

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

In the matter of: Review of true up order for FY 2011-12 & distribution tariff Order for FY 2015-16 dated 31.3.2015.

And

In the matter of: Meghalaya Power Distribution Corporation Limited - Petitioner
(Herein after referred to as MePDCL)

Coram

Anand Kumar

Chairman

Date of Order: 11.08.2015

This order relates with the petition filed by MePDCL seeking review of the true up order for FY 2011-12 and distribution tariff order of FY 2015-16, dated 31.03.2015.

I. True Up of FY 2011-12

In the petition dated 28-05-2015, the MePDCL has raised the following issues in respect of true up order for FY 2011-12.

1. Power Purchase Cost

To consider the power purchase cost at Rs 431.20 Crores for FY 2011-12 as per audited accounts as against Rs 389.38 Crores approved by the Commission.

2. Employee Cost

To consider the employee cost at Rs 150.43 Crores as against Rs 149.41 Crores allowed by the Commission as it is a typographical error.

3. Prior Period Expenses

To consider prior period expenses of Rs 2.80 Crores as per annual accounts for FY 2011-12.

4. Return on Equity

MePDCL has requested to consider RoE at Rs 127.15 Crores at 14% of equity base of Rs 908.18 Crores as reflected in audited balance sheet for FY 2011-12.

5. Revenue Collection during FY 2011-12

MePDCL has requested to consider revenue collection during FY 2011-12 at Rs 359.23 Crores as against Rs 318.31 Crores approved by the Commission based on the details now furnished for the opening and closing sundry debtors of annual accounts for FY 2011-12 in order to estimate collection efficiency.

6. Distribution Losses

The MePDCL has furnished actual distribution losses at 27.01% as against 28.66% approved by the Commission and requested to consider 27.01%.

7. AT&C Losses

MePDCL has furnished AT&C Losses at 32.85% for FY 2011-12 as against 41.85% approved by the Commission and requested to consider 32.85% and in such a case there will not be any penalty for non-achievement of targeted AT&C Losses.

8. Annual Revenue Requirement (ARR)

The MePDCL has requested to consider the net ARR of Rs.671.10 Crores and net deficit of Rs.266.00 Crores as against Rs. 526.60 Crores and Rs. 85.53 Crores respectively approved by the Commission.

Commission's Analysis and Order

The commission has examined the Review petition of MePDCL on true up order for FY 2011-12 and Ordered as follows:

1. Power Purchase Cost for FY 2011-12

Power Purchase cost of Rs. 431.20 Crores furnished in annual accounts for FY 2011-12 may contain penalty, which should not be passed on to consumers. So during the proceedings of the true up order, MeECL had been required to furnish abstract of purchase bills duly tallying with the annual accounts. As the required information was not received, the power purchase cost has been admitted at Rs. 389.38 Crores in the true up order dated 31.03.2015. Even along with the review petition the petitioner has submitted a bundle of purchase bills without abstract of bills duly tallying with the power purchase cost reflected in the annual accounts for FY 2011-12. The Commission required MePDCL to furnish the details of power purchase bills in the specified format vide its letters dated 16.06.15 & 02.07.15. MePDCL presented the abstract of bills in the format without giving the information on quantity of energy purchased which is also not reflected in the statement of accounts for 2011-12. The Commission required the copies of the bills for the period prior to FY 2011-12 amounting Rs.80.87 crores. In these bills the major expenditure was related to NEEPCO amounting Rs.48.27 crores. Sufficient time was given to MePDCL to respond back. However, no information on this has been received so far. In this reference the Commission would like to point out that during the tariff order of FY 2011-12 the Commission has already directed MePDCL to get a proper audit of power purchase amount and furnish a report to the Commission by 30.09.2015 so that necessary adjustment may be made at appropriate time. Further the annual accounts for FY 2011-12 are not certified by C&AG. As such the power purchase cost of Rs.389.89 Crores admitted in true up does not require any change for the present. However the same may be submitted in the petition for ARR & Tariff for FY 2016-17 and will be examined subject to filing of petition along with C&AG certified copy of annual accounts and abstract of station wise power purchase bills for FY 2011-12 duly segregating the penal amount covered if any in the bills. Accordingly, there is no need to change the amount of power purchase in this proceeding.

2. Employee Cost

Actually the employee cost has been approved by the Commission at Rs. 150.43 Crores for FY 2011-12 in true up but inadvertently the same has been furnished in the Table No.6.17 abstract of ARR as 149.41 which is a typographical error and the same is now rectified. Accordingly, the employees cost is approved as Rs.150.43 Crores for FY 2011-12.

3. Prior Period Charges

As per annual accounts for FY 2011-12 prior period charges comprise of the following:

Power Purchase Cost	:	Rs. 2.71 Crore
Employee Cost	:	Rs.1.55 Crore
Depreciation	:	Rs. 0.89 Crore
Interest & Finance Charges	:	Rs. 0.03 Crore
Other Expenses	:	Rs.0.04 Crore

The MeECL was requested to furnish details of the above expenses to examine the nature of transactions and whether to admit or not. The Petitioner has not furnished the same. As such they were not allowed in true up order. Even in the review petition the petitioner has not furnished relevant entries leading to prior period charges. The Commission has already directed MePDCL to get an audit of power purchase expenditures and send a report to the Commission. If required so, the suitable corrections can be made thereafter.

There is no need to change the prior period expenses in this proceeding.

4. Return on Equity

The contention of the Petitioner to admit RoE of Rs.127.15 Crores being 14% on equity base of Rs. 908.18 Crores as per annual accounts for FY 2011-12 is not tenable for the reason that the equity amount as per the annual accounts for FY 2011-12 is only Rs. One Crore. This is made clearer in note 30.15 of said accounts which read as follows.

“ The 76,75,48,458 no. of equity shares have been issued to the Government of Meghalaya amounting to Rs.767,54,84,580.00 out of Rs. 1008,27,87,981.00 belonging to share money pending for allotment on 8th January, 2014 at Rs.10 /- per share. It has increased paid up capital to Rs. 768, 85,84,580.00 from Rs. 1,00,00,000.00”

So this is a clear indication that equity amount of MeECL prior to 08.01.2014 is only Rs.1,00,00,000.00. But the erstwhile MeSEB was having an equity amount of Rs. 202 Crore on which RoE of Rs. 28.28 Crores was allowed by the Commission and the same is being continued till the finalization of equity amount among the newly formed three utilities and the holding corporation.

As such RoE of Rs. 28.28 Crore allowed in true up order for FY 2011-12 is in order.

5. Revenue Collections during FY 2011-12

In the annual accounts for FY 2011-12 account wise details for opening and closing trade receivables are not furnished. Further the annual accounts for FY 2011-12 are not certified by C&AG.

Even the petitioner did not furnish the revenue realized in the true up petition. The commission required MePDCL to submit the category wise revenue billed and collected during FY 2011-12. In its response MePDCL submitted revenue billed excluding excise duty and revenue collected excluding excise during FY 2011-12. However on examination it is found that the collected amount includes revenue from delay payment surcharge. The collection efficiency without including delayed payment surcharge shall be around 81%. During the hearing held on 14.07.2015 the Commission required the licensee to give the details of actual collection efficiency during 2011-12. The licensee required time up to 31.07.15. However, no information has been received so far. As such with the available information the revenue realized has been computed. However this will be examined in Tariff Order for FY 2016-17 subject to filing of petition along with C&AG audited annual accounts for FY 2011-12 with details of opening and closing balances of trade receivables and category wise revenue actually collected during FY 2011-12. Accordingly the collection efficiency does not require any change in this proceeding.

6. Distribution Losses

The omission crept is calculation of distribution losses have been rectified. The petitioner while calculating distribution loss did not consider intra state transmission loss at 4% on short term purchase of 252.44 MU which resulted in higher distribution loss of 27.01% instead of actual distribution loss of 26.68% during FY 2011-12.

Rectified Table No. 6.3 distribution loss calculation for FY 2011-12 is furnished hereunder.

Table 6.3 Distribution loss calculation for FY 2011-12 - Revised

Sl. No	Particulars	Unit	Revised - 2011-12
1	Power purchase from ER	MU	275.53
2	Less ER Tr.Loss	%	2.69%
3	Less ER Tr Loss	MU	7.41
4	Net energy from ER (1-3)	MU	268.12
5	Power purchase from NEEPCO	MU	579.50
6	Power purchase from NHPC	MU	58.57
7	Total power available in NER (4+5+6)	MU	906.19
8	Less NER Tr Loss	%	3.89%
9	Less NER Tr Loss	MU	35.25
10	Net power purchase (7-9)	MU	870.94
11	Add short term power purchase	MU	252.44
12	Less UI sales/ sales outside state	MU	87.66
13	Net power available at NERLDC (10+11-12)	MU	1035.72
14	Own Generation	MU	518.45
15	Total Energy available at NRLDC (13+14)	MU	1554.17
16	Less Intra state Transmission Loss @4 % on (15)	MU	62.17
17	Total power available for sales within state (15-16)	MU	1492.00
18	Actual sales within state	MU	1093.97
19	T&D Loss (17-18)	MU	398.03
20	T&D Loss (19/17)*100	%	26.68%

Consequent on revision of distribution losses the energy balance vides Table No.6.6 is suitably modified as detailed in Table below.

Table 6.6: Energy Balance of MePDCL for FY 2011-12 approved by the Commission for true up – (Revised)

Sl. No	Particulars	Unit	Now approved by the Commission
A	Energy Requirement		
1	Energy sales within state	MU	1093.97
2	T&D Loss	%	26.68%
3	T&D Loss	MU	398.03
4	Energy Requirement (1+3)	MU	1492.00
B	Energy availability	MU	
5	Energy Purchased from ER	MU	275.53
6	ER Transmission Loss	%	2.69%
7	ER Transmission Loss on (5)	MU	7.41
8	Net energy from ER (5-7)	MU	268.12
9	Energy purchased from NER	MU	638.07
10	Sub Total (8+9)	MU	906.19
11	NER Transmission Loss	%	3.89%
12	NER Transmission Loss on (10)	MU	35.25
13	Net energy available (10-12)	MU	870.94
14	Own Generation	MU	518.45
15	Bilateral UI Purchases	MU	252.44
16	Total Power Available (13+14+15)	MU	1641.83
17	Intra state transmission Loss @4% on(16)	MU	65.67
18	Net Power Available for sale within the state (16-17)	MU	1576.16
19	Surplus (18-4)	MU	84.15
20	Surplus Grossed Up by 4%	MU	87.66

As a result the AT&C loss computation vide Table No. 6.15 is also modified suitably as detailed in Table below.

Table 6.15 Computation of AT&C Loss for FY 2011-12 - Revised

Sl. No.	Particulars	Calculation	Unit	True up Order	MePDCL (Proposed in review Petition)	Now approved by the Commission (Revised)
1	Generation (own as well as any other connected generation net after deducting auxiliary consumption) within area of supply of DISCOM	A	MU	497.71	497.71	497.71
2	Input energy (metered import) received at interface point of DISCOM network.	B	MU	1123.37	1088.54	1078.44
3	Input energy (metered export) by the DISCOM at interface point of DISCOM network	C	MU	87.66	87.66	84.15
4	Total energy available for sale within the licensed area of the DISCOM	D=A+B-C	MU	1533.42	1498.59	1492.00
5	Energy billed to metered within the licensed area of the DISCOM	E	MU	1093.97	1093.97	1093.97
6	Energy billed to un-metered consumers within the licensed area of the DISCOM	F	MU	0	0	0
7	Total Energy billed	G=E+F	MU	1093.97	1093.97	1093.97
8	Amount billed to consumer within the licensed area of DISCOM	H	Rs.Cr	390.51	390.51	390.51
9	Amount realized by the DISCOM out of the amount billed at H#	I	Rs.Cr	318.31	359.23	318.31
10	Collection efficiency (%) (=Revenue realized/Amount billed)	$J=(I/H) \times 100$	%	81.51%	91.99%	81.51%
11	Energy realized by the DISCOM	K=JXG	MU	891.71	1006.34	891.71
12	Distribution loss (%)	$L=\{(D-G)/D\}$	%	28.66%	27.00%	26.68%
13	AT&C Loss (%)	$M=\{(D-K)/D\} * 100$	%	41.85%	32.85%	40.23%

Thus the AT&C loss worked out to 40.23% as against 41.85% computed earlier.

The financial loss for failure to achieve a minimum reduction of 3% in AT&C loss during FY 2011-12 is also revised as per revised data now approved supra resulted in a penalty of Rs. 29.64 Crores as detailed in Table below. The Petitioner has considered previous year AT&C loss at 41.19% which is not in order. Here previous year AT&C loss means the previous year targeted loss which is 35.64%

Table 6.16: Financial loss due to failure to achieve minimum reduction of 3% in AT&C loss during FY 2011-12-Revised

S.No	Particulars	Unit	True Up Oder	MePDCL (Proposed in review Petition)	Now Approved by the Commission - Revised
1	Maximum permissible AT&C loss for MePDCL during FY 2010-11	%	35.64%	41.19%	35.64%
2	Mandatory minimum reduction of AT&C loss	%	3.00%	3.00%	3.00%
3	Maximum permissible AT&C loss for MePDCL during FY 2011-12 (1-2)	%	32.64%	38.19%	32.64%
4	Actual AT&C loss in FY 2011-12	%	41.85%	32.85%	40.23%
5	Short fall in minimum reduction (4-3)	%	9.21%	0.00%	7.59%
6	Energy sale in FY 2011-12	MU	1093.97	1093.97	1093.97
7	Average rate for sale of power in FY 2011-12 (390.51/1093.97)	Rs./kWh	3.57	3.57	3.57
8	Short fall in amount of energy	MU	100.74	-	83.03
9	Penalty for not reducing the loss	Rs Crore	35.96	-	29.64

7. Aggregate Revenue Requirement and revised Revenue Gap for FY 2011-12

As discussed above, the revised Aggregate Revenue Requirement (ARR) and revenue gap for FY 2011-12 is detailed in Table below.

Table 6.17 Aggregate Revenue Requirement

(Rs. Crore)

Sl. No.	Particulars	FY 2011-12		
		True Up Order	MePDCL (Proposed in review Petition)	Now approved by the Commission(Revised)
1	Power Purchase Cost Including Transmission Charges	389.38	431.20	389.38
2	Repair & Maintenance Expenses	19.89	19.89	19.89
3	Employee Expenses	149.41	150.43	150.43
4	Administration & General Expenses	10.18	10.18	10.18
5	Depreciation	27.10	27.10	27.10
6	Interest & Finance Charges	27.50	27.50	27.50
7	Other Debits (Including Provisions for Bad Debts)	4.11	4.11	4.11
8	Income tax	-	-	-
9	Prior Period Charges/(Credits)	-	2.80	-
10	Others (Losses relating to fixed Assets)	-	0.01	-
11	Revenue Expenditure	627.57	673.21	628.59
12	Add: Return on Equity Capital	28.28	127.15	28.28
13	Aggregate Revenue Requirement	655.85	800.35	656.87
14	Less: Non-Tariff Income	-	-	
15	Other Income	110.74	110.74	110.74
16	R.E Subsidy	13.42	13.42	13.42
17	Financial loss for 3% reduction in AT&C loss	35.97	0.00	29.64
18	Amortization	5.09	5.09	5.09
19	Net Aggregate Revenue Requirement	490.63	671.10	497.98
20	Revenue from Sale of Power	405.10	405.10	405.10

Sl. No.	Particulars	FY 2011-12		
		True Up Order	MePDCL (Proposed in review Petition)	Now approved by the Commission(Revised)
21	Net Surplus/(Deficit)	(85.53)	(266.00)	(92.88)

As seen from the above Table, the net ARR for FY 2011-12 worked out to Rs. 497.98 Crore as against Rs. 490.63 Crore worked out earlier, and the net deficit worked out to Rs.92.88 Crore as against Rs. 85.53 Crore worked out earlier.

The difference in net revenue deficit of Rs. 7.35 Crore (92.88 - 85.53) is being adjusted in ARR of FY 2015-16, discussed in the following pages.

II. Tariff order for FY 2015-16

In the petition dated 28-05-2015, the MePDCL has raised the following issues in respect of ARR for FY 2015-16 for review and order.

1. Return on Equity

MePDCL has requested to consider RoE at Rs. 38.04 Crore.

2. Repairs and Maintenance Cost

The MePDCL has requested to consider R&M Cost at Rs. 7.89 Crore as against Rs. 5.77 Crore approved by the Commission.

3. Interest on capital Loan

MePDCL has requested to consider interest on capital loan at Rs. 52.50 Crore as projected in MYT Petition as against Rs. 12.44 Crore approved by the Commission.

4. Distribution Loss Trajectory

MePDCL has requested to consider the Distribution Loss trajectory at 25.91%, 24.91%, 23.91% and 22.91% for the years FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 respectively as against 24% , 23%, 22% and 21% approved in MYT ARR for FY 2015-16 to FY 2017-18.

5. Annual Revenue Requirement for FY 2015-16

The MEPDCL has requested to consider Net ARR for FY 2015-16 at Rs. 661.53 Crore as against Rs. 591.91 Crore approved by the Commission.

Commission's Analysis and Order

The commission has examined the Review petition of MePDCL on Tariff Order for FY 2015-16 and Ordered as follows:

1. Return on Equity

The MePDCL in its review petition inter alia has stated that the Government of Meghalaya has notified the 4th amendment to the notified transfer scheme dated 31-3-2010 on 29th April 2015, where in the opening balances of all the four entities namely MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 have been notified as detailed below.

Name of the Company	Equity as on 01-04-2012 (Rs.Crore)
MePGCL	610.29
MePTCL	221.26
MePDCL	742.32
MeECL	1576.66

On the basis of opening balances for each of the individual companies notified in the 4th amendment of the transfer scheme, the pre audited statement of accounts for FY 2012-13 have been finalized and requested to approve the return on equity at Rs 38.04 Crore based on the latest updation.

Commission's Analysis:

The Petitioner has stated that on the basis of the opening balances of the each individual companies notified in the 4th amendment of the transfer scheme, the pre audited statement of accounts for FY 2012-13 have been finalized. But as verified from the un-audited annual accounts for FY 2012-13 the opening and closing equities are Rs 5,00,000.00 each for MePDCL,

MePTCL and MePGCL while for MeECL it is Rs 1,00,00,000.00, while the opening equities as per 4th amendment dated 29-04-2015 are as follows.

Name of the Company	Equity as on 01-04-2012 (Rs.Crore)
MePGCL	610.29
MePTCL	221.26
MePDCL	742.32
MeECL	1576.66

The Petitioner has requested to approve return on equity at Rs 38.04 Crore.

The Petitioner has not specified the equity amount on which the said return has been calculated.

As the 4th amendment to transfer scheme dated 31-03-2010 was issued on 29-04-2015 while the tariff order for FY 2015-16 was issued on 30-03-2015 i.e., prior to issue of the above 4th amendment, it cannot be considered at this stage. Moreover as per MSERC (Terms & Conditions of Tariff) Regulation, the review of Tariff Order can be considered only if “there is any error apparent on the face of the record”. In this, the review is requested based on Government order issued on 29.04.2015 after issue of Tariff Order. The Commission required the licensee to place the audited accounts of FY 2012-13 to which MePDCL reported on 02.07.15 that audit reports and audit certificates is yet to be received. Accordingly, it will be examined in the Tariff Order for FY 2016-17 subject to filing of the petition as per regulation 8 of MSERC, MYT Regulations, 2014.

As such the return on equity of Rs 9.43 Crores approved in Tariff Order for FY 2015-16 does not require any change at this stage.

2. Repairs and Maintenance Cost (R&M Cost)

The Petitioner in its review petition has requested to approve R&M expenditure at Rs 7.89 Crore for FY 2015-16 as projected as against approved amount of Rs 5.77 Crore.

Commission’s Analysis:

The R&M cost for FY 2015-16 has been computed based on actual expenditure of Rs 4 Crore during first nine months of FY 2014-15 on which full year expenditure is estimated which works

out to Rs 5.3 Crores which is further escalated by 9% per annum to project expenditure during control period FY 2015-16 to FY 2017-18.

As the review is requested based on additional information now made available, this cannot be considered under review. This may be filed under True Up for FY 2014-15 and Annual Performance Review for FY 2015-16 along with ARR petition for FY 2016-17. Accordingly there is no change in R&M cost in FY 2015-16.

3. Interest on Loan Capital

The MePDCL has requested for interest and finance charges of Rs 52.50 Crore as against Rs 12.44 Crore approved in MYT order for FY 2015-16.

Commission's Analysis:

In the MYT petition, the MePDCL has requested for an amount of Rs 50.79 Crores for FY 2015-16 towards interest and finance charges, and now they are asking for an increased amount of Rs 52.50 Crore.

Further as seen from the review petition the MePDCL wants to avail the loan to clear the power purchase arrears, which is not for capital works for creation of assets. The Commission has followed regulation 27 and 32 while allowing interest on capital loans in FY 2015-16 and control period. In the review petition there is no new facts which could have been placed before the Commission during its proceedings, as such not to be considered in the review proceedings. The outstanding dues of similar nature prior to restructuring of MESEB should become a part of transfer schemes to be funded by the Government.

The request of MePDCL to revise the interest and finance charges for loan availed for payment power purchase bills cannot be considered in the review proceedings in view of the circumstances noted supra. Accordingly there is no change in the interest for FY 2015-16.

4. Calculation of distribution loss during FY 2013-14

The omissions pointed in review petition have been attended and the distribution loss during FY 2013-14 has been revised from 25.26% to 26.91%. The revised calculation is furnished in Table below.

Table 7.9: Distribution Loss calculation in FY 2013-14 - Revised**(MU)**

Sl.No	Particulars	2013-14
1	Power Purchase from NTPC	312.59
2	Loss ER Tr. Loss @ 2.34% on (1)	7.32
3	Net Power Purchased (1-2)	305.27
4	Power Purchased from NER	397.02
5	Sub Total (3+4)	702.29
6	Less NER Tr. Loss @ 2.99% on (5)	21.00
7	Net energy at NERLDC (5-6)	681.29
8	Power Purchased from MePGCL	838.67
9	Energy from other sources	318.20
10	Total energy at NERLDC (7+8+9)	1838.16
11	Less UI sales	41.95
12	Less Swapping	267.76
13	Net energy available (10-11-12)	1528.45
14	Less Intra state Tr. Loss @ 4.0% on (13)	61.14
15	Net energy available for sale within the state (13-14)	1467.32
16	Energy sales	1072.53
17	Distribution Loss (MU) (15-16)	394.79
18	Distribution Loss (%) (17/15)*100	26.91%

5. Distribution Loss trajectory for the Control Period

Owing to increased distribution loss during FY 2013-14 from 25.26% to 26.91%, the MePDCL has requested to revise the distribution loss trajectory from 23% to 24.91%, 22% to 23.91% and 21% to 22.91% during FY 2015-16 to FY 2017-18.

Commission's Analysis:

The Commission has already fixed the trajectory for MePDCL to bring down its losses in its tariff order for FY 2011-12 and 2012-13. The same has been reiterated in its tariff order dated 30.03.2013 for FY 2013-14. As per loss trajectory fixed, the distribution loss for FY 2015-16 is targeted as 23%. The loss trajectory for FY 2015-16 to FY 2017-18 fixed as 23% to 21% is in continuation of the trajectory fixed in Tariff order for FY 2013-14. Further during FY 2010-11 the distribution loss is 29.40% which is reduced to 26.68% in FY 2011-12 with a reduction of 2.72%. There is sufficient scope to control the commercial losses which has already been proved in an energy audit exercise held at Shillong in Police Bazar. Moreover, the licensee is bound to

control the losses as per the terms and conditions set by the Ministry of Power in its different funding schemes. During FY 2013-14 and FY 2014-15 lot of improvement works were undertaken under APDRP and other programs. Hence there is scope for reduction of distribution loss to 23% during FY 2015-16 and does not require any revision.

6. Energy balance for control period FY 2015-16 to FY 2017-18:

While calculating energy balance intrastate transmission loss at 4% was applied twice on power purchased from MePGCL and the same is now rectified and revised energy balance is furnished in the Table below.

Table 7.15 Energy Balance approved by the Commission for Control Period- Revised

Sl. No.	Particulars	Units	2015-16 (P)	2016-17 (P)	2017-18 (P)
A	Energy Requirement				
1	Energy Sales within state	MU	1049.00	1098.00	1152.00
2	Energy Sales to Assam	MU	19.00	20.00	21.00
3	Total Energy Sales (1+2)	MU	1068.00	1118.00	1173.00
4	Distribution loss	%	23.00%	22.00%	21.00%
5	Distribution loss	MU	319.00	315.00	312.00
6	Energy Requirement (3+5)	MU	1387.00	1433.00	1485.00
B	Energy Availability				
7	Energy Purchase from ER	MU	136.00	136.00	136.00
8	Less TR Loss	%	2.12%	2.12%	2.12%
9	Less TR Loss	MU	2.90	2.90	2.90
10	Energy Purchase from ER (7-9)	MU	133.10	133.10	133.10
11	Energy Purchase from NER	MU	1010.00	1096.00	1210.00
12	Total Power (10+11)	MU	1143.10	1229.10	1343.10
13	Less NER Tr Loss	%	2.99%	2.99%	2.99%
14	Less NER Tr Loss (MU) on (12)	MU	34.18	36.75	40.16
15	Net Energy available at NERLDC (12-14)	MU	1108.92	1192.35	1302.94
16	Net Energy Purchase from MePGCL	MU	1032.00	1107.00	1182.00
17	Other Sources	MU	0.00	0.00	0.00
18	Total Energy available at NERLDC (15+16+17)	MU	2140.92	2299.35	2484.94
19	Less intra state Tr Loss @ 4% on (18)	MU	85.64	91.97	99.40
20	Net Energy available for MePDCL (18-19)	MU	2055.28	2207.38	2385.54
21	Surplus (Deficit) (20-6)	MU	668.28	774.38	900.54
22	Grossed up by 4%	MU	696.13	806.64	938.07
23	UI Sales				
24	Swapping	MU	80.96		
25	Total Surplus Power (22-23-24)	MU	615.17	806.64	938.07

As seen from the above, the surplus power during FY 2015-16 has been increased from 573.90 MU to 615.17 MU, and the revenue from sale of surplus power at Rs 3.25/kWh has also been revised from Rs 186.50 Crore to Rs 199.93 Crore. Since the revenue from surplus power at Rs 186.50 Crore was considered in ARR for FY 2015-16 based on which the tariffs have been revised the difference value of surplus power of Rs 13.43 Crores (199.93 – 186.50) will be considered in the revised ARR for 2015-16.

7. Aggregate Revenue Requirement approved by the Commission for FY 2015-16 - Revised

As discussed in Para 7 of review of true up order for FY 2011-12 and Para 6 of review of Tariff Order for FY 2015-16 for additional revenue from surplus power which is to taken care of during true up or mid-term review, the aggregate revenue requirement for FY 2015-16 does not require any change as detailed in the Table below.

Table 7.55: Aggregate Revenue Requirement approved by the Commission for FY 2015-16 (Rs. Crore)

Sl. No.	Item of expenditure	Approved in T.O for FY 2015-16 Dated 30-03-2015	MePDCL (Proposed in review Petition)	Now approved by the Commission FY 2015-16
1	Cost of Power Purchase	539.78	539.78	539.78
2	Inter-State Transmission Charge	55.00	55.00	55.00
3	MePTCL	78.12	78.12	78.12
4	Employee Costs	83.00	83.00	83.00
5	R&M expenses	5.77	7.89	5.77
6	A&G Expenses	55.00	55.00	55.00
7	Depreciation	4.88	4.88	4.88
8	Interest on Loan Capital	12.44	52.50	12.44
9	Interest on Working Capital	17.35	17.35	17.35
10	Return on equity	9.43	38.04	9.43
11	Income Tax	0.00	0.00	0.00
12	Provision for bad and doubtful debt	3.00	3.00	3.00
13	Total Revenue requirement	863.77	934.56	863.77
14	Less: Non tariff income	58.00	58.00	58.00
15	Less: Cross Subsidy Surcharge	9.86	9.86	9.86
16	Less: RE Subsidy	17.50	17.50	17.50
17	Less : Sale of surplus power	186.50	187.67	199.93
	Net Revenue requirement for control period	591.90	661.53	578.48
18	Less True up's upto 2010-11 - Net Surplus	59.40		59.40
19	Add True up for 2011-12 (Deficit)	85.53		92.88
20	Net revenue requirement for FY 2015-16	618.0		611.96

8 Conclusion

The Commission has examined the Review Petition of MePDCL for FY 2011-12 & FY 2015-16 and required it to file audited accounts of FY 2012-13 and pre-audited/audited accounts of MePDCL for FY 2013-14 vide its letter dated 22.06.2015 so as to validate the actual expenses of the distribution company and its proposal. A hearing by the Commission was also held on 14.07.2015. The changes in the size of the assets and liabilities in all the companies were notified only on 29.04.2015 by the Government of Meghalaya while the tariff order was passed on 30.03.2015. The fact being such, there cannot be a ground for review of the tariff order. However, the Commission is open to consider such changes at appropriate time in accordance with the Regulations and prudence check. Further, during the hearing no substantial evidence could be produced by the MePDCL in the absence of audited statements of accounts for FY 2012-13 to validate their expenses. MePDCL requested time up to 31st July, 2015 to submit complete records of audited financial statements for FY 2012-13. The Commission accepted the request and granted time up to 31st July 2015. However no such records could be produced so far. MePDCL is also required as per directive 10.8 of the tariff order dated 31.3.2015 to file the audited accounts for FY 2012-13 and 2013-14 to the Commission. Accordingly, in the light of the above discussions, present situation and provisions of Multiyear Tariff Regulations, 2014, the Commission is disposing of this matter. The outcome of this proceeding shall be taken up during the midterm review or true up exercise in accordance with Regulations.

(ANAND KUMAR)

CHAIRMAN