

BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION,
SHILLONG

MISCELLANEOUS PETITION
FOR
SPECIAL TARIFF
FOR
INDUSTRIAL CONSUMERS

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

A MISCELLANEOUS PETITION FOR SPECIAL TARIFF FOR INDUSTRIAL CONSUMERS

AND IN THE MATTER OF

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

PETITIONER

The Petitioner respectfully submits as under:

1. In exercising its powers conferred under Sections 131 and 133 of the Electricity Act 2003, the State Government of Meghalaya notified “The Meghalaya Power Sector Reforms Transfer Scheme 2010” on 31 March 2010 leading to re-structuring and unbundling of the erstwhile Meghalaya State Electricity Board (MeSEB) into four entities namely:
 - a. **Meghalaya Energy Corporation Limited (MeECL):** the Holding Company;
 - b. **Meghalaya Power Distribution Corporation Limited (MePDCL):** the Distribution Utility;
 - c. **Meghalaya Power Generation Corporation Limited (MePGCL):** the Generation Utility;
 - d. **Meghalaya Power Transmission Corporation Limited (MePTCL):** the Transmission Utility.
2. However, the holding company - MeECL carried out the functions of distribution, generation and transmission from 1st April 2010 onwards, even after re-structuring. Through notification dated 31 March 2012, the State Government notified the amendment to The Power Sector Reforms Transfer Scheme leading to effective unbundling of the MeECL into the MeECL (Holding Company), MePDCL (Distribution Utility), MePGCL (Generation utility) and MePTCL (Transmission Utility) from 1st April 2012.
3. On 23rd December 2013, the Government of Meghalaya notified the vesting of the Assets and Liabilities as on 1st April 2010, in the MeECL. Subsequently, the Government of Meghalaya notified the 4th Amendment to the Notified Transfer Scheme on 29th April 2015, wherein the opening balances of all the four entities namely, MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 were indicated.
4. The MePDCL began commercial operations as an independent entity and the sole distribution licensee in the state of Meghalaya, from 1st April 2013.
5. Over the past years, there has been a reducing trend of industrial consumption which has been further aggravated by the Covid-19 pandemic. This is affecting the HT:LT ratio of sales, AT&C losses and the overall operational efficiency of the MePDCL. Rather than selling its surplus power outside the state at a lower rate, the Discom wants to encourage industrial consumption in the state and improve its operational efficiency by increasing its HT: LT sales mix. The licensee files this petition with a humble aim to promote industrialization and boost industrial power consumption within the state.
6. The Board of Directors of the MePDCL has accorded approval for filing this petition and has authorized the undersigned to file the petition. The copy of the Board’s resolution is hereby enclosed as **Annexure-A**.

7. The applicant, therefore, humbly prays before the Hon'ble Commission to pass appropriate orders on the following:
- a) Approval of Special Tariff for Industrial Consumers other than Ferro Alloys Industries.
 - b) To favorably consider the instant petition and pass such order/s as the Hon'ble Commission may deem fit and proper.
 - c) To condone any inadvertent omissions, errors and shortcomings and permit the applicant to add/change/modify/alter this petition and make further submissions as required.

(S Kharmih)
Superintending Engineer (R.A)

For and on behalf of
Meghalaya Power Distribution Corporation Ltd

Contents

1	INTRODUCTION	6
1.1	BACKGROUND.....	6
1.2	SUBMISSIONS BEFORE THE HON’BLE COMMISSION.....	6
2	CONTOURS OF THE REVISION OF TARIFF FOR INDUSTRIES	7
3	PRAYER BEFORE THE HONORABLE COMMISSION	7

Abbreviations

ARR	Aggregate Revenue Requirement
FY	Financial Year
GoM	Government of Meghalaya
kWh	Kilo Watt Hour
KV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
MSERC	Meghalaya State Electricity Regulatory Commission
MU	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi Year Tariff
O&M	Operation & Maintenance
FPPPA	Fuel and Power Purchase Price Adjustment
MeECL	Meghalaya Energy Corporation Limited
MePDCL	Meghalaya Power Distribution Corporation Limited
MePTCL	Meghalaya Power Transmission Corporation Limited
MePGCL	Meghalaya Power Generation Corporation Limited
MYT Regulations 2014	MSERC (Multi Year Tariff) Regulation, 2014

1 Introduction

1.1 Background

The supply of electricity to all the people is an essential driver for development and influences social and economic change. The licensee has erected adequate distribution system to cater to the growing demand in the state. Lower than expected returns from its investment is making it difficult for the Discom to achieve financial and operational turnaround, especially in the face of mounting power purchase dues. In more than one instance, the utility has had to resort to non drawal of power from costly generating sources but is still required to pay the fixed charges associated with the same source. The utility therefore is exploring fresh avenues to find appropriate buyers to effectively sell its available power at the desired cost reflective tariffs thereby, improving its operational efficiency and bringing down its losses.

The NTPC Bongaigaon Thermal Power Project (3 x 250 Mw) has allocated power to Meghalaya for which the PPA was signed in the year 2007. The NTPC is currently regulating the allocated power on account of non-payment of dues by the MePDCL. Despite this, allocation of power to Meghalaya from this Plant, has been further enhanced from 53 MW to around 87 MW. This additional power should be effectively utilised, which is the reason for the instant petition.

The industries over the last 5 years have been important consumers in the state, catering to an average of 35% of the total consumption of power in the state. If the existing industrial consumption can be increased, revenue for the Discom will also increase which will lead to a positive impact on the financial health and overall performance of the power distribution utility. This can happen if the rates for energy charges are lowered for the Industries (other than ferro alloys) in the state.

The Licensee from time to time introduces incentives to benefit different categories of consumers. In 2018-19, 'Time of Day Tariff' was introduced to incentivize industrial consumers to shift the load from peak to off-peak hours. There was a separate tariff for ferro alloys to boost their consumption. The licensee wants to provide benefits to the other industrial consumers (apart from ferro alloys consumers) as well. Therefore, the Discom has taken a conscious decision to introduce a special tariff for these industries.

1.2 Submissions before the Hon'ble Commission

The MePDCL humbly prays before the Honorable Commission to kindly approve the Special Tariff for these Industrial Consumers.

2 Contours of the Revision of Tariff for Industries

As per the tariff order for FY 2020-21, the tariff rates for industries are given below:

	Fixed Charges Rs. /kVA/month	Energy Charges (Rs. /kVAh)
Industrial HT	230	6.6
Industrial EHT	230	6.2

The licensee wants to promote industrial consumption and growth in the state as well as improve its operational efficiency. Increasing industrial consumption will in turn increase the HT:LT sales mix which will help the licensee bring down its T&D losses. The licensee in this regard has already initiated communication with the Byrinhat Industries Association (BIA) on the contours of the plan.

As part of the package, the licensee will revise the energy charges for the industries mentioned above **to a rate of Rs 6 per KVAh for HT & EHT Industrial consumers, with the fixed charges remaining the same.** The discounted energy charges will encourage the industries to increase their consumption as well as their contract demand. However, the industries will have to assure the licensee that they will maintain their monthly load factor at 64% or above. If the industries fail to enhance their load factor to the floor of 64% or higher every month, **they will have to pay the Discom an amount of Rs 1.70 per KVAh for non-drawal of units up to the agreed load factor of 64% as compensation for the deficit units** (in order to attain the load factor of 64%). This is applicable to all the HT and EHT industries (excluding Ferro Alloys which have a separate tariff category). The licensee will keep records of the industries' load factors every month and the amount to be compensated, as applicable, by the industries (if load factor < 64%) will be included in their monthly electricity bills to be paid to the Discom.

The revised energy charges will be applicable for an initial period of 3 years with yearly enhancement, to accommodate the effect of inflation. Thereafter, the tariff structure may be revised by the licensee, based on the financial situation of the licensee and its power procurement options, with due approval by the Hon'ble Commission.

The above plan with riders has been prepared by the licensee to ensure that the incentives offered to industries don't adversely impact the existing revenues of the Discom which would, in that case, increase the burden of the Discom and other categories of consumers. **This proposal of revision of energy charges for industries (other than Ferro Alloys industries) has been initiated by the Discom on the condition of payment of Rs 1.70 per KVAh for non-drawal of units up to the agreed load factor of 64% and the payment of energy charges at the rate of Rs.6.00 per KVAh or as may be mutually agreed upon by both the parties.**

3 Prayer before the Honorable Commission

The MePDCL humbly prays before the Honorable Commission to kindly approve the special tariff for the industrial consumers as specified above.