

**BEFORE**  
**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION,**  
**SHILLONG**

**PETITION**  
**FOR**  
**REVIEW OF**  
**ORDER DATED 18 NOVEMBER 2019**  
**ON**  
**TRUE UP BUSINESS FOR FY 2016-17**

FILED BY



**MEGHALAYA POWER DISTRIBUTION CORPORATION LTD.**

**LumJingshai, Short Round Road, Shillong - 793 001**

**BEFORE THE HON'BLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION**

At its office at Lower Lachumiere, Shillong – 793001

FILE / PETITION NO.....

IN THE MATTER OF

Review Petition filed under Clause 22 of the MSERC (MULTI YEAR TARIFF) REGULATIONS, 2014, Clause 21 OF MSERC (Conduct of Business) Regulations 2006 and section 94 and 181 of Electricity Act 2003, on True Up Order of FY 2016-17 of Meghalaya Power Distribution Company Limited issued by the MSERC on 18November 2019

AND IN THE MATTER OF

MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED, LUMJINGSHAI, SHILLONG – 793001, MEGHALAYA

**PETITIONER**

THE PETITIONER, UNDER SECTIONS 94, 181 OF THE ELECTRICITY ACT 2003, CLAUSE 21 OF MSERC (CONDUCT OF BUSINESS) REGULATIONS 2006 AND CLAUSE 22 OF MSERC (MULTI YEAR TARIFF) REGULATIONS, 2014, FILES FOR INITIATIONS OF PROCEEDINGS BY THE HONORABLE COMMISSION FOR REVIEWING THE TRUE UP ORDER OF FY 2016-17 OF MEGHALAYA POWER DISTRIBUTION COMPANY LIMITED (herein after referred to as “MePDCL”) DATED 18NOVEMBER2019

*The Petitioner respectfully submits as under:*

1. The petitioner, Meghalaya Power Distribution Company Limited is the deemed licensee in terms of section 14 of the Electricity Act 2003 (herein after referred to as Act), engaged in the business of distribution of electricity in the state of Meghalaya.
2. Based on the provisions of Regulation 11 of the Tariff Regulations, 2014, MePDCL had filed the petition for approving the true-up of FY 2016-17 via letter No. MePDCL/ SE (RA)/72(D)/Pt-II/2019-20/5 dated 10 April 2019.
3. After the filing of the above petitions, the Hon'ble Meghalaya State Electricity Regulatory Commission (hereinafter referred to as 'MSERC' or 'the Commission') issued the impugned order on 18November 2019.
4. After analysis of the order and examination of the same with respect to the latest relevant data and facts, MePDCL feels that there is a need to review the impugned order dated 18November 2019 based on the submissions, analysis and facts, which have been produced in this review petition, in the subsequent section.
5. MePDCL prays before the Honourable Commission to admit this review petition on Distribution True Up FY 2016-17 Order of MePDCL.
6. The Board of Directors of MePDCL has accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. The copy of the Board's resolution is enclosed as **Annexure C.**

**PRAYER:**

The applicant, therefore, humbly prays before the Hon'ble Commission to pass appropriate order on the following:

- Admit the Review Petition on Distribution True Up FY 2016-17 dated 18 November 2019, as submitted herewith.
- Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date.
- Permit submission of any additional information required by the Hon'ble Commission during the processing of this petition.
- And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case,

(S.SKharmih)  
Superintending Engineer (R.A)

For and on behalf of  
Meghalaya Power Distribution Corporation Ltd

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## **1 Introduction**

- 1.1** The present petition is being filed as per clause 22 of MSERC (Multi Year Tariff) Regulations 2014, which is reproduced below:

### **22 Review of Tariff Order**

*22.1 All applications for the review of tariff shall be in the form of petition accompanied by the prescribed fee. A petition for review of tariff can be admitted by the Commission under the following conditions:*

- a) the review petition is filed within sixty days for the date of the tariff order, and / or*
- b) there is an error apparent on the face of the record*

*22.2 On being satisfied that there is a need to review the tariff of any generating company or the licensee, the Commission may on its own initiate process of review of the tariff of any generating company or the licensee. The Commission may also, in its own motion review any tariff order to correct any clerical error or any error apparent of the face of the record.*

- 1.2** The present petition is also being filed as per clause 21 of MSERC (Conduct of Business) Regulations 2006, which is reproduced below:

*“A person aggrieved by a decision or order of the Commission from which no appeal is preferred, or is not allowed to be preferred, can seek a review of the order if new and important facts which, after the exercise of due diligence, were not within his knowledge or could not be produced by him at the time when the order was passed or on account of some mistake or error apparent on the face of record or for any other sufficient reason, by making an application within 60 days of the date of the order.”*

- 1.3** As such, the MSERC (Multi Year Tariff) Regulations 2014 and MSERC (Conduct of Business) Regulations 2006 provides for the petitioner or any other person aggrieved by an order of the Hon'ble Commission to file a review petition based on new facts and information, which was not considered during the time of issue of order or on account of apparent errors or mistakes. MePDCL, in this petition is requesting the Hon'ble Commission to review certain costs which were disallowed in view of the latest facts and information submitted in this petition or in view of apparent errors observed

- 1.4** Further, as per the above clauses, the timeline specified by MSERC for submission of review petition is within 60 days from the date of the order of the Hon'ble Commission, MePDCL would like to submit that it is filing the review petition within the allowed timeline and as such, the Hon'ble Commission is requested to admit the same.

**2 Review of True Up of MePDCL for FY 2016-17**

The grounds of review are provided below point wise against the respective components of ARR.

**2.1 Power Purchase Cost**

The Hon’ble Commission in its True Up order dated 18 November 2019, has considered Rs 548.10 as the total power purchase cost for MePDCL. The following are the observations of the Licensee on the methodology and calculations used by the Hon’ble Commission for Power Purchase Cost along with suitable explanations to justify the costs as claimed in true up:

a) The Hon’ble Commission has admitted the costs of NTPC plants (excluding Bongaigoan) as Rs 0.38 Cr but inadvertently not included the same costs in the final calculation in Table 8 of the order leading to an under recovery of power purchase costs.

b) The Commission has not considered the surcharge amount paid by the Licensee for the different stations of NEEPCO, NTPC, NHPC and OTPC.

c) The Hon’ble Commission has reduced the power purchase costs of Licensee by the rebate factor of 1%. It is submitted that there is no provision in MSERC Tariff Regulations 2014 regarding reduction of rebate amount from power purchase cost and the Hon’ble Commission has also not practiced the same in previous orders. In fact, clauses 85.3 and 85.4 of MSERC Tariff Regulations 2014, clearly state that the power purchase cost shall be worked out based on the tariff notified by the respective Commission. It is to be noted that in this case the tariff rates approved by the Hon’ble Commission have been reduced by the factor of 1% rebate, which is only provided in case of prompt payment of power purchase amount i.e when the payment is made by the discom before the due date. Moreover, the accounting of expenses is also done on accrual basis which implies that the power purchase cost is booked on the basis of the amount billed and not amount paid (which may or may not be rebate). It is noteworthy that the Hon’ble Commission does not allow delayed payment surcharge which is incurred by the discom for late payment of power purchase bills. In the same manner, the rebate also should not have been considered and the actual figures as per audited accounts should have been considered. Moreover, for payment of power purchase invoices and claiming on rebate on the same, MePDCL would need to borrow additional working capital from the market which would lead to an increase in interest on working capital. It may be noted that the Commission has ignored the effect of increase in working capital requirement for claiming rebate on power purchase invoices. The relevant clauses are produced below,

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

*85.4 Where power is purchased by the licensee from State-owned existing generating stations, the cost of power purchase shall be worked out based on the price determined by the State Commission.”*

d) The Hon’ble Commission has considered power purchase cost from MePGCL to be Rs. 199.85 Cr, while the approved revenue of MePGCL in the Generation True Up Order for FY 2016-17 as well as audited figures in accounts of MePGCL is Rs. 236.97 Cr. Thus, there is a contradiction between the allowed power purchased cost from MePGCL and the revenue of MePGCL from its operation, which should be the same. Thus, the power purchase costs from MePGCL to be considered is Rs 236.97 Cr (Note 21 of the MePDCL Audited Accounts).

Based on the above submissions, the Licensee requests the Hon’ble Commission to consider the whole of Power Purchase costs excluding the surcharge amount. The surcharge amount paid by MePDCL in FY 2016-17 is Rs 56.84 Cr (Note 21 of the MePDCL Audited Accounts). The invoices for the same have already been shared with the Hon’ble Commission as **Annexure E in the true up Petition for FY 2016-17**. The total power purchase costs claimed by the Licensee in the true up petition in line with audited accounts was Rs 653.15 Cr.

Thus, the Licensee requests the Hon’ble Commission to allow an additional amount Rs 48.21 Cr as shown in table below:

**Table 1: Additional Power Purchased Cost Claimed in Review (In Rs Cr)**

Sr. No.	Particulars	Amount in INR Cr.
1	Power Purchase Charges claimed by MePDCL in the True Up petition	653.15

Sr. No.	Particulars	Amount in INR Cr.
2	Power Purchase Charges allowed by MSERC in the True Up order	548.10
3	Power Purchase Charges claimed by MePDCL in the review (not claiming the surcharge amount)	596.31
4	<b>Additional Power Purchase Charges to be allowed in the review petition (=3-2)</b>	<b>48.21</b>

## 2.2 Energy Balance & Sale of Power to Assam

The Hon'ble Commission in its True Up order has considered the sale of power to Assam as power sold outside the state and because of the same has reduced the ARR by Rs. 2.73 Cr (the treatment of sale of power to Assam and outside state sale leads to overstatement of surplus power and revenue from sale of surplus power).

This is in contradiction to the earlier orders including ARR and MYT order for FY 2015-16 to FY 2017-18 where the Hon'ble Commission has considered power sold to Assam within the state. The calculations of average cost of supply, average revenue to be realized per unit as well as tariff revision in FY 2016-17 tariff order was done considering sale of power to Assam as inside state sale. Moreover, the average billing rate used in Table 38 of this true up order is computed using power sold to Assam as power within the state. The Hon'ble Commission itself has also considered units sold to Assam as power within the state (EHT Category) in Table 4 of the order.

Fundamentally the sale of power to Assam is similar to sale of power to a consumer within the state at 33/11 kV level. The sale of power to Assam cannot be treated as interstate sale as the power supply to Assam is through the intra state network of Meghalaya and not through an interface point of state network with the interstate network. Because of geographical and topographical constraints, the power supply happens electrically within the state network although the power is going geographically to an area outside state.

Moreover, if power sold to Assam is considered interstate sale of power, then Assam would have the right to claim withdrawal from grid and accordingly NERPC or NERLDC would have to revise the entitlement, deviation etc.

**Based on the above submissions, the Licensee in line with earlier orders of Hon'ble Commissions is requesting the Hon'ble Commission to consider the sale of power to Assam as within the state sale. Hence, the Licensee requests the Hon'ble Commission to nullify the amount of Rs 2.73 Cr done for the adjustment for sale of power to Assam.**

## 2.3 Return on Equity

The Hon'ble Commission has calculated the return on equity on the average asset base of MePDCL. The following are the observations of the Licensee on the methodology used by the Hon'ble Commission for Return on Equity along with suitable explanations to justify the costs as claimed in true up:

a) The Hon'ble Commission in its calculation has not considered the assets of MeECL (apportioned portion) in calculation of total asset base for Return on Equity calculations and thus understating the return on equity.

b) The Hon'ble Commission has reduced the asset base by grants amount of Rs 82.48 Cr as per Note 9.6 and 11 of the audited accounts. However, the Hon'ble Commission has inadvertently not considered the fact that the grant appearing in books of accounts can be a part of either gross fixed asset or capital works in progress. Considering the whole of grants to be part of asset is not apt. This methodology has led to undermining the net asset base and in turn return of equity.

c) The issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC: APTEL Case no 46 of 2016) is still under subjudice. The Utility is reiterating the fact that the approved value of the Hon'ble Commission for Return on Equity is not in line with the Regulations. For sake of brevity, MePDCL is not reiterating the grounds and the justification for the claim here since the matter is already under subjudice.

Hence based on above, the additional claim of Utility for review is given below:

**Table 2: Return on Equity Claimed in Review (In Rs Cr)**

Sr. No.	Particulars	Amount in INR Cr.
1	Return on Equity claimed by MePDCL in the True Up petition (1)	113.54
2	Return on Equity allowed by MSERC in the True Up order (2)	10.99
<b>3</b>	<b>Additional Return on Equity to be allowed in the review petition (=1-2)</b>	<b>102.55</b>

#### 2.4 Interest & Finance Charges

The Hon'ble Commission in its True Up order has approved Interest and Finance Charges at Rs. 8.46 Cr against the licensee's claim for Interest and Finance Charges of Rs. 42.52 Cr for FY 2016-17. The Hon'ble Commission has considered REC Restructured loans, PFC RAPDRP Part A and Part B loans for computation of interest on loan. However, the Hon'ble Commission has not considered the vehicles loans, MTL-I & II loans drawn from REC for Power Purchase for interest charges calculations.

The Hon'ble Commission has inadvertently not considered the state government loans as well as loans from holding company without giving any reason for the same. The break up of State Govt loans which was submitted along with True Up petition is being attached as **Annexure A for reference**. The revised interest on loan due to addition of the above-mentioned loans is given below:

**Table 3: Revised Claim for Interest on Loan (In Rs Cr)**

Particulars	Open Bal	Interest Rate	Additions	Rep. Due	Cl. Bal	Interest
a) 8% restructured REC loan	42.68	8.00%		4.72	37.96	3.23
b) 9% PFC loan R-APDRP-A	10.19	9.00%			10.19	0.92
c) 9% PFC loan R-APDRP-B	47.92	9.00%			47.92	4.31
d) State Govt Loans *	3.81	9.31%	0.13		3.95	0.36
e) 11.75% Loan MeECL- Holding Company *		11.75%	118.42		118.42	4.67**
<b>Total</b>	<b>104.60</b>		<b>118.55</b>	<b>4.72</b>	<b>218.43</b>	<b>13.49</b>

**\*Details of Opening and Closing Balance is as per Note 10 of the audited accounts**

**\*\* As per Note 23 Finance Costs of MePDCL Accounts**

Further, the Hon'ble Commission has also not taken into account the other finance charges, without providing any reason. These charges are actual charges which are incurred on account of financial transactions with banks and financial institutions like guarantee charges, loan raising charges, other transaction charges etc whose details as per the audited SoA (Note 23) is given below:

**Table 4: Other Finance Charges (In Rs Cr)**

Particulars	FY 2016-17
Cost of raising finance	0.65
Other banking and guarantee charges	3.63
<b>Total Other Finance Charges</b>	<b>4.28</b>

The Hon'ble Commission has also not taken into account interest and finance charges of MeECL. i.e the apportioned portion (amount of Rs 3.47 Cr) in calculation of total interest and finance charges of MePDCL. Based on the above submissions, net interest and finance charges claimed by the licensee in the review is Rs 21.23 Cr as given in the table below:

**Table 5: Interest and Finance Charges Claimed in Review (In Rs Cr)**

Particulars	FY 2016-17
Interest on Loan	13.49
Other Finance Charges	4.28

MeECL Interest Charges Apportioned	3.47
<b>Total Interest and Finance Charges</b>	<b>21.23</b>

The Hon'ble Commission is requested to allow an additional amount of Rs 12.77 Cr for Interest and Finance charges as shown in the table below:

**Table 6: Interest & Finance Charges Based on Revised Components (In Rs Cr)**

Sr. No.	Particulars	Amount in INR Cr.
1	Interest and Finance Charges claimed by MePDCL in the True Up petition	42.52
2	Interest and Finance Charges allowed by MSERC in the True Up order	8.46
3	Interest and Finance Charges claimed by MePDCL in the review	21.23
4	Additional Interest and Finance Charges to be allowed in the review petition (=3-2)	12.77

## 2.5 Non-Tariff Income & Other Income

The Hon'ble Commission in its True Up order has approved Non-Tariff & Other Income at Rs. 88.57 Cr for FY 2016-17. The Hon'ble Commission has inadvertently considered Rs 5.58 Cr as apportioned other income from MeECL. However, the total other income as MeECL audited accounts is Rs 11.92 Cr (Note 15 of MeECL accounts) and thus the other income of MeECL apportioned in MePDCL should be Rs 3.97 Cr (Rs 11.92/3). This has led to overstatement of other income for the licensee by an amount of Rs 1.61 Cr.

Based on the above submission, the Hon'ble Commission is requested to review the Non-tariff & Other income amount, as shown in the table below:

**Table 7: Non-Tariff Income & Other Income Based on Revised Components (In Rs Cr)**

Sr. No.	Particulars	Amount in INR Cr.
1	Non-tariff & Other Income allowed by MSERC in the True Up Order	88.57
2	Non-tariff & Other Income claimed by MePDCL in the Review petition (Considering MeECL income apportioned as Rs 3.97 Cr instead of Rs 5.58 Cr)	86.96
<b>3</b>	<b>Non-tariff &amp; Other Income to be allowed in the review petition (=2-1)</b>	<b>(1.61)</b>

## 2.6 Depreciation

The Hon'ble Commission in its True Up order has considered Rs 10.15 Cr as depreciation for MePDCL. The following are the observations of the Licensee on the methodology and calculations used by the Hon'ble Commission for depreciation along with suitable explanations to justify the costs as claimed in true up:

a) MePDCL has used the asset-wise breakup as per the audited accounts and their corresponding rates for computation of depreciation in the true up petition. The methodology used is in line with the MSERC Regulations. When there is asset-wise breakup along with corresponding rates of depreciation in the audited accounts (**Note 1 of accounts**), the approach of Hon'ble Commission to use of average depreciation rate on the total asset for MePDCL without any basis/reasoning is not justified.

At the same time, the Hon'ble Commission has rightly considered the depreciation of MeECL as Rs 0.21 Cr as the apportioned portion (Table 22 of order). This is in line with the total depreciation of Rs 0.64 Cr in the audited accounts of MeECL. The same depreciation has been arrived at asset-wise breakup as per the audited accounts and their corresponding rates for computation of depreciation (Note 1 of MeECL accounts). There seems to be dichotomy to the approach followed for calculation of depreciation for MePDCL (avg depreciation rate on total asset) and MeECL (different depreciation rate for different class of assets).

b) The Hon'ble Commission seems to have inadvertently used the average depreciation rate of only 4.38% (there is no justification how it arrived at the rate). It seems the average rate is low (as compared to the depreciation rate of 5.28% for lines and cables which has the highest share among the asset categories considering the nature of the company). The rate is also different from the average depreciation rate of 4.72% used in the true up FY 2015-16 order for discom.

c) The effect of amortization of grants is already taken as a separate head in ARR and approved by MSERC in the order. Considering it again in the calculation of depreciation (i.e reducing the net GFA by grants amount) will lead to double accounting and undermine the ARR.

d) While it is true that as per the clause 33 of the regulations that depreciation shall be allowed up to 90% of the cost of the asset, this does not imply that the rate of depreciation is to be multiplied on 90 % of cost for asset category, instead of 100% of the depreciable asset. The Hon'ble Commission has inadvertently calculated depreciation rate on 90 % of the average assets instead of whole 100% of the asset, thereby undermining the depreciation amount.

e) The Hon'ble Commission has considered grants amount of Rs 82.48 Cr and reduced the total asset by the same amount to arrive at depreciable GFA. However, the grants contribution appearing in accounts (Note 11) can either be a part of asset (already put into use) or part of capital works in progress. Considering the whole of grant as a part of GFA seems to an inadvertent error from the Hon'ble Commission, thereby undermining the depreciation amount approved. Moreover, the grants appearing **note 9.6** which has been considered by Hon'ble Commission for depreciation calculation, has been converted to equity and under equity pending allotment head (Note 9 of accounts). Thus, the same amount of Rs 1.20 Cr can not be considered a part of grants.

Based on the above submission, the Hon'ble Commission is requested to consider the depreciation amount as claimed in the true up petition and allow an additional amount Rs 5.13 Cr as shown in the table below:

**Table 8: Depreciation Amount Claimed in Review (In Rs Cr)**

Sr. No.	Particulars	Amount in INR Cr.
1	Depreciation Amount claimed by MePDCL in the True Up petition (1)	15.28
2	Depreciation Amount allowed by MSERC in the True Up order (2)	10.15
3	<b>Additional Depreciation to be allowed in the review petition (=1-2)</b>	<b>5.13</b>

## 2.7 AT&C Calculation and Penalty on AT&C

The Hon'ble Commission in its True Up order dated 18 November 2019, approved AT&C Loss of 47.98% and AT&C Loss penalty of Rs 59.35 Cr. The following are the observations of the Licensee on the methodology and calculations used by the Hon'ble Commission for AT&C Loss head:

a) The Hon'ble Commission has cited absence of schedule of receivables in Note 26 (b) and has calculated collection efficiency of 82.33% and in turn AT&C Loss of 47.98% using the available data in accounts. There is a discrepancy in closing value of receivables of claimed by Licensee vis-à-vis approved due to unavailability of the figure in the audited accounts. It is submitted that the licensee was not given an opportunity to submit the missing data of receivables in audited accounts. However, now, closing balance of receivables for FY 2016-17 can be seen in FY 2017-18 accounts as opening value of receivables for FY 2017-18. The audit of FY 2017-18 is complete and the accounts along with statutory report is attached as **annexure B**. The opening value of receivables for FY 2017-18 is Rs 318.21 Cr (Note 5 (a).3- Gross Trade Receivables head of FY 2017-18 accounts). The same is also the closing value of receivables for FY 2016-17. The opening value of receivables for FY 2016-17 is Rs 270.20 Cr i.e closing value of receivables for FY 2015-16 in line with the approach of the Hon'ble Commission in the true up order (Table 37 of the order).

The Hon'ble Commission has arrived at revenue from sale of power within the state for FY 2016-17 at Rs 527.82 Cr against the claim of Rs 542.82 Cr. The difference is due to consideration of Assam sale as outside sale by the Hon'ble Commission. This is in contradiction to the earlier orders including ARR and MYT order for FY 2015-16 to FY 2017-18 where the Hon'ble Commission has considered power sold to Assam within the state (**mentioned in Chapter 2.2 of the petition**). The licensee requests the Hon'ble Commission to consider sale of power to Assam as sale within the state in line with its approach in the earlier orders and in turn consider the revenue of sale of power within the state at Rs 542.82 Cr (in line with the audited accounts)

Based on the above submissions, the Licensee is requesting the Hon'ble Commission to revise the closing value of receivables, revenue from sale of power in state and in turn AT&C Loss as shown in the table below:

**Table 9: Revised AT&C Loss Calculation Claimed in Review**

Particulars (MePDCL)	Amount
Opening balance of receivables from sale of power within the state	270.20
Revenue from sale of power within the state in FY 2016-17	542.82
Total	813.02
Less: Closing balance of receivables from sale of power within the state	318.21
<b>Revenue realized in FY 2016-17 from sale of power within the state</b>	<b>494.81</b>
<b>Collection Efficiency</b>	<b>91.16%</b>
<b>T&amp;D losses (Table 37 of the order)</b>	<b>36.81%</b>
<b>AT&amp;C Losses for FY 2016-17</b>	<b>42.40%</b>

b) Based on the revision of AT&C loss as filed above in the petition, the revised penalty amount for AT&C Loss levels is Rs 26.65 Cr as shown in the table below:

**Table 10: Penalty for AT&C Loss Levels Claimed in Review**

S.No	Particulars (MePDCL)	Amount
1	Actual AT&C loss for FY 2015-16	41.00%
2	Target level for FY 2016-17	38.00%
3	Actual AT&C loss for FY 2016-17 as filed in review	42.40%
4	Short fall over the Targeted Level	4.40%
5	Total AT&C loss for FY 2016-17 MU (972.38 x 9.98%)**	42.77
6	Average billing rate of Revenue for FY 2016-17 (Rs/Unit)	6.23
7	<b>Penalty to be levied on the short fall (42.77 MUx6.23)</b>	<b>26.65</b>

\*\*The licensee has considered Assam power sale as sale within the state, thus the total consumption within the state as filed in true up petition is 972.38 MUs

Based on the above submissions, the Licensee requests the Hon'ble Commission to revise the penalty for AT&C Loss as shown in the table below:

**Table 11: Additional Penalty Amount for AT&C Loss Levels Claimed in Review**

Sr. No.	Particulars	Amount in INR Cr.
1	AT&C Loss Penalty allowed by MSERC in the True Up order (2)	59.35
2	Revised AT&C Loss Penalty claimed by Licensee in Review Petition	26.65
3	<b>Additional AT&amp;C Loss Penalty to be allowed in the review petition (=2-1)</b>	<b>(32.70)</b>

## 2.8 Interest on Working Capital

Based on the above submissions for review, the interest on working capital has been computed in line with the existing MSERC Regulations as given below:

**Table 12: Interest on Working Capital Based on Revised Components (In Rs Cr)**

Particulars	Amount
O&M for 1 Months (INR Crore) (Rs 156.81/12)	13.07
Maintenance spares at 1% of GFA Historical cost escalated by 6% (Opening Asset of MePDCL +1/3 Opening Asset of MeECL) *1%*1.06	3.71
Receivables for 2 Months (INR Crore) (1123.21-86.96-22.50-4.78-50.82-26.65)/6	155.25
Total (INR Crore)	172.03
Interest Rate (%)	14.05%
<b>Interest on Working Capital (INR Crore)</b>	<b>24.17</b>

There also seems to be clerical error in the computation of the O&M Expenses for one (1) month component in the calculations on the Hon'ble Commission (Table 26 of the order). The total O&M expenses as approved by the Hon'ble Commission amounts to Rs 156.81 Cr as against Rs 151.83 used in the calculation of interest on working capital. Moreover, the Hon'ble Commission has inadvertently not considered the assets of MeECL (apportioned portion) in calculation of total asset base for maintenance spares component.

Based on the above submissions, the petitioner now humbly requests Hon'ble Commission to allow additional amount of INR 9.53 Cr. for Interest on Working Capital as shown in the table below:

**Table 13: Additional Claim for Interest on Working Capital**

Sr. No.	Particulars	Amount in INR Cr.
1	Interest on Working Capital allowed by MSERC	14.64
2	Interest on Working Capital claimed by Licensee as per the Review	24.17
3	<b>Additional Interest on Working Capital to be allowed in the review petition (=2-1)</b>	9.53

### 3 Revised ARR & Net Additional Claim in Review for True Up FY 2016-17

Based on the above submissions, the revised AR Rand additional amount claimed for MePDCL in this review is given below:

**Table 14: Revised ARR and Additional Amount Claimed in Review(Rs. in crore)**

Sl.No.	ARR Elements	Approved in True Up	MePDCL Claimed in Review	Additional Gap to be Passed
1	Power Purchase Cost	548.10	596.31	48.21
2	Transmission charges (PGCIL)	117.11	117.11	
3	Transmission Charges (MePTCL)	83.28	83.28	
4	Employee Expenses	136.35	136.35	
5	Repairs & Maintenance Expenses	10.06	10.06	
6	Administrative & general Expenses	10.40	10.40	
7	Depreciation	10.15	15.28	5.13
8	Interest & Finance Charges	8.46	21.23	12.77
9	Interest on Working Capital	14.64	24.17	9.53
10	Other Debts (Incl. Provision for bad Debts)	-	-	
11	Prior period Charges (Credits)	-4.53	-4.53	
12	Income Tax	-	-	
13	Return on Equity	10.99	113.54	102.55
	<b>Gross ARR</b>	<b>945.01</b>	<b>1123.21</b>	<b>178.20</b>
14	Less: Non-Tariff Income , Other Income	88.57	86.96	-1.61
15	Less: RE Subsidy & Revenue Grant on other Expenditure	22.50	22.50	
16	Less: Cross Subsidy Surcharge	-	-	
17	Less: Amortization of grants (Note 19 of SOA)	4.78	4.78	
18	Less: Penalty for Non-achievement of AT&C loss	59.35	26.65	-32.70

<b>Sl.No.</b>	<b>ARR Elements</b>	<b>Approved in True Up</b>	<b>MePDCL Claimed in Review</b>	<b>Additional Gap to be Passed</b>
19	Less: sale of Surplus Power	50.82	50.82	
20	Less: Revenue from sale of power (incl. Assam)	542.82	542.82	
21	Less: Surplus energy in the energy balance table for 10.30 MU at 2.65/ Kwh is adjusted	2.73	0.00	-2.73
<b>22</b>	<b>Total (14 to 21)</b>	<b>771.57</b>	<b>734.53</b>	<b>-37.04</b>
<b>23</b>	<b>Net GAP/ (Surplus)</b>	<b>173.44</b>	<b>388.68</b>	<b>215.24</b>

Based on the above submission, MePDCL requests the Hon'ble Commission to approve the above-mentioned amount of **INR 215.24 Cr** and allow MePDCL to recover the same in the ARR of FY 2020-21.