAY-related support, and the Auditor’s categorical certification, the Commission concludes that the grant of INR 468 crore received in FY 2024-25 represents assistance for taking over past accumulated losses and not an income related to the regulated activities of the Discom. It is **not** a grant towards operational expenditure. Accordingly, the amount **shall not be considered as Non-Tariff Income** and **shall not be deducted from the ARR**.

2.16.24. The Commission observed that the other income of MeECL as reported in Note no. 22 of Audited Accounts of MeECL is Rs. 22.48 Crore, out of which, no

amount is booked by the Petitioner for this year which can be considered as the share of subsidiary companies.

2.16.25. However, based on the principle maintained by the Commission in the prevailing True-up Orders, the 1/3rd apportionment of “Revenue from other income” corresponding to MeECL amounting to Rs. 7.49 Crore in total has been included under Non-Tariff Income of the Petitioner.

2.16.26. Accordingly, the Commission approved the Non-Tariff Income as tabulated below:

Table 53: Approved Details of Non-Tariff Income for FY 2024-25

S No	Particular	Amount (Rs Cr) (Approved)
A	Other Income	
1	Interest Income	
a	From Banks	8.97
b	From Others	0.02
	Sub-Total A	8.99
B	Other Non-Operating Income	
1	Rental and Hiring Income	0.007
2	Fees and Penalties	0.000
3	Sale of scrap, tender forms and others	0.246
4	Miscellaneous receipts	11.982
5	Amortization of Grants and Subsidies	0.00
6	Amortization of Consumer Contributions	0.00
7	Refund of surcharge from NEEPCO	0.000
8	Revenue Grants for Other Expenditures	32.45
9	Revenue Grants for UDAY	0.00
10	Sundry balances written back	0.00
	Sub-Total B	44.69
C	Other Operating Income	
1	Meter Rent	0.52
2	Reconnection Fees	0.015
3	Delayed Payment Charges Collected From Consumers	30.07
4	Rebates on Purchase of Energy	22.22
5	Other Charges From Consumers	15.97
6	Cross Subsidy Surcharge	38.53
	Sub-Total C	107.34
7	The Other Income from MeECL apportioned share reported in note no. 20 of audited accounts	7.49
D	Grand Total	168.51

2.16.27. **The Commission approves Non-Tariff and Other Income at Rs. 168.51 Crore for True up of FY 2024-25.**

2.17. Computation of AT&C losses

Petitioner's Submission

- 2.17.1. The Petitioner submitted that it has adopted the settled practice followed by the Commission in the previous years. Further, the Petitioner added that since the energy sold to distribution franchisee as the input energy hence technically there are no losses involved there. Accordingly, the sales of 1404.09 MU have been considered for calculation of AT&C losses. Further, the Petitioner has considered the opening debtors and closing debtors as per the statement of accounts for computation. Further, the transmission losses and auxiliary consumption have been considered as per the methodology adopted in the calculation of T&D losses.
- 2.17.2. The computation of the AT&C losses as shared by the Petitioner is tabulated below:

Table 54: Proposed Computation of AT&C Losses for FY 2024-25

S No	Particular	Legend	Value
1	Input Energy (MU) at state periphery	A	1727.00
2	Transmission Losses (MU)	B	43.47
3	Net Input Energy (MU)	$C=(A-B)$	1683.53
4	Energy Sold (MU)	D	1404.09
5	Revenue from Sale of Power (Rs. Cr.)	E	1000.56
6	Adjusted Revenue (Rs. Cr.)	F	1000.56
7	Opening Debtors (Rs Cr)	G	547.01
8	Closing Debtors (Rs. Cr.)	H	477.00
9	Collection Efficiency (%)	$I=(F+G-H)/E$	107.00%
10	Units Realized (MU)	$J=I*D$	1502.34
11	Units Un Realized (MU)	$K=C-J$	181.19
	AT&C Loss (%)	$L=K/C$	10.76%

- 2.17.3. The Petitioner has requested the Commission to allow the AT&C losses for FY 2024-25 as 10.76%.

Respondents' submission in this regard

- 2.17.4. BIA has mentioned that the Petitioner has requested the Commission to allow the AT&C losses for FY 2023-24 as 16.12% as against the AT&C losses of 14.20% approved vide the MYT Order dated 11.4.2023 passed in Case No.25/2022 for FY 2023-24. Hence, BIA has requested that the AT &C losses above 14.20% as claimed by the Petitioner may be disallowed.

MePDCL's response to Respondent's submissions

- 2.17.5. The Petitioner has claimed that the statement made by the Objector is hypothetical in nature and hence, the Petitioner has requested the Commission to allow the AT&C losses as claimed by the Petitioner.

Commission’s Analysis

2.17.6. The Petitioner vide Second Additional Information requirement dated 16.02.2026, was directed to submit the following regarding Loss Reduction Program / Strategies for restricting AT&C loss% and Distribution Loss%

- a) The detailed activities being executed and planned for further progress,
- b) Any subsidy claimed vrs received from Government or not for any Loss Reduction schemes.

In response, the Petitioner has submitted that a detailed note on the ongoing schemes which are focusing on the loss reduction i.e., ADB funded Distribution Improvement Program and Revamped Distribution Sector Scheme. The funding pattern of the schemes is also attached by the Petitioner.

2.17.7. The Commission has adopted the CEA guideline of “Calculation Methodology for Computation of AT&C Losses” vide letter. No. CEA/DPD/AT&C losses/2017/758-818 dated. 02.06.2017 and “Addendum to AT&C loss calculation Methodology” dated 30.06.23, to compute the AT&C loss for FY 2023-24, as stated below;

	Particulars	Formula/Remarks
A	Input Energy (MU)	Energy Generated - Auxiliary Consumption + Energy Purchased (Gross) - Energy Traded/ Inter State Sales
B	Transmission Losses (MU)	
C	Net Input Energy (MU)	A-B
D	Energy Sold (MU)	Energy Sold to all categories of consumers excluding units of Energy Traded/Inter-State Sales (Open Access / Wheeling units shall not be included)
E	Revenue from Sale of Energy (Rs Cr.)	Revenue from Sale of Energy to all categories of consumers (including Subsidy Booked) but excluding Revenue from Energy Traded /Inter-State Sales
F	Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs Cr.)	Revenue from Sale of Energy (same as above) minus Subsidy Booked plus Subsidy Received against subsidy booked during the year
G	Opening Debtors for Sale of Energy (Rs Cr.)	Opening debtors for sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debtors). Unbilled Revenue shall not be considered as Debtors.
H	Closing Debtors for Sale of Energy (Rs Cr.)	i) Closing debtors for Sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as Debtors. ii) Any amount written off during the year directly from(i)
I	Adjusted Closing Debtors for sale of Energy (Rs Cr.)	H (i+ii)
J	Collection Efficiency (%)	(F+G-I)/E* 100
K	Units Realized (MU)= [Energy Sold * Collection Efficiency]	D* J/100
L	Units Unrealized (MU)= [Net	C-K

	Particulars	Formula/Remarks
	Input Energy-Units Realized]	
M	AT&C Loss (%) = [{ Units Unrealized/Net Input Energy}*100]	L/C *100

2.17.8. Accordingly, Commission approves the AT&C Loss (%) as shown in the table below:

Table 55: Approved AT&C Losses for FY 2024-25

Particulars	Derivation	Value (Approved)
Energy purchased from CGS/exchange (Energy available at CTU-STU periphery)	a	1397.73
Inter-state transmission (CTU) Loss (in MUs)	b=(a*3.66%)	51.16
Input Energy (MU) at STU periphery	c = (a-b)	1346.57
Energy purchase from Other states at State Periphery level	d	276.42
Energy Generated - Auxiliary consumption	e	1026.11
Energy traded at STU interface (State Periphery) level	f	922.09
Input Energy (MU) at STU level	g = (c+d+e-f)	1727.01
STU Losses (MU)	h= (g*2.52%)	43.47
CEA FORMAT		
Net Input Energy (MU) at DISCOM periphery	A	1683.54
Energy Sold (MU)	B	1404.10
Revenue from Sale of Energy (Rs.Cr.)	C	1020.33
Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs. Cr.)	D	1020.33
Opening Debtors for Sale of Energy (Rs. Cr.)	E	547.01
Closing Debtors for Sale of Energy (Rs. Cr.)	F	477.00
Adjusted Closing Debtors for sale of Energy (Rs. Cr.)	G	477.00
Collection Efficiency (%)	H = [(D+E -G)/C]*100	106.86%
Units Realized (MU) = [Energy Sold*Collection efficiency]	I = (B * H)/100	1500.45
Units Unrealized (MU)= [Net Input Energy-Units Realized]	J = (A-I)	183.10
AT&C Losses (%) = [{Units Unrealized/Net Input Energy} * 100]	K = (J/A *100)	10.88%

2.17.9. **The Commission approves AT&C Loss (%) of 10.88% for True up of FY 2024-25.**

AT&C Loss Penalty

2.17.10. Regulation 83.1 of MSERC MYT Regulations 2014 specifies that,

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

Provided that it shall be obligatory on the licensee whose AT&C losses during the previous year are in excess of 30 percent, to project reduction of such losses by a minimum of 3 percent during the year for which a Tariff Application is made. Any shortfall in the projected level of AT&C losses for

such year, in this regard, may be penalized by an amount equivalent to the cost of the quantum of energy to be lost due to inability of the licensee to plan and achieve reduction of AT&C losses by a minimum of 3 percent from the previous year's level as may be allowed. Such amount shall be calculated at the average-over-all-unit-cost of sale of power, as approved by the Commission for such year.

Provided also that in the case of a licensee whose AT&C losses during the previous year were less than 30 percent, it would be obligatory for such licensee to reduce such AT&C losses by a minimum of 1.5 percent only during the year for which a Tariff Application is made. Failure to achieve this level of reduction may be penalized in the same manner as set out in clause (a) above. Further, provided that the overall penalty, of any, may be limited by relevant Central Guidelines, as may be notified from time to time."

- 2.17.11. Accordingly, the Commission considers the AT&C loss penalty as detailed in the table below:

Table 56: Approved AT&C Loss penalty for FY 2024-25

Particular	Derivation	Value (Approved)
Actual AT&C loss for FY 2023-24	1	16.12%
Target level for FY 2024-25 (1.5% less of Sl.no.1)	2	14.62%
Actual AT&C loss for FY 2024-25 as per the CEA Format	3	10.88%
Short fall over the Targeted Level (Sl.no.3-2)	4= sl no (3 -2)	-3.74%
AT&C loss in terms of Energy for FY 2022-23	5= (Energy sales x sl. no.4)	-52.58
Average Unit cost of sale of power as per Reg.83.1 (Revenue from operation/Energy Sales)	6	7.27
Penalty to be levied on the short fall of AT&C loss	7 = (sl.no.5x6)	0.00

- 2.17.12. **Commission approves AT&C loss penalty as NIL since the Petitioner has been able to achieve the target AT&C loss levels.**

2.18. Accrued Terminal Benefits

Petitioner's Submission

- 2.18.1. The Petitioner has claimed Rs. 113.18 Crore for MePDCL and Rs. 0.63 Crore for MeECL as Accrued Terminal Liabilities of Pension for FY 2024-25.

Commission's Analysis

- 2.18.2. The Commission vide its order dated 24.10.2024, while deciding the ARR for MYT control Period FY 2024-25 to FY 2026-27 & Distribution Tariff For 2024-25 for MePDCL, has already determined the terminal benefits to be recovered by the MePDCL, based on the actuarial valuation report & the auditor certificate, and the total amount is INR 113. 81 Cr, the breakup of which is provided hereunder:

Contribution by MePDCL:	INR 113.18 Cr
Contribution on account of MeECL:	INR 0.63 Cr

- 2.18.3. As per the above quoted order of the Commission, the total outstanding liability of Govt. of Meghalaya, towards past terminal liabilities as on 01.04.2024 was INR 1937.88 Cr. As per the Auditor's report submitted by MeECL, it is observed that Govt. of Meghalaya has contributed INR 52.34 Cr. towards the past terminal liabilities in FY 2024-25.
- 2.18.4. 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 INR 2026.06 Cr.
- 2.18.5. **Accordingly, the Commission considers Rs. 113.81 Cr (Rs. 113.18 Crore for MePDCL + 1/3rd of MeECL liability i.e., Rs. 0.63 Crore) to pass through as Accrued Terminal Liabilities in the true-up 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.**
- 2.18.6. 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.

2.19. Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2024-25

Petitioner's Submission

2.19.1. Based on the computation of various components of ARR as detailed out in previous paragraphs the ARR for 2024-25 as estimated by the Petitioner is shared as under:

Table 57: Claimed Aggregate Revenue Requirement & Revenue Gap/ (Surplus) for FY 2024-25

Sl. No.	Particulars	Approved in Tariff Order 2024-25 (Rs. Cr.)	As per Petition (Rs. Cr.)
1	Power Purchase cost	1306.65	1342.82
2	Transmission Charges (PGCIL)	103.18	82.78
3	Transmission Charges (MePTCL)	144.73	144.73
4	Employee Expenses	185.43	179.12
5	Repair & Maintenance Expenses	7.32	28.04
6	Administration & General Expenses	19.01	22.82
7	Depreciation	1.89	18.60
8	Interest and Finance charges	17.55	12.51
9	Interest on working capital	42.45	33.97
10	Return on Equity	10.80	15.83
	Gross Annual Revenue Requirement (ARR)	1839.27	1881.21
12	Less: Non-Tariff Income and Other Income	50.28	161.01
13	Less: Sale of Surplus Power	312.45	562.21
	Net ARR	1476.54	1157.99
14	Add: True Up Gap of 2022-23	140.09	140.09
15	Add: True Up Gap of Review 2020-21	1.46	1.46
16	Add: True Up Gap Claimed in 2021-22	-68.4	-68.4
17	Add: Gap on Acc of Review of FY 2022-23		56.42
18	Comprehensive (Income)/ Expenses (Pension)	113.18	113.18
19	Comprehensive (Income)/ Expenses (1/3rd MeECL) (Pension)	0.63	0.63
20	ARR for FY 2024-25	1663.26	1401.37

2.19.2. **The Petitioner requested the Commission to approve the ARR for FY 2024-25 as Rs. 1401.37 Cr.**

Commission’s Analysis

- 2.19.3. True up petition, Additional Submission dated 27.02.2026, Response of First and Second Additional Information filed by the Petitioner have been scrutinized considering all Additional information/data, Audited accounts with reference to the MSERC MYT Regulations 2014.
- 2.19.4. Moreover, the past adjustments i.e., Gap/(Surplus) from the Trued-up year, as already taken into account by the Commission in the ARR Orders, have also been taken into consideration in the present year True-Up exercise.
- 2.19.5. The Commission further acknowledges the submission of BIA and PFI. Thereafter, applies a prudence check of previous Tariff Order and True-Up Orders.
- 2.19.6. Accordingly, the Commission approves the admissible expenses for True up of FY 2024-25 as depicted in table below:

Table 58: Approved Aggregate Revenue Requirement & Revenue Gap/ (Surplus) for FY 2024-25

Sl. No.	Particulars	True-Up for FY 2024-25 (Claimed) (Rs Cr)	True-Up for FY 2024-25 (Approved) (Rs Cr)
1	Power Purchase cost	1268.31	1240.07
2	Transmission Charges (PGCIL) (incl POSOCO Charges)	82.78	82.78
3	Transmission Charges (MePTCL)	144.73	144.73
4	Add / Less: Barter Transaction	37.13	37.13
5	Add: FPPAS Passed on to Consumers	23.12	-
6	Add: New Provision for the Barter Transaction in FY 2024-25	14.26	14.26
7	Employee Expenses	179.12	179.05
8	Repair & Maintenance Expenses	28.04	4.38
9	Administration & General Expenses	22.82	22.83
10	Depreciation	18.60	12.90
11	Interest and Finance charges	12.51	12.95
12	Interest on working capital	33.97	31.53
13	Return on Equity	15.83	11.08
14	Gross (ARR)	1881.21	1793.70
15	Less: Non-Tariff Income and Other Income	161.01	168.51
16	Less: Sale of Surplus Power	562.21	562.21
17	Less: Penalty for AT&C loss	-	-
18	Net ARR	1157.99	1062.98

Sl. No.	Particulars	True-Up for FY 2024-25 (Claimed) (Rs Cr)	True-Up for FY 2024-25 (Approved) (Rs Cr)
19	Add: True Up Gap/(Surplus) for FY 2020-21	1.46	1.46
20	Add: True Up Gap of Review FY 2021-22	-68.40	-68.40
21	Add: True Up Gap of FY 2022-23	140.09	140.09
22	Add: Gap on Account of Review of True Up for FY 2022-23	56.42	56.42
23	Total ARR recoverable for FY 2024-25 (excluding Pension Liability)	1287.56	1192.55
24	Comprehensive Income/ Expenses (Pension)	113.18	113.18
25	Comprehensive Income/ Expenses (1/3 rd MeECL) (Pension)	0.63	0.63
26	Total ARR recoverable for FY 2024-25 (including Pension Liability)	1401.37	1306.36

2.19.7. **The Commission approves the Annual Revenue Requirement at Rs. 1306.36 Crore for True up of FY 2024-25.**

2.20. Revenue from Operations

Petitioner's Submission

- 2.20.1. As per the settled methodology adopted by the Commission the Revenue from Sale of Power has been considered as per the audited statement of accounts. The Petitioner has highlighted that as of now the practice of accounting the revenue for certain categories is clubbed together, however, the Petitioner is in process of further bifurcating the revenue accounting into further categories as determined by the Commission.
- 2.20.2. The Petitioner further submitted that the FPPAS passed on to the consumers for the Month of Jan 2025, Feb 2025 and Mar 2025, which included in the Revenue from Sale of Power as shown in Note 24 of Statement of Accounts, however, for the purpose of this Petition. Since, FPPAS has been considered under Power Purchase Expenses, the same is not considered here.
- 2.20.3. As per Additional Submission dated 27.02.2026, the Petitioner submitted that the Accounts have been prepared on the basis the tariff difference arising from the Order dated 24.10.2024, which was approved to be billed in nine instalments. Accordingly, only the portion of the tariff difference billed up to March 2025 has been considered in the Audited Accounts of FY 2024-25, while the amount billed during FY 2025-26 has not been included. However, for the purpose of clarity and to avoid any discrepancy at the time of Truing Up for FY 2025-26, the Petitioner has requested the Commission to consider the entire amount of the tariff difference in the True-Up for FY 2024-25. The total tariff difference, including both the positive and negative

differences, amounts to Rs. 48.45 Crore. The breakup of Tariff difference billed in FY 2024-25 and FY 2025-26 is as under:

Financial Year	Tariff Difference Billed (Rs. Cr.)	Remarks
2024-25	18.98	Already included in SOA
2025-26	29.46	NA

2.20.4. The details of revenue claimed by the Petitioner are shared in the table below:

Table 59: Claimed Details of Revenue from Sale of Power for FY 2024-25

Categories of other Consumers:	Amount (Rs Cr)
Domestic and Residential	341.23
Commercial	151.13
Industrial Medium and Low Voltage	5.12
Industrial High and Extra High Voltage	321.61
Public Lighting	1.21
Irrigation and Agriculture	0.05
Public Water Works	48.58
Bulk Supply to others	71.48
Miscellaneous and General Purpose	3.41
Construction Project High Tension	-
Revenue from sale of power through Franchisee	47.05
Total	990.87
Add: FPPAS Included in Revenue	9.69
Add: Tariff Difference Amount Billed in FY 2025-26	29.46
Revenue from Sale of power within the state (as per Additional Submission)	1,030.02

2.20.5. The Petitioner has requested the Commission to approve the revenue for FY 2024-25 as Rs. 1,030.02 Cr.

Commission's Analysis

2.20.6. The Commission vide First Additional Information Requirement, sought the Month-wise, Category-wise and Slab-wise Billing Determinants details (i.e. Number of Consumer, Energy sale, Connected/Contracted Load and Revenue earned) for past 5 years on actual basis as per a prescribed format, which needs to be in line with Audited reports. In response the Petitioner submitted the requisite data.

2.20.7. The Petitioner vide First Additional Information Requirement, was directed to submit the followings for past 5 years on actual basis duly certified by auditor and SLDC

- i. Month wise Total power drawn through Open Access (OA) (in MW) by the OA consumers
- ii. Month wise Total No. of Hours of drawl in OA (in Nos.) by OA consumers

- iii. Category wise Number of OA consumers
- iv. Month wise Average Load of DISCOM (in MW)
- v. Month wise Contracted Capacity DISCOM (in MW)
- vi. Month wise Peak Load of OA consumers (in MW)
- vii. Month wise Off-Peak Load of OA Consumers (in MW)

In response, the Petitioner submitted the requisite data.

- 2.20.8. In lieu of the Petitioner’s submission, the Commission has adopted a considerate approach and has considered the revenue from operations of the Petitioner after allowing the Revenue amount of Rs. 29.46 crore from the remaining instalments. The Commission is allowing this adjustment as a one-time consideration. Further, the Commission clearly states that the Petitioner shall not again be allowed to claim the said Rs. 29.46 crore under Revenue from Sale during the true-up of FY 2025-26, i.e. there will be no further adjustment on account of the said amount in the True-Up Order of FY 2025-26.
- 2.20.9. The Commission is of the view that any amount pertaining to “FPPAS passed on to consumer” shall not be considered under ‘Revenue from Operation’ during FY 2024-25, as detailed out in Power purchase section of this Order.
- 2.20.10. The Commission therefore approves the net Revenue from operations amounting to Rs. 1,020.33 Crore for FY 2024-25 as reported in note no.24 of audited accounts and additional submissions of the Petitioner as detailed below:

Table 60: Approved Details of Revenue from Sale of Power for FY 2024-25

Categories of other Consumers:	Amount (Rs Cr)
Domestic and Residential	341.23
Commercial	151.13
Industrial Medium and Low Voltage	5.12
Industrial High and Extra High Voltage	321.61
Public Lighting	1.21
Irrigation and Agriculture	0.05
Public Water Works	48.58
Bulk Supply to others	71.48
Miscellaneous and General Purpose	3.41
Construction Project High Tension	0.00
Revenue from sale of power through Franchisee	47.05
Total	990.87
Add: FPPAS Included in Revenue	0.00
Add: Tariff Difference Amount Billed in FY 2025-26	29.46
Revenue from Sale of power within the state (as per Additional Submission)	1,020.33

- 2.20.11. **The Commission approves Revenue from operations at Rs. 1,020.33 Crore for True up of FY 2024-25.**

2.21. Special Tariff

Petitioner's Submission

- 2.21.1. The Petitioner submitted that it has entered into an agreement with 10 Consumers for Special Tariff where in these consumers were supplied power at a concessional rate of Rs. 4.90 / Unit without any demand charges, subject to the condition that the consumers will maintain a load factor of 68% with MePDCL. Penalty was imposed on the consumers for non-maintenance of the load factor at Rs. 1.20 / Unit of shortfall in consumption below 68% load factor for HT consumers and at Rs. 1.00/ Unit for EHT consumer.
- 2.21.2. It is further claimed by the Petitioner that, due to non-maintenance of the load factor MePDCL terminated the MoU with effect from 25th January 2022. Post termination the consumers were billed at normal tariff. The matter was challenged by the consumer association before Hon'ble High Court of Meghalaya and after detailed deliberation, the matter was referred to this Hon'ble Commission for adjudication.
- 2.21.3. Subsequently, the Commission after detailed hearing vide Order dated 04.07.2025 in Case No. 11 to Case No. 20 of 2022 decided that the Special Tariff would be applicable till 31st October 2023.
- 2.21.4. However, the Petitioner highlighted that since the revenue recognition in accounts is done on accrual basis, the revenue accounted on books of account for the dispute period i.e., January 2022 to October 2023 was as per Normal Tariff and the gap in the true up of all these years was computed based on the same. Since, Hon'ble Commission in its final order has decided that the Special tariff would be applicable till 31st October 2023, the revenue billed in the intervening period i.e., from January 2022 to October 2023 needs to be reversed.
- 2.21.5. Since, the gap for all these years were computed based on the Normal Tariff as booked in audited statement of accounts on reversal of the revenue such gap would increase. Hence, the gap on account of reversal has been worked out by the Petitioner with following methodology:

Step 1- The Bills for the period of January 2022 to October 2023 have been collated.

Step2 – The Delayed Payment Surcharges included in these bills have been removed as it is not accounted under the head revenue from sale of power.

Step 3- Based on the energy consumption during all these months the revised bills have been computed based on the tariff of Rs.4.9/ kWh.

Step 4- The difference between the earlier billed amount excluding DPC and the revised bills based on the Special Tariff has been arrived which would be the gap arising out of the reversal.

- 2.21.6. Thereby, the Petitioner as per the Original Petition, confirmed that the differential amount comes out to be Rs. 105.31 Crore which is reflecting the audited Statement of Accounts under the head Exceptional items in Profit and Loss Statement. The Petitioner further cited the concerned clause from that relevant Order dated 04.07.2025 that the Commission provided liberty to claim shortfall in the net revenue during this period for next tariff period.
- 2.21.7. However, the Petitioner declared that since the gap of Rs. 105.31 Crore has accrued for three financial years i.e., FY 2021-22 to FY 2023-24, hence it would not be justified to pass the burden on all consumers of the state in one go. Hence, the Petitioner claimed the differential amount in 3 equal instalments.
- 2.21.8. In addition to the above it is also pointed out by the Petitioner that till March 2023, the Petitioner was accounting the Delayed Payment Surcharge on accrual basis and the same was considered as non-tariff income in ARR. Accordingly, the DPC billed to consumers which is not supposed to be reversed, needs to be claimed back. Accordingly, the Petitioner submitted that the DPC billed to the consumers from January 2022- October 2023 comes out to be Rs. 4.74 Crore which has been included in the Gap of FY 2024-25. The detailed statement of consumer wise DPC billed from January 2022 to October 2023 is also submitted by the Petitioner.

Commission's Analysis

- 2.21.1. The Commission noticed that MePDCL was supposed to submit the final working of the differential amount due to Special Tariff by first week of December 2025, as mentioned in the section 4.15 of the Petition. In this regard, vide First Additional Information Requirement, the Commission sought the detailed accurate calculation along with Auditor certificate, concerned bills and other valid documents.

In reply, the Petitioner submitted that after the final settlement and acceptance from the consumers, the revised amount of claim towards special tariff comes out to Rs. 108.45 Crore instead of Rs. 105.31 Crore as shown in the SOA. Thus, based on the above, the Petitioner's claims to allow the aforesaid amount in 3 instalments have been revised to be Rs. 36.15 Crore in place of original claim of Rs. 35.11 Crore in Petition.

- 2.21.1.1. Further, the Commission, vide Second Additional Information, sought the details of Penalty billed to the consumers for not achieving 68% of load factor in line with the MOU/agreement. In response the Petitioner submitted the requisite data duly certified by the Auditor, wherein it is evident that Rs. 19.65 lakh has been booked as "Load Factor Penalty (Billed in 2025-26) (In

Lakhs)”. However, subsequently the Petitioner rectified the information that the unit of the said amount would be Rs. 19.65 Crore.

- 2.21.2. The Commission, accordingly, allows Rs. 36.15 Crore of Reversal of Revenue and Rs 4.74 Cr of DPC Billed on Account of Special Tariff and Rs. 19.65 Crore of Load Factor Penalty, based on the Petitioner’s submission.

2.22. Revenue Gap/Surplus

Petitioner’s Submission

- 2.22.1. Based on the ARR and Revenue presented by the Petitioner and considering all the Additional submissions, the Petitioner has calculated the Revenue Gap for FY 2024-25 as presented below

Table 61: Claimed Revenue Gap for FY 2024-25

Particular	Amount (Rs. Cr.)
Aggregate Revenue Requirement (without Special Tariff including Terminal Benefit Instalment)	1401.37
Revenue from Sale of Power	1030.02
Stand Alone Gap for FY 2024-25	371.35
Add: Special Tariff (Instalment I)	36.15
Add: Reversal of DPC Billed to Special Tariff Consumers	4.74
Less: Penalty amount due to non-maintaining of 68% load factor	19.65
Total Gap for FY 2024-25	392.59

Commission’s Analysis

- 2.22.2. The Commission has analysed the True-up petition with reference to the additional information filed by the Petitioner and has calculated the Revenue Gap/Surplus as represented in the table below:

Table 62: Approved Revenue Gap for FY 2024-25

Particulars	Amount (Rs. Cr.) (Claimed)	Amount (Rs. Cr.) (Approved)
Total ARR recoverable for FY 2024-25 (including Pension Liability)	1401.37	1306.36
Less: Revenue from Sale of Power	1030.02	1020.33
Add: Reversal of Revenue on Account of Special Tariff	36.15	36.15
Add: Reversal of DPC Billed on Account of Special Tariff	4.74	4.74
Less: Penalty amount due to non-maintaining of 68% load factor	19.65	19.65
Net Gap / (Surplus) for FY 2024-25	392.59	307.27

- 2.22.3. The Commission approves Net Gap at Rs. 307.27 Crore for True up of FY 2024-25 and shall be appropriated in the next Tariff Order.**

3. Summary of Order

3.1.1. The summary of True up Order for Distribution Business for MePDCL for FY 2024-25 is represented in the table below:

Table 63: Summary of Approved ARR figures for True-Up of FY 2024-25

Sl. No.	Particulars	True-Up for FY 2024-25 (Claimed) (Rs Cr)	True-Up for FY 2024-25 (Approved) (Rs Cr)
1	Power Purchase cost	1268.31	1240.07
2	Transmission Charges (PGCIL) (incl POSOCO Charges)	82.78	82.78
3	Transmission Charges (MePTCL)	144.73	144.73
	Add / Less: Barter Transaction	37.13	37.13
	Add: FPPAS Passed on to Consumers	23.12	0.00
	Add: New Provision for the Barter Transaction in FY 2024-25	14.26	14.26
4	Employee Expenses	179.12	179.05
5	Repair & Maintenance Expenses	28.04	4.38
6	Administration & General Expenses	22.82	22.83
7	Depreciation	18.60	12.90
8	Interest and Finance charges	12.51	12.95
9	Interest on working capital	33.97	31.29
10	Return on Equity	15.83	11.08
	Gross (ARR)	1881.21	1793.70
12	Less: Non-Tariff Income and Other Income	161.01	168.51
13	Less: Sale of Surplus Power	562.21	562.21
14	Less: Penalty for AT&C loss	-	-
	Net ARR	1157.99	1062.98
15	Add: True Up Gap/(Surplus) for FY 2020-21	1.46	1.46
	Add: True Up Gap of Review FY 2021-22	-68.40	-68.40
	Add: True Up Gap of FY 2022-23	140.09	140.09
	Add: Gap on Account of Review of True Up for FY 2022-23	56.42	56.42
	Total ARR recoverable for FY 2024-25 (excluding Pension Liability)	1287.56	1192.55
17	Comprehensive Income/ Expenses (Pension)	113.18	113.18
18	Comprehensive Income/ Expenses (1/3 rd MeECL) (Pension)	0.63	0.63
19	Total ARR recoverable for FY 2024-25 (including Pension Liability)	1401.37	1306.36
20	Less: Revenue from Sale of Power	1030.02	1020.33
21	Add: Reversal of Revenue on Account of Special Tariff	36.15	36.15
22	Add: DPC Billed on Account of Special Tariff	4.74	4.74
23	Less: Penalty amount due to non-maintaining of 68% load factor	19.65	19.65
24	Net Gap / (Surplus) for FY 2024-25	392.59	307.27

4. Commission's Directives

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

Table 64: Commission's Directive

Sl. No.	Particulars												Timeline	
1	Petitioner to submit Additional Capitalization funding structure for the respective year.												To be provide during the Next True-Up petition for FY 2025-26 (for all Tabular formats)	
	No.	Category of Asset	Description/ Equipment/ Asset	Date of Addition	GFA Added During the True-Up Year (In Rs. Cr.)	GFA Capitalized During the Year (In Rs. Cr.)	Funding Source for Capitalization through Loan (In Rs. Cr.)	Funding Source for Capitalization through Grant (In Rs. Cr.)	Scheme of Grant used for capitalisation	Funding Source for Capitalization through Equity (In Rs. Cr.)	Justification for Capitalization	Reference of Notes to the Financial Statement		Supporting Documents Provided (Yes/No)
	1													
	2													
	3													
	4													
	5													
	Particulars		Total Additional Capitalization (In Rs. Cr.)	Funded through Grant (In Rs. Cr.)	Funded though Equity. (In Rs. Cr.)	Funded through Debt (In Rs. Cr.)								
	True-up year													
	Current Financial Year													
	Ensuing Financial year													

Sl. No.	Particulars	Timeline																																																					
2	Petitioner to provide annual Grant data capturing the following details: a. Scheme wise grant allocation details	To be provide during the Next True-Up petition for FY 2025-26 (for all Tabular formats)																																																					
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The Petitioner shall file Status of the all the Directives mentioned in this Order under respective sections from time to time and a Compiled status report with all relevant supporting documents at the time of next True-Up Petition.

Annexure: Loan Portfolio

Particulars	Loan Details			As on 01.04.2025			During the Year									As on 31.03.2026	
	Total Loan amount at the Date of Drawl	Rate of interest applicable at the date of drawl	Date of Drawl	Loan Outstanding	Loan repayment of FY preceding True-up year	Interest Due	Loan addition	Previous year Repayment paid	Repayment due for this year	Repayment Made	Rate of interest as on 31 st March 2026	Interest accrued	Interest paid	Penal interest due	Penal Interest paid	Loan outstanding	Interest-accrued but not due 31.03.2026
Loan 1																	
Loan 2																	
Loan n																	

Particulars	Accrued at the beginning	Accrued during the year	Total	Interest Paid	Interest accrued but not due
Loan 1					
Loan 2					
Loan n					

Annexure: Generation Profile

MePDCL is directed to submit, at the time of true-up, month-wise details of each generating plant under ISGS and SGS, as indicated in this Annexure. The details must be duly certified by SLDC/RLDC or any other competent authority, as applicable under the respective jurisdiction.

Month	Design Energy for Hydro/DC for Thermal	Normative Plant availability factor	Actual PAF %	Reason for Shortfall / Excess achievement in PAF	Gross Generation (MU) (Approved)	Gross Generation (MU) (Claimed)	Aux. Cons (%) (Approved)	Aux. Cons (%) (Claimed)	Transformation Loss (%) (Approved)	Transformation Loss (%) (Claimed)	Aux + Transformation Loss (%)	Aux + Transformation Loss (MU)	Net Actual Generation (KW hr)	Saleable Energy (kWh)	Normative PLF %	Actual PLF %	Reason for Shortfall in actual generation
April																	
May																	
June																	
July																	
August																	
September																	
October																	
November																	
December																	
January																	
February																	
March																	

5. Applicability of the Order

This Order shall come into effect from 1st April 2026.

The Petition of Meghalaya Electricity Power Distribution Corporation Limited (MePDCL) in Case No. 08 of 2025 stands disposed of accordingly.

Sd/-

**Chandan Kumar Mondol,
Chairman**