



Meghalaya State Electricity Regulatory Commission

Aggregate Revenue Requirement

&

Retail Tariff for FY 2020-21

For

Meghalaya Power Distribution Corporation Limited

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

1ST Floor (Front Block Left Wing), New Administrative Building
Lower Lachumiere, **Shillong-793001**
East Khasi Hills District, Meghalaya

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Abbreviations

A&G	Administration & General
ARR	Aggregate Revenue Requirement
APTEL	Appellate Tribunal For Electricity
AT&C	Aggregate Technical & Commercial losses
CAGR	Compound Annual Growth Rate
CD	Contract Demand
CoD	Commercial Operation Date
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
CoS	Cost of Supply
CWIP	Capital Work In Progress
DE	Debt Equity
EHT	Extra High Tension
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GOM	Government of Meghalaya
GFA	Gross Fixed Assets
HT	High Tension
KV	Kilo Volt
KVA	Kilo Volt Amps
KVAh	Kilo Volt Ampere hour
KW	Kilo Watt
kWh	kilo Watt hour
LT	Low Tension
MVA	Million Volt Amps
MU	Million Unit
MW	Mega Watt
MYT	Multi Year Tariff
MeECL	Meghalaya Energy Corporation Limited
MePGCL	Meghalaya Power Generation Corporation Limited
MePDCL	Meghalaya Power Distribution Corporation Limited
MePTCL	Meghalaya Power Transmission Corporation Limited
MSERC	Meghalaya State Electricity Regulatory Commission
NER	North Eastern Region
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Limited
ROE	Return on Equity
R&M	Repairs & Maintenance
SOA	Statement of Accounts
SLDC	State Load Despatch Centre
SBAR	State Bank Advance Rate
ToD	Time of the Day

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

1ST Floor (Front Block Left Wing), New Administrative Building

Lower Lachumiere, Shillong-793001

East Khasi Hills District, Meghalaya

CASE NO. 04/2020

In the matter of

Determination of Aggregate Revenue Requirement (ARR) and Retail Tariff for

FY 2020-21 in the State of Meghalaya.

AND

Meghalaya Power Distribution Corporation Limited the Petitioner

(Herein after referred to as MePDCL)

Coram

Shri P W Ingty, IAS (Retd)

Chairman

Shri R. Keishing

Member

ORDER

(Date: 25.03.2020)

1. The Meghalaya Power Distribution Corporation Limited (herein after referred to as MePDCL) is a 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. As per the Regulation 6 of MYT Regulations 2014, the MePDCL has filed the Petition for determination of Aggregate Revenue Requirement (ARR) and Retail Tariff for FY 2020-21.
3. The Licensee shall file Regulatory accounts along with the petition for ARR and Tariff and also for True up of the previous years. Licensee has filed Statement of Accounts for FY 2017-18 certified by the Statutory Auditors. Commission considers Statement

of Accounts for FY 2017-18 and the Aggregate Revenue Requirement elements have been computed taking into account the performance and expenses reported in the Statement of Accounts for FY 2017-18 as per MSERC MYT Regulations 2014. The assumptions for FY 2018-19 to FY 2020-21 considered based on the inflation rates notified by the Govt. of India.

4. There has been a Gap in the incumbency of competent commission, the tariff petition for FY 2019-20 filed by the licensee was not registered. But the Licensee shall file true up petition with actual performance together with audited accounts and C&AG report for approval of the Commission.
5. Tariff Regulations specify that the distribution licensee shall file ARR and Tariff petition in all aspects along with requisite fee as specified in Commission's fee, fines and charges Regulations on or before 30th November of the preceding year. Accordingly the MePDCL has filed the ARR and Tariff Petition for the FY 2020-21 on 29.11.2019.

Commission has admitted the petition provisionally on 09.12.2019 and licensee has been directed to submit the additional information/data gaps as per the Regulations in the commission's letter 03.12.2019.

6. In exercise of the powers vested under section 62 (1) read with section 62 (3) and section 64 (3) of the Electricity Act 2003 and MSERC MYT Regulations, 2014 (Notified on 15.09.2014, herein after referred to as MYT Regulations) and other enabling provisions in this behalf, the Commission issues this order for approval of the ARR and determination of retail Tariffs for FY 2020-21 for distribution and retail supply of electricity in the state of Meghalaya.
7. Regulation 19 of the Tariff Regulations, 2014 provides for giving adequate opportunities to all stake holders and general public inviting suggestions/objections on the Tariff Petition filed by the licensee. Accordingly the Commission directed MePDCL to publish the ARR and Tariff Petition for FY 2020-21 in an abridged form as public notice in the newspapers having wide circulation in the state, inviting suggestions/objections on the Tariff Petition.
8. MePDCL has published the Tariff Petition in the abridged form as public notice in various newspapers and the Tariff petition was also placed on the website of

MePDCL. The last date of submission of suggestions/objections was fixed as within 30 days of publication of the notice.

9. The Commission in order, to ensure transparency in the process of Tariff determination and for providing proper opportunity to all stakeholders and general public for filing suggestions/objections on the Tariff petition and for convenience of the consumers and general public across the state, it is decided to hold a public hearing at the headquarters of the state. Commission held public hearing as scheduled at Shillong on 06.03.2020.
10. The Proposal of MePDCL was also placed before the State Advisory Committee in its meeting held on 12.03.2020 and various aspects of the Petition were discussed by the committee. The Commission took into consideration the advice of the State Advisory Committee on the ARR and Tariff Petition of MePDCL for FY 2020-21.
11. The Commission took into consideration the facts presented by the MePDCL in its petition and subsequent various filings, the suggestions/objections received from stakeholders, consumer organizations, general public and State Advisory Committee and the response of the MePDCL to those suggestions/objections before issue of the Tariff Orders.
12. The Commission has reviewed the directives issued earlier in the Tariff Orders for FY 2013-14 to 2018-19 and noted that some of the directives are complied with and some are partially attended. The Commission has dropped the directives complied with and the remaining directives are consolidated and fresh directives are added.
13. The Commission after taking into consideration all the facts which came up during the public hearing and meeting of the State Advisory Committee, approved the ARR and retail tariffs for FY 2020-21 as per the MYT Regulations.
14. This Order is issued in 9 chapters as detailed below.

Chapter 1- Introduction

Chapter 2- Summary of Petition for ARR & Retail tariffs for FY 2020-21

Chapter 3 - Public Hearing process

Chapter 4- Approach of the Commission

Chapter 5- Analysis of ARR for FY 2020-21 and Commission's approvals

Chapter 6- Tariff principles, Design & Approval of Tariffs

Chapter 7- Wheeling Charges and cross subsidy surcharge

Chapter 8- Directives

Chapter 9—Approved Tariffs for FY 2020-21

15. MePDCL shall ensure implementation of the Tariff order from the effective date after issuance of a public notice, in such a font size which is clearly visible, in two daily newspapers having wide circulation in the state within a week and compliance of the same shall be submitted to the Commission.

This order shall be effective from 1st April, 2020 and shall remain in force till 31st March, 2021 or till the next Tariff Order of the Commission.

Shri R. Keishing

Member
MSERC

Shri P W Ingty, IAS (Retd)

Chairman
MSERC

1. Introduction

1.1 Background

A. The Meghalaya Power Distribution Corporation Limited (herein after referred to as MePDCL or Petitioner) has filed its petition on 29.11.2019 under Meghalaya State Electricity Regulatory Commission MYT Regulations, 2014 for determination of Aggregate Revenue Requirement and distribution tariff for FY 2020-21.

The Commission has admitted the Petition provisionally on 09.12.2019.

B. There has been a gap in the incumbency of the competent Commission. The Petition filed by the Licensee for approval of the ARR and Tariff order for FY 2019-20 was not registered. The Licensee was to implement the tariff orders passed on 31.03.2018 till 31.03.2020.

1.2 Meghalaya Power Distribution Corporation Limited

The Government of Meghalaya has unbundled and restructured the Meghalaya State Electricity Board with effect from 31st March, 2010 into the Generation, Transmission and Distribution businesses. The erstwhile Meghalaya State Electricity Board was transformed into four successor entities, viz.,

1. Generation : Meghalaya Power Generation Corporation Limited (MePGCL)
2. Transmission : Meghalaya Power Transmission Corporation Limited (MePTCL)
3. Distribution : Meghalaya Power Distribution Corporation Limited (MePDCL)
4. Meghalaya Energy Corporation Limited (MeECL) a holding company.

The Government of Meghalaya issued further notification on 16th September, 2013 notifying the revised statement of assets and liabilities as on 1st April, 2010 to be vested in Meghalaya Energy Corporation Limited.

The Government of Meghalaya has issued further amendment on 29.04.2015 notifying the revised statement of Assets & Liabilities as on 31.03.2012 to be vested in the MeECL and re-vested in unbundled successor entities viz., MePGCL, MePTCL, MePDCL and MeECL (The Holding Company). The new entities have been made functional with effect from 01.04.2013.

1.3 Meghalaya State Electricity Regulatory Commission

Meghalaya State Electricity Regulatory Commission (here in after referred to as “MSERC” or the Commission) is an independent statutory body constituted under the provisions of the Electricity Act (EA), 2003. The Commission is vested with the authority for Regulating the power sector in the state, inter alia, including determination of tariff for electricity consumers.

1.4 Admission of the Petition and Public hearing process

The MePDCL has submitted the current petition for determination of Aggregate Revenue Requirement (ARR) and Retail tariffs for FY 2020-21. The Commission undertook the technical validation of the Petition and admitted the Petition Provisionally on 09.12.2019.

In accordance with Regulation 19 of the Multi Year Tariff Regulations 2014, the Commission directed MePDCL to publish the petition in abridged form to ensure public participation. The public notice, inviting objections/ suggestions from its stakeholders on the ARR and tariff petition filed by licensee, was published in the following newspapers on the dates noted against each.

Sl. No	Name of News paper	Language	Date of Publication
1	The Shillong Times – a)Shillong Edition	English	19.12.2019 & 20.12.2019
	b)Tura Edition	English	19.12.2019 & 20.12.2019
2	U Mawphor	Khasi	19.12.2019 & 20.12.2019
3	Salantini Janera	Garo	19.12.2019& 20.12.2019

MePDCL has also placed the public notice and the Petition on the website (www.meecl.nic.in) inviting objections and suggestions on the petition. The interested parties/stakeholders were asked to file their objections/suggestions on the petition within 30days of notification.

MePDCL / Commission received some objections / suggestions from Consumers/ consumer organizations. The Commission examined the objections/ suggestions received and fixed the date for public hearing on the petition to be held on 06.03.2020. Commission also informed the objectors to take part in the public

hearing process for presenting their views in person before the Commission. The Public hearing was conducted in Shillong as scheduled. The Commission also held meeting with State Advisory Committee on 12.03.2020. Proceedings of the meeting are attached as Annexure-I.

The names of consumers/consumer organizations those who filed their objections and the objectors who participated in the public hearing for presenting their objections are attached as Annexure-II.

A short note on the main issues raised by the objectors in the written submission and also in the public hearing along with response of MePDCL and the Commission's views on the response are briefly noted in Chapter-3 of this order.

2. Summary of Petition for ARR and Retail Tariffs for FY 2020-21

2.1 Aggregate Revenue Requirement (ARR) for FY 2020-21

The Meghalaya Power Distribution Corporation Limited (MePDCL) has submitted the Petition for approval of the Aggregate Revenue Requirement and Determination of Distribution tariff for FY 2020-21. The MePDCL has projected the revenue requirement as under:

Table 2.1: Projected ARR for FY 2020-21

(Rs.Cr)

Particulars	FY 2020-21 (Projected)
Power Purchase Cost	981.25
Transmission Charges (PGCIL)	205.91
Transmission Charges (MePTCL)	143.13
Employee Expenses	137.24
Repair & Maintenance Expenses	4.75
Administration & General Expenses	10.55
Depreciation	6.91
Interest and Finance Charges	6.58
Interest on Working Capital	19.38
Return on Equity	32.69
Gross Annual Revenue Requirement (ARR)	1548.39
Less: Non-Tariff Income	132.2
Less: R.E. Subsidy	21
Less: Subsidy against Power Purchase	-
Less: R.E. Subsidy Against Loss On Account Of Flood, Fire Cyclone Etc	-
Less: Revenue Grant for Other Expenditure	
Less: Sale of Surplus Power	562.28
Net ARR	832.91

2.2 Total Gap to be recovered through Tariff in FY 2020-21 & Carrying Cost

- (i) Licensee submitted that the approved ARR as well as the gaps of previous years due to true up and review petition on true up order is to be cumulatively recovered through the tariff of FY 2020-21. The Licensee had filed the review petition on true up order for FY 2014-15 and FY 2015-16 for which the orders are due from the Commission.

- (ii) The order of review petition on true up for FY 2015-16 for both MePGCL and MePTCL is also due from the Commission. Given below is the total gap which is to be recovered in tariff of FY 2020-21
- (iii) MePDCL Submits that on 18 Nov 2019, Commission had issued the true up order for FY 2016-17 for subsidiaries of MeECL which will be adjusted in the Net ARR of FY 2020-21.
- (iv) Commission had approved AFC of Rs 24.86 Cr for NUHEP in the MYT Order dated 31.03.2018. The final capital cost of NUHEP is ready and audited and as such, MePGCL has filed revised petition for determination of AFC of NUHEP for FY 2018-19 to FY 2020-21. The AFC of NUHEP projected for FY 2020-21 is Rs 122.27 Cr. The adjustment in AFC (Rs 122.27- Rs 24.86 Cr) will also be required to be passed on the tariff of FY 2020-21.
- (v) MePDCL Submitted that the order on revision of tariff for FY 2019-20 based on the approved ARR of FY 2019-20 (**Rs 810.21 Cr**) is also due. As a result, the Licensee had to continue with the tariff approved in FY 2018-19 for the year FY 2019-20. The approved tariff of FY 2018-19 was based on the net ARR of FY 2018-19 (Rs 777.61 Cr) and expected revenue recovery in FY 2018-19 was Rs 686.96 Cr with the approved tariff. However, the difference (Rs 810.21 Cr – Rs 686.96 Cr) could not be recovered with the FY 2018-19 Tariff. Thus, the difference needs to be adjusted in true up of FY 2019-20.
- (vi) Based on the above submissions, the final gap due to true up, review petition on true up orders and adjustment of AFC of NUHEP which needs to be passed on in the tariff of FY 2020-21 is given below:

Table 2.2: Gaps to be passed on in Tariff of FY 2020-21

SI No	Particulars	Amount (in Rs Cr)
1	Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22
2	Gap from True up of FY 2016-17 of MePGCL (MLHEP and Old Plants Combined)	(60.50)
3	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
4	Gap from True up of FY 2016-17 of MePTCL	(0.74)
5	Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09
6	Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91
7	Gap from True up of FY 2016-17 of MePDCL	173.44
8	Adjustment due to Revision of AFC FY 2020-21 for NUHEP due to final audited capital cost	97.41
9	Total Gap (1+2+3+4+5+6+7+8)	996.92

- (vii) From the above table, SI No 1-7 petitions were filed by subsidiaries of MeECL whose order was due from the Commission in the last financial year. The delay in order affected the liquidity scenario in the Corporation for which it had to resort to short term lending to meet its financial obligations. Thus, keeping this in mind, MePDCL is proposing a carrying cost on the above gaps (SI 1 to 7 of Table 2.2) based on the lending rate as on 01.04.2019. The carrying cost computation has been given below:

Table 2.3: Carrying Cost Calculation

SI No	Particulars	In Rs Cr
1	Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22
2	Gap from True up of FY 2016-17 of MePGCL (MLHEP and Old Plants Combined)	(60.50)
3	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
4	Gap from True up of FY 2016-17 of MePTCL	(0.74)
5	Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09
6	Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91
7	Gap from True up of FY 2016-17 of MePDCL	173.44
8	Interest rate as on 01.04.2019 considered for carrying cost calculation	13.80%
	Carrying Cost due to delay in orders (Sum of 1 to 7 *8)	124.13

2.3 Net ARR for FY 2020-21

Based on the above submissions in Section 4.3.1 and 4.3.2 for approved ARR and gaps of past years, the net Revenue Requirement for FY 2020-21 would be as shown below:

Table 2.4: Total Revenue for FY 2020-21

Sl No	Particulars	Amount (In Rs Cr)
1	Approved ARR of FY 2020-21	832.91
2	Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22
3	Gap from True up of FY 2016-17 of MePGCL (MLHEP and Old Plants Combined)	(60.50)
4	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
5	Gap from True up of FY 2016-17 of MePTCL	(0.74)
6	Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09
7	Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91
8	Gap from True up of FY 2016-17 of MePDCL	173.44
9	Adjustment due to Revision of AFC FY 2020-21 for NUHEP due to final capital cost	97.41
10	Carrying Cost due to delay in orders	124.13
	Total Revenue Requirement for FY 2020-21	1,953.96

* Before the issue of next tariff order, any further orders from Commission on the above gaps of past years for subsidiaries of MeECL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2020-21.

2.4 Revenue Gap for FY 2020-21

Based on the above submissions, the revenue gap for FY 2020-21 at existing tariff has been arrived at as follows:

Table 2.5: Revenue Gap at existing tariff of FY 2020-21

Particulars	Amount in Rs Cr
Total Revenue Requirement in FY 2020-21	1,953.96
Less: Projected Revenue at Existing Tariff Rates (As per Section 3.2)	662.33
Revenue Gap for FY 2020-21 at Existing Tariff	1,291.63

Thus, the retail supply tariff for FY 2020-21 would be determined based on the net Revenue Requirement as computed above.

2.5 Approved Sales and Connected Load

The energy sales and connected load for FY 2020-21 have been taken from Business Plan for FY 2018-19 to FY 2020-21 approved by the Commission in its order dated 01.11.2017. The same has been used to compute revenue estimates for FY 2020-21 in the subsequent sections.

Table 2.6 : Energy Sale and Connected Load approved for FY 2020-21

Sl.No	Consumer category	Connected load (MVA)	Energy Consumption (MU)
A	LT CATEGORY		
1	Domestic (DLT)	457.62	436.62
2	Commercial (CLT)	85.7	67.4
3	Industrial (ILT)	12.38	5.06
4	Agriculture (Ape)	0.28	0.1
5	Public Lighting (PL)	0.39	1.02
6	Water Supply (WSLT)	7.88	14.04
7	General Purpose (GP)	15.38	29.71
8	Kutir Jyoti (KJT)	57.84	34.03
9	Crematorium (CRM)	0.14	0.22
	Sub Total	637.61	588.2
B	HT CATEGORY		
1	Domestic HT	21.15	20.68
2	Water Supply (WSHT)	7.8	24.07
3	Bulk Supply (BS)	44.88	82.5
4	Commercial (CHT)	33.62	31.6
5	Industrial (IHT)	96.13	141.65
	Sub Total	203.58	300.5
C	EHT CATEGORY		
1	Industrial	68.7	173.64
D	Grand Total	909.89	1062.34

3. Tariff Proposal & Revenue Recovery from Tariff

The Licensee had filed the petition for revision of tariff for FY 2019-20 via letter No MePDCL/SE(RA)/54(D)/Pt-IV/2018-19/3 dated 29 November 2018. However, the order from the Hon'ble Commission is due on the same and as a result the Licensee has continued with the approved tariff of FY 2018-19 for FY 2019-20. The Hon'ble Commission in its order dated 31.03.2018 notified the approved tariff for FY 2018-19 but was silent on the issue of ARR recovery at the approved tariff for FY 2018-19

In the absence of the same, the Licensee has projected the revenue at the existing tariff for FY 2020-21 based on the category wise sales mix and the connected load of the applicable category approved by the Commission in the Business Plan and the prevailing tariff rates. For calculating revenue in various consumption slabs of Domestic

and Commercial, MePDCL has used the approved per unit revenue for the slab and the estimated sales in the particular slabs. The proportion/estimation of consumption in different slabs for Domestic and Commercial LT has been arrived at as shown in section 3.1. The methodology used here is in line with the methodology used in petition for revision of tariff for FY 2019-20 and review petition of MePDCL tariff order dated 31 March 2018 for estimating the revenue recovery at approved and proposed tariff. The methodology is explained in the subsequent sections.

3. Public Hearing Process

3.0 Public Hearing Process

Section 64 (2) of electricity act 2003 mandates the distribution licensee to publish the Tariff petition in an abridged format in the leading newspapers inviting the objections/suggestions on the Tariff petition from the stakeholders.

In pursuance of the publication of the Tariff petition in the leading newspapers, M/s Byrnihat Industries Association (BIA) has filed written suggestions/objections on the petition filed by the MePDCL seeking approval of ARR and Determination of Retail Tariff for FY 2020-21. The objections/suggestions by M/s. Byrnihat Industries Association (BIA) and the response of the licensee on the objections/suggestions and the Commission's views have been summarized under various sub-heads as given below.

3.1 Objections of BIA

Byrnihat Industries Association has filed written Suggestions/Objections pursuant to the petition filed by the MePDCL for revision of Tariff for FY 2020-21.

The BIA has submitted a comprehensive and detailed analysis of the instant petition, the objector has worked with expert consultant Mercados. A copy of the report prepared by the expert consultant, Mercados is annexed as Annexure A.

MOST RESPECTFULLY SHOWETH:

1. In pursuance of the admission order and the public notice issued pursuant thereto inviting objections and representations from the stake-holders in the State of Meghalaya, the Objector/ Respondent herein, M/s Byrnihat Industries Association ("BIA") is filing the present objections to the petition filed by the Meghalaya Power Distribution Corporation Limited (hereinafter referred to as 'MePDCL') seeking revision of tariff for FY 2020-21 under the MSERC (Multi Year Tariff) Regulations, 2014 and under Sections 62 and 64 read with Section 86 of Electricity Act, 2003. The said petition has been filed by MePDCL based on the ARR of FY 2020-21, approved by the Hon'ble Commission vide Order dated 31.03.2018, and pending

adjustment of true up of previous years and subsequent review petitions filed by MePDCL.

2. The objector is an Association of industrial consumers in the Brynihat area in the State of Meghalaya. The Industrial consumers are few in number but at the same time contribute a substantial part of the revenue requirements of the electricity utilities in the state. It is submitted that the industries have been set up in the State of Meghalaya based on the representations made on the sustained supply of electricity at competitive prices. The cost of electricity has however increased substantially over the years which have made the operation of industries in the State increasingly unviable. It is submitted that the viability and sustainability of the industries are essential also for the economic development of the State. The HT & EHT Industrial consumers though comprise only 0.028% of the total number of consumers in the State, account for around 31% of total energy sales and 36% of total revenue from the sale of power as in 2018-19. In order to submit a comprehensive and detailed analysis of the instant Petition, the Objector has worked with expert consultant, Mercados. A copy of the report prepared by the expert consultant, Mercados, is annexed as Annexure A.

The Emphasis Supplied by Mercados Reveals that; The approach of the petitioner to seek recovery of an amount not allowed by the Hon'ble commission and on the other hand, not pass on the gains to the consumers in terms of the amounts already approved by the Hon'ble Commission are contrary to the provisions of the MSERC MYT Regulations, 2014.

Response by MePDCL for objections 1-2:

MePDCL is suffering from an acute financial crisis and is in dire need of support to achieve financial and operational turnaround. **As on 31 March 2019, the total non-current liabilities for the distribution licensee have increased to more than INR 1000 crore and the utility has accumulated losses over INR 1200 crore in the past 5 years (FY 2014-15 to FY 2018-19).** MePDCL is unable to meet even its power purchase expenses leading to accumulation of dues, which in turn is attracting high rate of penalty/surcharge, thereby increasing the overall expenses and making the financial situation even worse. It is pertinent to note that in spite of this critical

financial position, MePDCL had not received any tariff revision this fiscal year and a meager small average increase of 3.37 % in FY 2018-19. As such inadequate tariff revision is compounding the financial issues faced by MePDCL affecting the sustainability of the utilities and the overall energy sector of the state.

Regarding the importance of industrial growth in state, the licensee would like to submit that it has provided many incentives in the past years and proposed various measures to increase HT: LT ratio of the sale. However, this should not result in inadequate cost recovery for MePDCL and further worsening of financial position of MePDCL as stated above.

A tariff hike of 195% was required to recover the net ARR for FY 2020-21. Given the fact that there was no tariff hike in the current fiscal year and the Utility is going through a huge liquidity crisis, an optimal tariff hike was the need of the hour for the discom to come out of the vicious cycle of losses and liabilities. However, to avoid tariff shock for the consumers, the Utility proposed a hike of 45% for the ensuing year. It is very important for the discom to be self-sustainable which can allow it to provide reliable and quality power and service for all the consumers in the state.

Commissions Remark:

Commission considers the petition after prudence check of all components in ARR taking into consideration of Statement of Accounts for FY 2017-18 certified by the Statutory Auditors.

3. For sake of convenience and ease of reference the objections have been divided into following major submissions:
 - a. Treatment of revenue gap claimed for FY 2014-15 and 2015-16
 - b. Treatment of revenue gap proposed to be passed on in tariff for FY 2020-21
 - c. Carrying Cost
 - d. ARR for FY 2020-21 as approved in MYT Order dated 31.03.2018
 - e. Aspects related to Cross Subsidy Surcharge
 - f. Tariff for Ferro Alloy Consumers

Response by MePDCL for objection 3:

Matter of Record

Commission's Remark:Noted

A. TREATMENT OF REVENUE GAP CLAIMED FOR FY 2014-15 AND FY 2015-16

4. MePDCL has claimed cumulative revenue gap for FY 2014-15 and 2015-16 through the tariff of FY 2020-21. MePDCL is claiming additional revenue gaps, of INR 316.09 Crore for FY 2014-15 and INR 221.91 Crore for FY 2015-16, based on the review petitions filed by it. It is stated that the said petitions are still pending before the Hon'ble Commission and that they have been heard in the absence of the Objector even though the Objector was a party to the tariff proceedings. Accordingly, it is prayed that copy of MePDCL's review petitions be shared with the Objector and time be given to it file its submissions against the same.
5. It is submitted that the Hon'ble Commission has passed reasoned orders dated 05.09.2018 and 25.09.2018 while truing up FY 2014-15 and 2015-16, respectively. The Hon'ble Commission approved surplus of INR 12.96 Crore for FY 2014-15 and gap of INR 15 Crore for FY 2015-16. Thus, the cumulative gap is of INR 2.04 Crore. It is pertinent to mention that the review petitions filed by MePDCL are still pending and as such there is no stay on the True up Orders passed by the Hon'ble Commission. Accordingly, instead of seeking passing of revenue gaps, yet to be approved by Hon'ble Commission, MePDCL should instead pass on approved gains to the consumers in line with Regulations 11, 20 and 26 of MYT Regulations, 2014. The same has also been upheld by the Hon'ble Appellate Tribunal for Electricity ("Aptel") in its judgment dated 11.11.2011 passed in OP No. 01 of 2011 wherein it held as under:

"57. This Tribunal has repeatedly held that regular and timely truing-up expenses must be done since:

 - (a) No projection can be so accurate as to equal the real situation.
 - (b) The burden/benefits of the past years must not be passed on to the consumers of the future.
 - (c) Delays in timely determination of tariff and truing-up entails:

- (i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.
- (ii) Cash flow problems for the licensees.

58. A similar position is reflected in the tariff Regulations framed by various State 1st Respondents. These regulations would stipulate that the approved gains and losses have to be passed through the tariff following the True-up.”

Response by MePDCL for objection 4 & 5:

Based on the availability of audited accounts and directives of the Commission, the Licensee had filed the true up petitions for FY 2014-15 and FY 2015-16. The Commission notified the order on the same in Sept 2018.

The Licensee clearly aggrieved by the impugned orders filed the review petitions. The petitions were filed in line with MSERC Regulations, which is given below for reference:

1) Clause 22 of MSERC (Multi Year Tariff) Regulations 2014 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”

2) Clause 21 of MSERC (Conduct of Business) Regulations 2007, is reproduced below:

“21. Review of the decisions and orders of the Commission

(1) 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”

Based on the above clauses, any person who is aggrieved by an order of the Commission has the right to seek a review on various grounds like submission of new information, clerical error or apparent error. The order on both the above-mentioned petitions is due from the Commission. Since the matter is under subjudice, the licensee has claimed the gaps filed/proposed based on the review petitions for true up FY 2014-15 and FY 2015-16 subject to approval of the Commission. The claims of the Licensee were legitimate and hence the Licensee requests the Commission to consider the gap as per the review petitions in net ARR of FY 2020-21.

Regarding the matter of public hearing, the licensee would like to submit that the review petition is filed only on the basis of clerical/inadvertent errors or on the basis of new information or facts which was not produced during the consideration of original petition, for support of the original claims. There is no specific provision for conducting public hearings for review petitions. As such, there may not be a need of a separate public hearing as no new methodology for calculation or new figures of claims are submitted in the review petition. This is also aligned with the industry practices followed in other states in case of review petitions.

Commission’s Remark:

Commission has considered the true up petitions for FY 2014-15 and FY 2015-16 and Orders were passed after prudence check as per the MSERC Regulations.

6. Thus, it is submitted that the revenue gap, claimed by MePTCL, needs to be disallowed. Similarly even the carrying cost, claimed on such revenue gap, needs to be disallowed. Instead the carrying cost should be reduced in light of the revenue surplus allowed for FY 2014-15 and revenue gap allowed for FY 2015-16.

Response by MePDCL for objection 6

The replies to the objections here is for the discom licensee. Hence any queries pertaining to MePTCL, can be shared by the objector separately with MePTCL

Commission's Remark

The Objector has filed Objection No. 6 inadvertently as **claimed by MePTCL instead of MePDCL**.

B. TREATMENT OF REVENUE GAP PROPOSED TO BE PASSED ON IN TARIFF FOR FY 2020-21

7. MePDCL in its petition has sought revenue gap of INR 996.92 Crore based on pending true-up adjustments and pending review petitions, filed by the utilities, alongwith adjustment of AFC of NUHEP. The Objector has already made detailed submissions with respect to treatment of revenue gaps sought by MePTCL and MePGCL and same is not being repeated herein for the sake of brevity. The Objector submits that as opposed to INR 996.92 Crore the allowable gap is only INR 126.83 Crore. The same is explained as under:

Particulars	MePDCL's Claim (INR Crore)	Objector's Assessment (INR Crore)	Remarks
Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22	-6.55	As per Objections filed in case of MePGCL
Gap/(Surplus) from True Up Order of FY 2016-17 of MePGCL (MLHEP & Old Plants Combined)	-60.50	-60.50	As per True Up Order, dated 18.11.2019 passed for FY 2016-17.
Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09	-5.72	As per Objections filed in case of MePTCL
Gap/(Surplus) from True Up Order of FY 2016-17 of MePTCL	-0.74	-0.74	As per True Up Order, dated 18.11.2019, for FY 2016-17
Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09	-12.96	As per True Up Order, 05.09.2018, passed for FY 2014-15

Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91	15.00	As per True Up Order ,dated 25.09.2018 passed for FY2015-16.
Gap/(Surplus) from True Up Order of FY2016-17 of MePDCL	173.44	173.44	As per True Up Order, dated 18.11.2019 passed for FY2016-17.
Adjustment due to Revision of AFC FY2020-21 for NUHEP due to final audited capital cost	97.41	24.86	As per Objections filed in case of MePGCL
Tota l Gap (Surplus)	996.92	126.83	

Response by MePDCL for objection 7:

Since MeECL and its subsidiaries have filed the review petition against the impugned true up orders and the order on the review petitions are still due from the Commission, the licensee has claimed the gaps filed/proposed based on the review petitions subject to approval of the Commission. The order on NUHEP capital cost petition and tariff for FY 2020-21 is also due and as such, licensee has claimed the adjustments based on the claims of the filed petition in the net ARR of FY 2020-21

Moreover, there is erroneous calculations and interpretations by the objector in the table which can very well mislead the Commission and public at large.

Given below is the remarks on the table:

Particulars	MePDCL Claim	Objector's Assessment	Remarks
Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22	-6.55	The amounts claimed by the objector are the gaps approved by the Hon'ble Commission for the true up orders against which a review petition has been filed and decision is pending with the Commission. The same is the not additional claim of the Utilities in the review petition. This is clearly an error from the side of the objector. The additional claim of the Utilities in the review petition is as per the MePDCL claim Column
Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09	-5.72	
Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09	-12.96	
Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91	15.00	

Commission's Remark:

Commission shall appropriate the true up gap/surplus for FY 2014-15 & FY 2015-16.

C. CARRYING COST

8. MePDCL has also sought carrying cost of INR 12.413 Crore towards pending true-up adjustments and pending review petitions, filed by the utilities, along with adjustment of AFC of NUHEP. In light of the submissions made with respect to revenue gaps, claimed by MePDCL, for previous years, the Objector submits that the carrying cost should be INR 61.09 Crore. Calculation for the same is as under:

Particulars	Derivation	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Surplus /(Gap) ason1st April	A	-	-12.96	-10.23	101.97	101.97	101.97	101.97
Additions during the year (MePGCL)	B	-	-6.55	-60.50	-	-	-	-
Additions during the year (MePTCL)		-	-5.72	-0.74	-	-	-	-
Additions during the year (MePDCL)		-12.96	15.00	173.44	-	-	-	-
Closing Surplus/(Gap) ason31st March	C=A+ B	-12.96	-10.23	101.97	101.97	101.97	101.97	101.97
Applicable Interest Rate for Carrying Cost	D	14.75%	14.75%	14.05%	14.05%	14.05%	14.05%	14.05%
Carrying Cost For the year	$E=(A+C)/2*D$	-0.96	-1.71	6.44	14.33	14.33	14.33	14.33
Total Carrying Cost as per Objector's Assessment	61.09							

The Emphasis supplied by Mercados reads; Since the allowable revenue Gaps of previous years are over stated by the petitioner, the carrying cost claims would also be scaled down.

Response by MePDCL for objection 8:

At the outset, the Licensee would like to point out that the objector has also agreed in principal for recovery of carrying cost for the utilities given the delay in orders and pass through of the gaps. However, the methodology used by the objector for the calculations in the table seem to be erroneous.

Firstly, the review petitions were **filed by Nov 2018** and the gaps due to the same had to be passed in the ARR FY 2019-20. Since there was no order for the review petition, the gap claimed by the licensee to be passed in FY 2019-20, will be now passed in the net ARR of FY 2020-21. The delay in recovery of gaps is reason for claim of carrying cost in the petition. **Thus, the interest rate applicable for calculation of carrying cost will be the interest rate in FY 2019-20.** However, the objector has used different interest rates for different years for calculation of carrying cost. The method of the objector clearly defies any logic.

Secondly as stated above, the order of the Commission is due on the review petitions. Given the fact that the costs claimed in the review petition by Utilities are legitimate and in line with MSERC MYT Regulations 2014, the licensee has claimed the same amount in the net ARR of FY 2020-21. BIA, in its objections, seems to have conveniently ignored the claims made by licensee in its review petitions which were filed in accordance with MSERC MYT Regulations 2014 and MSERC Conduct of Business Regulations.

Thirdly the total carrying cost claimed by the licensee is Rs 124.13 Cr which has been not stated correctly by the objector in this paragraph.

Commission's Remark:

Commission considers that no claim for carrying cost shall be admissible where the true up petitions were delayed by the licensee.

D. ARR for FY 2020-21 As Approved in MYT Order Dated 31.03.2018

9. The Commission in its MYT Order dated 31.03.2018 approved ARR of INR 832.91 Crore for FY 2020-21. This approved ARR was based on anticipated capital expenditure and consequent capitalization. The Gross Fixed Asset (GFA) balance considered by the Commission is on page 88 of the MYT Order. It is pertinent to mention that the actual closing GFA balance as per audited accounts for FY 2017-18 is INR 441.25 Crore as opposed to the opening GFA balance of INR 843.31 Crore considered in the MYT Order for FY 2018-19. Thus, the GFA balance considered by the Hon'ble Commission is higher by INR 402.06 Crore leading to higher tariff being passed on to consumers.
10. The Commission also considered exceptionally high capitalization in contrast to the actual capitalization achieved in the last four years, immediately preceding the MYT control period. It is important to mention that while MePDCL only actually capitalized INR 4.64 Crore, INR 9.98 Crore, INR 10.81 Crore and INR 92.07 Crore in FY 2014-15, 2015-16, 2016-17 and 2017-18, respectively, the Commission considered capitalization of INR 356.55 Crore, INR 168.33 Crore and INR 178.66 Crore in FY 2018-19, 2019-20 and 2020-21, respectively. This over ambitious capitalization considered in MYT Order dated 31.03.2018 has led to determination of higher ARR than what MePDCL is entitled to which in turn has affected the retail tariff for the MYT control period. Accordingly, it is prayed that the Commission may:
 - a. Immediately conduct true-up for FY 2017-18 and thereby consider GFA as per the audited accounts for FY 2017-18;
 - b. This closing GFA for FY 2017-18 should be considered as opening balance for the MYT control period of FY 2018-19 to 2020-21;
 - c. Direct MePDCL to submit audited accounts for FY 2018-19 so as to true-up FY 2018-19;
 - d. Direct MePDCL to submit the actual capital expenditure for FY 2019-20 (April to December) and re-state its ARR based on the revised anticipated capital expenditure plan.
 - e. Direct MePDCL to submit the revised capital expenditure plan for FY 2020-21

and re-state the ARR based on the revised anticipated capital expenditure plan.

- f. In the interim, the Commission is urged to continue with the ARR approved in MYT Order dated 31.03.2018 for FY 2018-19 so that the consumers are not loaded with any cost not approved by the Commission.

11. Accordingly the Net ARR for FY 2020-21 should be as under:

Particulars	MePDCL's Claim (INRCrore)	Objector's Assessment (INRCrore)
ApprovedARROfFY2020-21	832.91	777.61
Additional Claim as per Review Petition of TrueUpFY2015-16ofMePGCL	182.22	-6.55
Gap/(Surplus) from True Up Order of FY 2016-17ofMePGCL(MLHEP& Old Plants Combined)	-60.50	-60.50
Additional Claim as per Review Petition of TrueUpFY2015-16ofMePTCL	67.09	-5.72
Gap/(Surplus) from True Up Order of FY 2016-17ofMePTCL	-0.74	- 0.74
Additional Claim as per Review Petition of True Up FY2014-15 of MePDCL	316.09	- 12.96
Additional Claim as per Review Petition of TrueUpFY2015-16ofMePDCL	221.91	15.00
Gap/(Surplus) from True Up Order of FY 2016-17ofMePDCL	173.44	173.44
Adjustment due to Revision of AFC FY2020-21 for NUHEP due to final audited capital cost	97.41	24.86
Carrying Cost due to Delay in Orders	124.13	61.09
NetRevenueRequirementforFY2020-21	1953.96	965.53

The Submission of Mercados Reveals that; It is evident from the above facts that the capitalization considered in the MYT Order was overoptimisticandtheactualdatafromtheimmediatelypreviousfouryearsdoesnot support the contention of such high level of capital expenditure and consequent asset capitalization.

Consideration of abnormally higher capitalization in MYT period and significantly

higher GFA balance for FY 2017-18 compared to audited accounts, has led to determination of higher MePDCL ARR than what the MePDCL is eligible for. This has led to cascading effect on retail tariffs for all the years of the MYT period and needs to be immediately rectified by the Commission.

Response by MePDCL for objection 9-11:

The licensee had submitted the petition for approval of midterm review of Business Plan for 2nd Control Period FY 2018-19 to FY 2020-21. Based on the midterm review of Business Plan and audited accounts of FY 2017-18, provisional accounts of FY 2018-19, the Licensee was supposed to file the petition for midterm review of ARR for remaining control period in order to review the projections made in the MYT order based on the latest actual data and subsequent developments. However, the Commission in its letter No MSERC/MePDCL/Case No. 5 of 2019/2019/92 dated 12 Nov 2019 did not consider the petition for midterm review of Business Plan petition. As result, the Licensee filed the petition for revision of tariff for FY 2020-21 only based on ARR of FY 2020-21 as approved by the Commission in its order dated 31 March 2018 and pending adjustment of true up of previous years and subsequent review petitions filed by the utilities.

It is pertinent to note that the objector has requested the Commission to review the ARR of FY 2017-18 and FY 2018-19 based on actual data as per provisional accounts and carry true up of these years. It is important to note that this is in gross contradictions to the earlier submissions of the objectors as well as the past practices of the Commission under the new MYT Regulations 2014, wherein the true up of a particular year (in past years like FY 15-16, FY 16-17) was only done based on CAG audited accounts (and the objector had also strongly supported carrying out the true up exercise based on CAG audited accounts) and not based on provisional accounts. In this matter, the licensee had been requesting the Commission to allow true up based on statutory audited accounts or provisional account to avoid delay in recovery of legitimate cost but the same was not considered by the Commission. As such, it can be clearly seen that the objector is not uniform, consistent and justified in its claims on reducing the ARR amount and is not even following the MSERC

Regulations or past precedents set by the Commission in its previous tariff orders in the process.

The objector in the paragraph has tried to revise the projections of different heads affecting the ARR FY 2020-21 without understanding the principles of MYT as well MSERC MYT Regulations 2014. This defeats the purpose of MYT whose objective is projection of ARR for the control period (3 years control period in case of Meghalaya). Once the ARR is approved by the Commission for the MYT control period, the consumer would have a fair idea of what to expect in the next three to five years and the distribution company would also be able to plan its business having known the likely retail tariff for the control period. This implies that the approved ARR for a particular year as per the MYT order along with gaps of past years will be used for the tariff determination for that year. This ensures that tariffs would not fluctuate beyond a certain bandwidth unless there are force majeure conditions.

There is also provision of mid-term review of the Business plan and ARR based on the updated financial information and capex plan. Since the mid-term review of Business Plan petition filed by Licensee was rejected by Hon'ble Commission, the licensee has used the approved ARR of FY 2020-21(as per the MYT order dated 31.03.2018) for tariff determination for FY 2020-21

Moreover, the capitalization and capital expenditure as filed in the Business Plan for control period FY 2018-19 were projections based on the ongoing and current schemes which are scheduled to be completed as per the timelines. The same has been acknowledged by the Hon'ble Commission and approved in the Business Plan order dated 01.11.2017. The different heads of ARR based on actual get revised in the true up petition and the gap/surplus of every year is claimed in the subsequent tariff petition. The licensee is undertaking different capex works under schemes including Saubhagya, IPDS, DDUGJY, investment under ADB funding in the control period with huge investment outlays and the capitalization figures were submitted based on the anticipated completion of various planned and ongoing schemes. The licensee shall true up the same along with the complete ARR based on the audited

accounts as per MSERC Regulations. There is also no clarity on how the objector arrived at the ARR amount of Rs 777.61 for FY 2020-21 when the ARR approved for FY 2020-21 is 832.91 Cr as per the MYT order.

Based on the above submission, the licensee would like to reiterate the fact that the approved ARR of Rs 832.91 Cr for FY 2020-21 shall be considered by the Hon'ble Commission for tariff determination for FY 2020-21. The same has been used by licensee in the present petition for calculation of net ARR and tariff for FY 2020-21.

Commission's Remark:

Regulations specify that licensee shall submit Regulatory Accounts for the tariff petition along with Audited Accounts for the previous years and also for True up petition. Commission shall consider the performance reported in the previous years as per the audited accounts and assumptions shall be considered for computation of the ARR and Tariffs for ensuing year as per Regulations.

E. ASPECTS OF CROSS SUBSIDY SURCHARGE

- 12.** MePDCL in its petition has sought an increase in cross subsidy surcharge ("CSS") from the existing INR 1.3/kWh and INR 1.2/kWh to INR 1.89/kWh and INR 1.74/kWh for HT and EHT consumers, respectively. MePDCL has failed to provide voltage wise cost of supply. It is submitted that this approach of MePDCL is in contravention of settled principle of law with respect to CSS. Accordingly, the following is submitted:

i. CROSS SUBSIDY SURCHARGE SHOULD BE DECREASED

- 13.** MePDCL is seeking increase in CSS in contravention to relevant provisions of Electricity Act, 2003 ("EA 2003"), National Electricity Policy and Tariff Policy, 2016, making their provisions illusory and redundant. This approach is clearly in violation to judgments of the Hon'ble Appellate Tribunal.
- 14.** The Tariff Policy envisages a scenario where every electricity consumer pays for the cost of services to distribution licensee. With this intention it has been specifically provided in EA 2003, and other relevant statutory policies that the CSS should be brought down progressively. Section 61(g) of EA 2003 mandates that tariff should progressively reflect the cost of supply and also reduce the cross subsidies.

The Tariff Policy read with Section 61(g) of the EA, 2003 clearly provides that the State Commission is required to ensure that the cross subsidies are to be progressively reduced and to ensure that tariff for each category is within +/-20% of the overall average cost of supply. Thus it is submitted that since there needs to be a compulsory reduction in cross subsidy this proposal of MePDCL should be disallowed by the Commission.

The Emphasis of Mercados Reads; The Tariff proposed by the petitioner is violative of the provisions of the Tariff Policy as the cross subsidy is increasing year on year. The Commission is also urged to prescribe a roadmap for reduction of cross subsidy in line with the provisions of the Tariff Policy.

Thus it is clear that the Commission is bound to follow the principle laid in the Tariff Policy.

Response by MePDCL for objections 12-14:

The objector in the paragraph makes a case for disallowance of the proposal of cross subsidy surcharge as claimed in the petition by licensee.

However, the Licensee proposed rates for cross subsidy surcharge is in line with the National Tariff Policy 2016. In percentage terms, it is within the 20% limit proposed in National Tariff Policy 2016 and as such there is no violation. The National Tariff Policy 2016 also states that surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. The comparison of proposed cross subsidy surcharge rates and average proposed tariffs for HT and EHT is given below for reference:

Category	Average Tariff proposed for FY 2020-21 (Rs/Unit)	20% of Avg Tariff of the Category (Rs/Unit)	Cross Subsidy Surcharge Proposed for FY 2020-21 (Rs/Unit)
Remarks	As per table 22 of Chapter 3.6 of tariff petition		As per table 25 of Chapter 3.8.2 of tariff petition
HT	11.95	2.39	1.89
EHT	10.36	2.07	1.74

Moreover, the objector's claim of reduction of cross subsidy in absolute terms is misleading. Cross subsidy reduction should imply reduction of cross subsidy in percentage terms (% of average cost of supply) and not in absolute terms. In the

present socio-economic condition, it is submitted that further reduction of cross subsidy beyond 20% is not practical as it would lead to a tariff shock for low end consumers, owing to the massive rural electrification programs being carried out to achieve 24x7 Power for All.

Cross Subsidy Surcharge is the difference between the average tariff from that category and combined average voltage wise cost of supply, with no role of voltage wise cost of supply and would like to reaffirm our claim on cross subsidy charges as claimed in the tariff petition which is in line with MSERC Regulations as well as the methodology adopted by Commission in its past orders.

Commission's Remark

Commission shall consider the Cross subsidy surcharge as per the National Tariff Policy 2016 notified by the Ministry of Power, Govt. of India.

ii VOLTAGE WISE COST OF SUPPLY HAS NOT BEEN DETERMINED

15. MePDCL in contravention to the Tariff Policy, judgments of the Supreme Court and Appellate Tribunal has failed to determine voltage wise cost of supply. As per Regulations 99 and 104 of the MYT Regulations, 2014, which deal with CSS, MePDCL/ State Commission is duty bound to compute voltage wise cost of supply. It is submitted that this issue has been raised by the Objector number of times, but unsuccessfully.

16. It is pertinent to note that MePDCL did not submit the voltage wise cost of supply even in previous Tariff Orders. The Commission in MYT Order dated 31.03.2018 noted as under:

“8.2 Cross Subsidy Surcharge

17. It is pertinent to mention that similar direction was also passed in MYT Order dated 31.03.2015 and Tariff Order dated 31.03.2016. However, MePDCL is yet to submit the voltage wise cost of supply.

18. Even the Hon'ble Tribunal in *Tata Steel v. OERC*, Appeal No. 102, 103 and 112, has recognised the difficulty in deriving voltage wise cost of supply on account of non-availability of metering data and segregation of the network costs.

19. It is pertinent to mention that MePDCL is a habitual offender which is yet to comply

with repeated directions of the Commission. Accordingly, it is prayed that this Commission reject any tariff revision till such time MePDCL files actual voltage wise cost of service.

Response by MePDCL for objections 15-19:

MePDCL in response to the earlier directive of Commission has submitted the Report on Voltage Wise Cost of Supply vide MeECL/SE (RA)/71C/Pt-II/2017-18/72 Dated 9th January 2018. MePDCL has performed an extensive energy audit study in Byrnihat area through a third-party agency. Based on the detailed study and estimations the utility has submitted the report on voltage wise cost of supply for different voltage levels with the Commission. The methodology used by MePDCL in carrying out this study is as per methodology of BERC in its order for SBPDCL dated 16 March 2015 (Chapter 8 of the order) as well as APTEL order dated 10.05.2012. **There has been no further directive from the Commission on the issue of Voltage wise cost of Supply.**

It is submitted that considering the difficulty in practical implementation on account of availability of segregated voltage wise data, none of the discoms have carried out a comprehensive actual voltage wise cost of supply. Costs at each voltage level must be accurately segregated every DTs must be metered as well as losses have to be determined accurately at each voltage level. There is no clear mechanism also for the above parameters to arrive at voltage wise cost of supply.

Considering the above facts, objector calling the licensee an “habitual offender” defies any logic and is clearly an attempt to mislead the public at large.

On the issue of voltage wise cost of supply for cross subsidy surcharge (based on the references of different cases stated in the objections), the licensee would like to submit that **Cross Subsidy Surcharge for Industrial HT & Industrial EHT Consumers is computed based on Regulation 103 of MSERC (Multi Year Tariff) Regulations, 2014 which is given below:**

“103 Cross-Subsidy

103.1 Cross-subsidy for a consumer category” in the first phase (as defined below) means the difference between the average tariff from that category and the

combined average cost of supply per unit. In the second phase (as defined below) means the difference between the average tariff from that category and the combined per unit cost of supply for that category.”

Cross Subsidy Surcharge is the difference between the average tariff from that category and combined average voltage wise cost of supply, **with no role of voltage wise cost of supply and would like to reaffirm our claim on cross subsidy charges as claimed in the tariff petition.**

Commission’s Remark: Response of the Licensee is still awaited on the voltage wise network cost.

F. TARIFF FOR FERRO ALLOY CONSUMERS

20. MePDCL has proposed deemed consumption for Ferro Alloy Industries in HT and EHT categories. It has proposed that if the annual load factor is less than 85% deemed consumption charges amounting to shortfall should be applied on Ferro Alloy consumers in three instalments. It is pertinent to mention that MePDCL has raised such demand without presenting any documentary evidence/data to substantiate its claim for levying deemed consumption charges.

21. Further, the Hon’ble Commission in its Order dated 21.12.2019, passed in Case No. 9A/2017 of 2018 had categorically stated that it would review its position on deemed consumption only after proper and sufficient consumption data is submitted by MePDCL. The Hon’ble Commission held as under:

“It may also be pointed out herein that one of the basic grievances espoused by the MePDCL is the recovery mechanism on the issue of load factor of Ferro Alloy Industries being less than 85%. In this connection, this Commission would like to put on record that in the absence of quantifiable data from both the parties, as well as consideration of issues both by MePDCL as well as the BIA, of force majeure as well as other issues, this matter cannot be adjudicated at this stage, as it would be premature on the part of the Commission to take note of such submissions in the absence of any data. It is thought appropriate that when the tariff is fixed for the FY 2019-20 by the Commission, such data would by then have been generated and issues faced by both the parties also crystallized, and at that stage, it would be then

appropriate for the Commission to consider whether, if at all, any order was required to be made concerning all issues. This Commission would like to place on record that the mention of 85% load factor and recovery in absence thereof was essentially to exhort and impress upon the Industry to take the benefit under the new tariff and to increase the load factor, which in turn would further compensate MePDCL on account of per unit cost. However, as mentioned above, the same has to be examined on the basis of clear data available before the Commission coupled with issues like force majeure or any act of God, issues of transmission and lack of infrastructure which may hamper steady supply of power to the Industries concerned as well as applications which may be received from existing, as well as new units, for power under the new tariff category.

Under the law, no orders can be passed on the basis of hypotheses or apprehension of the respective parties and as such it is premature for either parties to speculate and seek modification of the earlier order dated 10.09.2018 on this count.

As a result of the foregoing discussion, the review application of the MePDCL fails both on maintainability as well as facts and the pleadings of the review do not necessitate the exercise of such power by this Commission. Hence, the review application filed by MePDCL stands rejected.”

22. MePDCL has not submitted any data to substantiate its claim that the load factor of Ferro Alloy Industries is less than 70%. Further, it is pertinent to mention currently states like AP, Jharkhand, Telangana, Bihar and Goa do not have a provision for mandatory load factor. Accordingly, it is prayed that MePDCL’s proposal of levying deemed consumption charges on the Ferro Alloy industries be rejected.
23. The above aspects may be taken into consideration. BIA craves leave to the add to the submission mentioned above and also to submit such material with the leave of the Commission as may be necessary in the truing up process. BIA also craves leave to make oral submissions in the public hearing to be conducted by the Commission.

The Emphasis of Mercado’s Reads ;It is pointed out that the Commission in its Order dated 21st December, 2018 in Case Number 9A/2017 of 2018, had clearly decided

that it would review its position on deemed consumption only after proper and sufficient consumption data of Ferro Alloy consumers is submitted by MePDCL.

Response by MePDCL for Objections 20-23

The Commission in its order dated 10 Sept 2018 had approved a separate tariff category for Ferro Alloy (HT and EHT Consumers) with the amended tariff as follows:

Table 3.1 : Ferro Alloy Approved Tariff

Particulars	Fixed Charges (Rs./Conn/kVA)	Energy Charges (Rs./kVah)
Ferro Alloy HT	200	4.46
Ferro Alloy EHT	200	4.36

The Licensee raised concerns in subsequent correspondences with the Commission on the impact of such revision of tariff leading to reduction of revenue and the increasing gap in revenue and cost. However, the Commission had stated the following in the same order:

“The HTSS (Ferro alloy) consumers will make all efforts to ensure a load factor of at least 85%. Failure to do so may make it necessary for the Commission to specify a higher tariff for such defaulters when the next or subsequent Tariff order is passed”

The lower tariff approved by MSERC for Ferro alloy consumers in the above-mentioned order is based on basic assumption that the Ferro alloys are power intensive (continuous running) and will maintain load factor of atleast 85%. A load factor greater than 85% ensures that the surplus power to be sold in exchange will now be sold to Ferro alloy industries at a greater tariff (compared to average exchange rate). Moreover, the industries have themselves acknowledged the fact that they are power intensive industries and have a load factor of 85% approx. (in Objections to MePDCL tariff petition FY 2018-19 dated 22 Jan 2018 and the licensee received the same via email from MSERC on 23 Jan 2018).

The concept of deemed consumption will not harm these industries if they remain power intensive and have 85% load factor as committed by them. This is rather a risk mitigation measure by the licensee which will mitigate the risk of revenue shortfall which otherwise would create burden on general public and the discom in case of

lower consumption by the Ferro Alloy Industries. Also, this suggestion will not impact all Ferro alloy industries which have an annual load factor of 85% or more.

The objector has also stated the absence of provision for mandatory load factor in other states. However, the objector fails to consider that the Ferro alloy tariff offered by MePDCL is much lower than Ferro alloy tariff in other states. Given below is comparison of Ferro alloy tariff in different states:

Table 3.2 : Comparison Tariff for Ferro Alloy Industries in Different States

Sr. No.	State	Year of Applicable Retail Supply Order	Voltage Level (kV)	HTSS (Ferro-Alloy)	
				Demand Charge (Rs./kVA/month)	Energy Charge (Rs. /kVAh)
1	Meghalaya	FY 2018-19	132 (EHT)	200	4.36
			33 (HT)	200	4.46
2	Bihar	FY 2019-20	11	700	4.15
			33		
3	Chhattisgarh	FY 2019-20	11		
			Load Factor <=15%	180	6.75
			Load Factor >15%	365	5.95
			33		
			Load Factor <=15%	180	6.35
			Load Factor >15%	365	5.85
			132	365	5.45
4	Telangana	FY 2018-19	220	365	5.30
			11	Nil	5.90
			33		5.50
5	Andhra Pradesh	FY 2019-20	132		5.00
			11	Nil	5.80
			33		5.85
6	Odisha	FY 2019-20	132		4.95
				Power Intensive	
			Load Factor = < 60%	250	5.35
7	Madhya Pradesh	FY 2019-20	Load Factor > 60%		4.25
			33 kV		
			Load Factor = < 50%	560	5.30
			Load Factor > 50%	560	5.00
			132 kV		
			Load Factor = < 50%	660	5.10
			Load Factor > 50%	660	5.10
			220 kV		
			Load Factor = < 50%	660	5.00
			Load Factor > 50%	660	5.00

It can be observed from the above that lot of states like Madhya Pradesh, Chhattisgarh, Odisha, have differential tariff for industries based on load factor and the average tariff reduces in case of industries with higher load factor. As such, the proposal of MePDCL is very much aligned with the practices followed in other states as well as principles of Electricity Act 2003 and National Tariff Policy.

The proposal for deemed consumption has been taken in the interest of public at large and based on consumption trend of Ferro alloy industries in the state. The data also has already been shared with the Commission for reference.

Given below is consumption data for Ferro Alloy industries and load factor calculation for Oct 2018-Sept 2019:

Table 3.3: Load Factor Calculation for Ferro Alloy Industries (October 2018 to September 2019)

Name of the Consumer	Contract Demand	Consumption for Ferro Alloy Industries												Load Factor (Oct 18-Sept 19)
		10/18	11/18	12/18	01/19	02/19	03/19	04/19	05/19	06/19	07/19	08/19	09/19	
M/S MAITHAN ALLOYS LTD.,	14000					9864550	10281900	5632850	9443150	8034750	8489950	9491800	8815450	86.9%
M/S.PIONEER CARBIDE(P)LTD., (EHT)	10000				6242300	6524800	7964250	5246050	5719050	5967650	6467200	5902900	3733700	83.0%
M/S.PIONEER CARBIDE(P)LTD., (HT)	5000	3428280	2588760	2665080	1136040									85.2%
M/S SHYAM CENTURY FERROUS LTD.,	16000									7889000	9277700	9225000	8467800	75.6%
M/S.NALARI FERRO ALLOYS (P)Ltd.	16000	7830720	7274400	7279080	9562680	7158480	8401920	6426720	8408160	7775880	7341000	8194320	4741200	65.4%
M/S KHASI ALLOYS (P)Ltd.	5000	3108240	2905440	2018340	4119360	1091460	3333540	2203080	2907240	3062700	2813340	3353940	2064420	76.3%
M/S R.N.B.CARBIDES& FERRO ALLOYS (P) Ltd.	9910	4139700	2935920	3041280	3194040	3020640	3421320	2630400	3141600	2178840	3171240	2802480	2065920	41.7%

* The above consumers who have load factor greater than 85% will not be affected by the deemed consumption charges.

Based on the above data, one can clearly see many of the Ferro alloy consumers still have a load factor comparatively lower than 85%. This implies the surplus power which was supposed to be sold to Ferro alloy customers, had to sell outside state at lower tariff. This has caused revenue shortfall for the licensee. Considering all the above factors, the licensee requests the Commission to consider the proposal of deemed consumption for the Ferro alloy tariff categories.

Commission's Remark: Commission shall take appropriate action as per the Regulations.

ANNEXURE - D

**List of Participants in the Public Hearing on ARR & Retail Tariff for FY 2020-21 filed by
MeECL/MePDCL**

Date: 06.03.2020 | Venue: MSERC Conference Hall | Time: 12:00 Noon

Present:

1. Mr. P. W, Ingty, IAS (Retd), Chairman, MSERC.
2. Mr. R. Keishing, Member MSERC.
3. Mr. J.B. Poon, Secretary, MSERC.
4. Mr. E. Slong, Consultant (T), MSERC.
5. Mr. P. A. Sawian, Consultant (F), MSERC.

MeECL/MePDCL

1. Shi. S. Diengdoh Director, Distribution MePDCL
2. Shri. G. S. Mukherjee, Company Secretary MeECL
3. Shri. L. Pyngrope, Chief Accounts Officer-Incharge MeECL
4. Shri. P. Sahkhar, Addl Chief Engineer (Central Zone) MeECL
5. Shri. R. Majaw, Superintending Engineer (EM) MeECL
6. Shri. S. S. Kharmih, Superintending Engineer (RA) MeECL
7. Shri. Piyush Lohia, PWC
8. Shri. Sanket Samantray, PWC

Byrnihat Industries Association (BIA)

1. Mr. S. S. Agarwal, Secretary BIA.
2. Mr. U. Aggrawal, Pioneer Carbide Pvt. Ltd.
3. Mr. R. Bajaj, BIA.
4. Mr. B. Mittal, BIA.
5. Mr. P.K. Mishra, BIA.
6. Mr. S. Dhuri, Consultant BIA.
7. Mr. R. Singh, BIA.
8. Ms. R. Singhal, Advocate BIA.

4. Approach of the Commission

4.0 Tariff Determination

Under Section 61 of Electricity Act 2003, the Commission has to specify terms and conditions for determination of tariff and in doing so it shall be guided by the following:

- The principles and methodology specified by CERC for determination of Generation, Transmission and Distribution tariff.
- Business of generation, transmission and distribution are to be conducted on commercial principles.
- The factors which encourage development, competition efficiency, good performance and optimum investments.
- Safeguarding consumers interest and at the same time recovery of the cost of electricity in a reasonable manner.
- Principles regarding efficiency in the performance.
- Multiyear tariff principles based on efficiency target.
- Tariff should reflect cost of supply progressively.
- Promotion of generation from renewable energy.
- National Electricity Policy and Tariff policy.

National Electricity Policy prescribes that there is a need for ensuring recovery of charges from consumers to make the power sector sustainable. A minimum level of support may be required to make the electricity affordable for consumers of the very poor section. Consumers below poverty line may receive a special support in terms of tariff which is cross subsidized. It also says that existing cross subsidies should also be corrected to tide inefficiencies and losses. The Act requires all consumers to be metered within two years' time and TOD meters for high end consumers with a minimum load of 1 MVA shall also be encouraged.

Regarding transmission and distribution losses, the policy prescribed that State Government would prepare a 5 year plan with annual milestone to bring down T & D losses expeditiously. Continuation of present level of losses would not only pose a threat to the power sector but also jeopardise the growth of the economy as a

whole. Similarly electricity policy envisages encouragement of energy conservation and demand side management. Periodic energy audits are mandated for power intensive industries and encouragement of solar water heating system.

Keeping in view the intent of Electricity act, National Electricity Policy and National Tariff Policy, the Commission has framed tariff Regulations for generation, transmission and distribution business.

4.1 Application for Determination of Tariff

The distribution licensee shall file application for determination of tariff in accordance with the procedure laid down by the Commission. Accordingly the Licensee has filed petition on 29.11.2019 and admitted the petition provisionally on 09.12.2019.

4.2 Estimation of Sales

Regulation prescribes that the licensee shall adopt a suitable methodology like CAGR in computing category wise sales for the base year and ensuing year. The Commission accepted the approach used by the licensee wherever appropriate with corrections as per present trend. The Estimation of sales as approved for Business plan for FY 2020-21 is considered in this Tariff order.

4.3 Distribution losses

The licensee shall furnish information on distribution losses for previous year and current year and the basis on which such losses have been worked out. The Commission has already framed a trajectory for reduction of losses for next years. The Trajectory of T & D losses are considered as projected in the Business plan as detailed below.

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
T & D Loss	22.76%	16.56%	12.19%	12.00%

4.4 Estimation of Energy requirement

Based on the estimated energy sales and the proposed distribution losses the Commission may determine the quantum of electricity required to meet the estimated sales and accord its approval. The Commission may approve the power purchase requirement with a modification as it deems fit for the ensuing year in the

tariff order for FY 2020-21. The Commission in accordance with Regulations has allowed power purchase from all sources available/allotted to Meghalaya State. MePGCL Energy drawl as approved for ARR and from New Umtru and Lakroh projects has been considered for procurement pending the approval of final tariff for New Umtru and Lakroh Projects.

4.5 Power Purchase cost

Commission considers the Power Purchase Cost approved in the MYT Order found to be exorbitant. The Licensee was asked to submit Power Purchase data for first six months of FY 2019-20 in order to assess correct estimates for FY 2020-21. Licensee has submitted the data as asked for, and commission estimated the requirement for the FY 2020-21.

The licensee shall procure power from approved sources. Additional energy required after taking into account the availability of the energy from such approved sources shall be reasonably estimated and procurement arrangement made for long and medium term purchases by following standard contractual procedures. All such purchases shall only be made with the prior approval of the Commission and in accordance with Commission's Regulation on power purchase. In case of short term power purchase is necessary on unprecedented development; the licensee shall do the purchases in accordance with Commission's Regulation for power purchase. The cost of power purchase from central generating station shall be based on tariff determined by CERC. However, for state owned existing generating stations the cost of power purchase shall be based on prices as determined by the MSERC. The Commission has in accordance with the Regulations allowed CERC rates for central generating stations as reported in the additional data dated 16.01.2020 and commission's approved rate for MePGCL. The Commission shall allow RPO requirement from renewable sources of energy in accordance with the Commission's Regulation for FY 2020-21 as well as over dues from previous years.

It is noted that the licensee has not projected the RPO requirement in the Tariff petition. The energy is being drawn from small hydro projects of MePGCL having installed capacity up to 25 MW amounted to 138.67 MU during FY 2020-21 as

approved for business plan. Thus the obligation of purchase of renewable energy is met by the licensee.

4.6 Transmission and wheeling charges

Transmission, wheeling charges shall be considered as expenses and included in the power purchase cost and as per the additional data. The Commission has allowed transmission charges for intra-state operation as per Commission's order for MePTCL for FY2020-21 and others at the rate approved by the Commission.

4.7 Annual Revenue Requirement

The annual expenses of distribution licensee shall comprise of the following:

- (i) Power purchase cost including PGCIL and Intra State Transmission charges
- (ii) Return on Equity
- (iii) Interest on Loan capital
- (iv) O&M expenses including R&M expenses & Adm & General Expenses
- (v) Interest on working capital
- (vi) Income Tax
- (vii) Depreciation as may be Computed
- (viii) Provision for bad and doubtful debts.

The net annual revenue requirement shall be made after deducting the following

- (1) Non-Tariff Income and Other Income
- (2) Subsidy from State Government if any
- (3) Sale of Surplus Power

4.8 Amount of Non-Tariff Income

The Non-Tariff income shall include the following components:-

- (i) Income through surcharge from open access consumers.
- (ii) Wheeling charges recovered from open access consumers.
- (iii) Any grant received other than tariff subsidy.
- (iv) Bank Interest from Deposits
- (v) Delay Payment Surcharge
- (vi) Meter Rent
- (vii) Interest income from staff loans

4.9 Capital cost

The capital cost includes the actual capital expenditure till the date of commercial operation subject to prudence check by the Commission. Scrutiny of the cost shall be limited to reasonableness of the capital cost, financial plan, interest during construction as considered by the Commission. Any abnormal delay causing cost and time overrun attributable to the failure of utility, the Commission may not approve the full capitalization of interest and overhead expenses. In the absence of Audited Accounts, Commission has provisionally accepted the licensee's proposal and the same shall be validated after audited accounts are made available.

4.10 Debt Equity Ratio

For the purpose of determination of tariff the debt equity ratio of 70:30 will be applied for all new investments. Where equity employed is more than 30% the amount of equity for the purpose of the tariff shall be limited to 30% and where equity is less than 30% the actual equity shall be considered.

4.11 Return on Equity

Return on equity shall be computed on the equity base determined as above at a fixed rate of 14% per annum. The equity amount appearing in the audited balance sheet or as per transfer scheme will be taken into account for the purpose of calculating ROE. In the absence of audited accounts the Commission is unable to accept return on equity as projected for FY 2020-21 and the Commission has allowed return on equity as per Regulations 2014.

4.12 Interest on loan capital

Interest on loan capital shall be computed on the outstanding loan at the prevailing lending rate. However, it should not exceed the loan ceilings as defined in the Regulation 32 read with Regulation 27. The interest attributable to capital work in progress shall not be allowed.

4.13 Operation and Maintenance expenditure

Operation and maintenance expenses shall include the following:

Employees cost.

Repairs and maintenance.

Administration and General Expenses.

The distribution licensee shall submit to the Commission actual expenses of last year O&M expenses under each head with the estimates for the current year and projection for the ensuing year. In the absence of any norms the Commission shall determine O & M expenses based on prudence check. The Commission has allowed expenses based on the information provided after considering escalation. Segregation of expenses of holding company among its subsidiaries however lies with the management which should be done as per standard practice.

Commission has considered the O&M Expenses reported through Statement of Accounts for FY 2017-18 certified by the Statutory Auditors and escalated for FY 2018-19 to FY 2020-21 taking into account the inflation rates notified by the Govt. of India for computation of ARR for FY 2020-21.

4.14 Interest on working capital

The working capital for supply of electricity shall consist of:

Operation and maintenance expenses for one month

Budget for maintenance of spares at 1% annually escalated at 6% on historical cost of GFA.

Receivables equivalent to two months of expected revenue at the prevailing tariffs

Interest on working capital shall be equal to SBAR as on 1st April of financial year in which petition is filed.

4.15 Depreciation

The depreciation shall be computed on the cost of fixed assets as approved by the Commission on the opening asset values recorded in the Balance Sheet or as per transfer scheme notification. For new assets the depreciation shall be allowed on the date of commercial operation. Consumer contribution or grant/subsidy shall be excluded from the asset value for purpose of depreciation. Depreciation shall be calculated as per CERC norms. Depreciation shall be chargeable from the 1st year of commercial operation. In absence of information on grants and consumer's contribution, however, Commission shall allow provisionally a part of charges.

4.16 Bad and Doubtful Debt

The Commission may after the distribution licensee gets the receivable audited allow a provision for bad debts not exceeding an amount equal to 1% receivable in the revenue requirement. In the absence of audited accounts, the Commission has provisionally provided a token amount.

4.17 Forecast of Revenue

The revenue of the distribution licensee shall be calculated from the sale of power to each category of consumer, non-tariff income and income from other sources. The non-tariff income shall consist of delay payment surcharge, meter rent, income from investment, etc. Commission has allowed non-tariff income based on the previous year actual.

4.18 Revenue gap

For the tariff year, the difference between the net annual revenue requirement and expected revenue at the current tariff shall be the revenue gap. This gap shall be bridged by improvement in internal efficiency, utilization of reserves and tariff charges as approved by the Commission.

4.19 Tariff Design

Tariffs should be designed in two parts comprising fixed charges and energy charges. Tariffs shall be applicable to consumer categories and as per slab as determined by the Commission. The Commission may rationalize the tariff structure so that it is beneficial to consumers and the licensee. A differential tariff for peak and off peak may be designed to promote demand side management. The licensee has requested the Commission to approve Time of Day (TOD) tariff proposed in addition to the base tariff applicable for HT and EHT Industrial consumers. The Commission has considered TOD Tariff for FY 2020-21 for HT and EHT Industrial consumers as sought for by the petitioner.

4.20 Validation of ARR

Regulation prescribes that previous year expenses should be based on 1st half year actual and estimates for 2nd half year, escalated on the basis of Inflation so as to validate the details of expenses and revenue in the ARR for ensuing year.

The Commission while determining the tariff for FY 2020-21 has followed Regulations keeping in view of the ground realities of the State. The Commission has tried to ensure a balance between the interests of the consumers and the viability of Business of the licensee.

4.21 Truing up

The Licensee has filed petition for approval ARR for FY 2020-21 and determination of retail tariff for FY 2020-21.

- a) As per the Regulation 11 (2) of MSERC Regulations 2014 the Licensee shall file petition for true up of previous year performance together with audited Accounts along with tariff petition for ensuing year.
- b) The Licensee has not filed the truing up petition for the previous years of FY 2017-18 and FY 2018-19 along with tariff petition for ensuing year FY 2020-21.
- c) **Commission in the Circumstances does not agree with the projections made in the petition for ARR and tariff for the ensuing year FY 2020-21 in the absence of actual performance duly audited for the FY 2017-18 and FY 2018-19. Commission would consider the ARR allowing inflation rates for the ensuing year FY 2020-21 over the last audited actual performance for FY 2016-17.**
- d) Commission had to finalize the ARR and tariff for ensuing year on the basis of accepted norms in the absence of audited reports so as to ensure the release of tariff order on time.

4.22 True up Gap / Surplus for previous years

Commission had approved the True up of business for the FY 2014-15, FY 2015-16 and FY 2016-17. The Revenue Gap/Surplus in the Trued down business has been appropriated in the ARR for FY 2020-21.

4.23 Tariff for Ferro Alloys Industries

Commission had approved a separate Tariff Category for Ferro Alloys Industries under HT and EHT categories effective from 01.10.2018. Commission had directed that, the HT / EHT Ferro Alloys Industries shall ensure to achieve at least 85% of the

load factor. Failure to do so may make it necessary for commission to specify a higher tariff for such defaulters when next or subsequent tariff order is passed.

Commission considers the existing tariff to be continued.

4.24 Separate Tariff category for Electric Vehicle Charging Stations

The Licensee has proposed separate commercial Tariff under LT & HT category for electric vehicle charging stations as per the standards and guidelines notified by the ministry of power, Government of India in its letter dated 14.12.2018. The Licensee shall submit a status report as soon as the consumers registered their charging stations with the distribution company as per the IE rules and safety norms.

4.25 Time of the Day Tariff

Commission has considered the TOD for the peak and off -peak hours for FY 2020-21 and Tariff rates are determined.

4.26 Cross Subsidy Surcharge

Commission has computed cross subsidy surcharge for FY 2020-21 in respect of HT and EHT category consumers as per the National Tariff Policy and Principles.

4.27 Wheeling Charges

Commission has observed that the Licensee has not furnished the data of revenue received from the HT & EHT consumers for the open access services provided during the period from FY 2016-17 to FY 2018-19. However Commission has considered the wheeling charges to be collected from the open access consumers for the FY 2020-21.

4.28 Tariff Petition for FY 2019-20

There has been a gap in the incumbency of the competent Commission. The Petition filed by the Licensee for approval of the ARR and Tariff order for FY 2019-20 was not registered. The Licensee had to implement the tariff orders passed on 31.03.2018, till 31.03.2020.

4.29 ARR for FY 2020-21

Commission considers that the ARR and tariff orders are passed in the absence of audited results up to FY 2018-19. The estimates are considered based on the Statement of Accounts for FY 2017-18 certified by the statutory auditors and assumed estimates for the ARR and tariff for FY 2020-21 without reference to the numbers approved in the business plan and MYT ARR for FY 2020-21 in the absence of true up results for the FY 2018-19 and FY 2019-20.

5. Analysis of ARR for FY 2020-21 and Commission's Approvals

5.0 Tariff Regulations

Under Section 61 of Electricity Act 2003, the Commission has to specify terms and conditions for determination of tariff and in doing so it shall be guided by the following:

- The principles and methodology specified by CERC for determination of Generation, Transmission and Distribution tariff.
- Business of generation, transmission and distribution are to be conducted on commercial principles.
- The factors which encourage development, competition efficiency, good performance and optimum investments.
- Safeguarding consumers interest and at the same time recovery of the cost of electricity in a reasonable manner.
- Principles regarding efficiency in the performance.
- Multiyear tariff principles based on efficiency target.
- Tariff should reflect cost of supply progressively.
- Promotion of generation from renewable energy.
- National Electricity Policy and Tariff policy.

5.1 Determination of Tariff

Section 62 (3) of EA 2003 specifies that - *the appropriate commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.*

Section 65 of EA 2003 – Provision of subsidy by state Government- *If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State Government shall, notwithstanding any direction which may be given under section 108, pay, in advance and in such manner as may be specified, the amount to*

compensate the person affected by the grant of subsidy in the manner the state Commission may direct, as a condition for the licensee or any other person concerned to implement the subsidy provided for by the State Government.

PROVIDED that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard.

5.2 Regulatory Accounts

The Licensee shall maintain and file Regulatory accounts along with Tariff Petition and True up petition based on the Regulatory accounts as mandated in Regulation 4.2 (c) of MYT Regulations 2014.

5.3 Energy Sales

As per Regulations, proper estimation of category-wise energy sales for FY 2020-21 is essential to arrive at the quantum of power to be purchased and the likely revenue from sale of energy.

This Section examines details of consumer category-wise energy sales projected by MePDCL in its Petition for FY 2020-21 for approval of ARR.

5.3.1 Consumer Categories with Connected load

The MePDCL serves over 5.43 lakhs consumers in its licensed area as on 31.03.2020 and the consumers are broadly categorized as under:

LT Category

Domestic

Commercial

Industrial

Public Lighting

Water Supply

Agriculture

General Purpose

Kutir Jyoti

Crematorium

Electric Vehicles Charging Stations

HT Category

Domestic HT

Commercial HT

Public water works HT

HT Industrial

Ferro Alloys Industries HT

General Purpose /Bulk Supply

EHTIndustrial

Ferro Alloys Industries EHT

Electric Vehicles Charging Stations

The DISCOM serves the consumers at different voltages at which the consumers avail supply.

Category Wise number of Consumers and Connected Load as approved for the business plan for the FY 2018-19 to FY 2020-21 are furnished below.

Sl. No	Category	2018-19		2019-20		2020-21	
		No. of consumers	Connected load (MVA)	No. of consumers	Connected load (MVA)	No. of consumers	Connected load (MVA)
	LT CATEGORY						
1	Domestic (DLT)	369564	420.74	395655	438.79	423589	457.62
2	Commercial (CLT)	25930	77.04	27027	81.26	28170	85.7
3	Industrial (ILT)	837	12.35	838	12.37	839	12.38
4	Agriculture (AP)	23	0.28	23	0.28	23	0.28
5	Public Lighting (PL)	57	0.39	57	0.39	57	0.39
6	Water Supply (WSLT)	369	7.28	369	7.57	369	7.88
7	General Purpose	2348	14.29	2413	14.82	2481	15.38
8	KutirJyoti	74647	39.8	80485	47.98	86779	57.84
9	Crematorium	1	0.14	1	0.14	1	0.14
10	Electric Vehicle Charging Stations	-	-	-	-	-	-
	HT CATEGORY	-	-	-	-	-	-
11	Domestic (DHT)	82	19.71	84	20.42	87	21.15
12	Water Supply (WS HT)	31	7.79	32	7.80	32	7.8
13	Bulk Supply	166	44.88	168	44.88	169	44.88
14	Commercial (CHT)	224	28.14	237	30.76	250	33.62
15	Industrial (IHT)	129	96.13	129	96.13	129	96.13
16	Ferro Alloys Industries (HT)	-	-	-	-	-	-
17	Electric Vehicle Charging Stations	-	-	-	-	-	-
	EHT CATEGORY	-	-	-	-	-	-
18	Industrial	6	68.70	6	68.7	6	68.7
19	Ferro Alloys Industries (EHT)	-	-	-	-	-	-
20	Total	474415	837.68	507524	872.29	542980	909.89

5.3.2 Energy Sales

Petitioner's Submission

MePDCL has Projected the Energy Sales as detailed below:-

Table 5.1: Energy Sales and Connected Load projected as approved for Business Plan for FY 2020-21

Sl.No	Consumer category	Connected load (MVA)	Energy Consumption (MU)
A	LT CATEGORY		
1	Domestic (DLT)	457.62	436.62
2	Commercial (CLT)	85.7	67.4
3	Industrial (ILT)	12.38	5.06
4	Agriculture (Ape)	0.28	0.1
5	Public Lighting (PL)	0.39	1.02
6	Water Supply (WSLT)	7.88	14.04
7	General Purpose (GP)	15.38	29.71
8	Kutir Jyoti (KJT)	57.84	34.03
9	Crematorium (CRM)	0.14	0.22
	Sub Total	637.61	588.2
B	HT CATEGORY		
1	Domestic HT	21.15	20.68
2	Water Supply (WSHT)	7.8	24.07
3	Bulk Supply (BS)	44.88	82.5
4	Commercial (CHT)	33.62	31.60
5	Industrial (IHT)	86.20	89.30
6	Ferro Alloys (HT)	9.93	52.35
	Sub Total	203.58	300.5
C	EHT CATEGORY		
1	Industrial (EHT)	32.25	49.72
2	Ferro Alloys (EHT)	36.45	123.92
D	Grand Total	909.89	1062.34

Commission's Analysis

The Licensee has submitted the connected load and energy sales as approved in the MYT Order for FY 2020-21.

The number of consumers and connected load of LT Domestic Consumers account for 78% of the total consumer base, and 50% of total connected load in the state. While the sales of LT Domestic category account for 41.10 % of total sales for the FY 2020-21. **The Sales ratio between LT & HT is reported to be 44.63: 55.37. The licensee shall ensure increase in the HT sales to match Revenue sharing at 30:70, so that the under privileged consumers shall be subsidised as per EA 2003.**

The Tariff for FY 2018-19 was fixed to earn a Revenue of Rs. 686.98 Crore for 1015.62 MU energy sales, whereas the licensee has projected the Revenue at Rs. 662.33 Crore at existing Tariff for FY 2020-21 for 1062.34 MU sales across the categories in the table no.11 of the petition. The average billing for FY 2018-19 shall be Rs.6.76/kWh and Revenue at the existing Tariffs shall be Rs.718.14Cr for the Energy sales of 1062.34 MU for FY 2020-21. Whereas the licensee has estimated Revenue at Rs.662.33 Crore for FY 2020-21 at average billing rate of Rs.6.23/kWh. This variation in the assessment of Revenue appears to be under billing, there by a deficit of Revenue would be at Rs.55.81 Crore for FY 2020-21. The Licensee shall ensure efficiency in billing as per the approved tariffs for the approved energy sales and connected load.

Commission considers the Revenue to be billed based on the approved connected load and Tariff's determined for FY 2020-21 for computation of Revenue gap at existing Tariff's.

Energy Sales

Kutir Jyoti

The Licensee has projected Kutir Jyoti sales at 34.03 MU for FY 2020-21. Commission considers the Kutir Jyoti sales at 34.03 MU for FY 2020-21.

The number of Kutir Jyoti consumers shall be 86,779 as approved for Business plan, the total sales to these consumers shall be 31.24 MU for application of Tariff rates under Kutir Jyoti category at 30 units per consumer per month. MePDCL shall ensure the Billing of Consumers at LT domestic tariff rates for balance 2.79 MU where the permissible 30 Units per consumer is exceeded by Kutir Jyoti consumers.

HT Ferro Alloys Industries and EHT Ferro Alloys Industries

Licensee projected HT industrial sales at 141.65 MU for FY 2020-21. MePDCL has split the total sales of HT Industries into two separate categories as Industrial HT at 89.30 MU and Ferro Alloys at 52.35 MU respectively, So also for EHT category sales has been split as 49.72 MU for EHT industries and 123.92 MU for Ferro Alloys Industries.

The suggestion of the licensee, If the annual load factor is less than 85% for Ferro Alloy consumers in FY 2020-21, the deemed consumption charges amounting to the shortfall would be paid to the DISCOM by the Ferro Alloy Consumers in 3 instalments in the 1st Quarter of FY 2021-22 **is not considered**, as it will affect the cash flow of the licensee.

Alternatively the licensee may suggest collection of short fall of 85% Load factor Revenue with interest at the rate of SBI AR by obtaining consent of the Ferro Alloys industries.

Table 5.2: Energy sales Approved for the FY 2020-21

(MU)

Sl. No	Particulars	Projected by MePDCL	Approved by the Commission
		FY 2020-21	FY 2020-21
1	Domestic LT	436.62	436.62
2	Commercial LT	67.42	67.42
3	General Purpose	29.71	29.71
4	Industrial LT	5.06	5.06
5	Water Supply LT	14.04	14.04
6	Kutir Jyoti	34.03	34.03
7	Public Lighting	1.02	1.02
8	Agricultural	0.10	0.10
9	Crematorium	0.21	0.21
10	Commercial HT	31.60	31.60
11	Domestic HT	20.68	20.68
12	Industrial HT	89.30	89.30
	Ferro Alloys	52.35	52.35
13	Water Supply HT	24.07	24.07
14	Bulk supply	82.50	82.50
15	EHT-Industries	49.72	49.72
	Ferro Alloys	123.92	123.92
16	Assam	-	-
	Total	1062.34	1062.34

T & D Losses

Petitioner's submission

MePDCL has submitted in the Business Plan that the present Distribution network is overloaded and deteriorated over time, which is the main cause for increase in Technical Losses. Furthermore, the situation has aggravated after implementation of RGGVY project. The rural areas are in inhospitable terrain and Bad roads, which

do not even have motor-able roads, therefore maintenance of power supply, billing and collection of revenue from those remote villages is a daunting task. Keeping in view the existing situation and various measures & schemes undertaken to reduce the Distribution loss, the following loss trajectory is projected for the Second Control Period.

Table 5.3: T&D Loss Trajectory Projected for the control period

Particulars	FY 2016-17 (Audited)	FY 2017-18 (Projected)	FY 2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
T & D losses (%)	36.81	22.76	16.56	12.19	12.00

Commission's analysis

Commission has noted that MePDCL had entered into Tripartite MOU for implementation of UDAY Scheme (UJWAL Discoms Assurance Yojana) on 09.03.2017, wherein the following are the activities targeted to be implemented.

- Among other performance parameters the licensee shall reduce the T&D losses to 12.19% by FY 2019-20 and AT&C losses to be brought down to 15%.
- Metering of DTRs, energy audit up to 11Kv level, GIS mapping and consumer indexing for towns not covered under R-APDRP and smart metering of consumers with consumption above 500 units.
- Commission also has approved the capital investment to meet the capex for above activities in the business plan for FY 2018-19 to FY 2020-21.
- MePDCL shall furnish monthly progress report on the above activities to the Commission in order to update the records and ensure cost to serve model Tariff.

Table 5.4: T & D Loss Trajectory as per MOU

FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
28.96%	22.76%	16.56%	12.19%

AT & C Loss Trajectory

FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
32.51%	27.50%	21.50%	15.00%

Collection Efficiency

FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
95.00%	93.86%	94.08%	96.80%

Tariff Hike

FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
8.68%	8.68%	8.68%	8.68%

Commission considering the mandated performance by the MePDCL as per the MOU entered with the Ministry of Power, Government of India, Government of Meghalaya, the T & D loss trajectory for the 2nd MYT Control Period FY 2018-19, FY 2019-20, FY 2020-21 is approved as stated below.

Table 5.5:T&D loss Trajectory for Control period Approved

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
T & D Loss (%)	16.56	12.19	12.00

5.4 Energy balance

Licensee's Submission

MePDCL has submitted the Energy balance statement for the second control period as detailed below.

Table 5.6: Energy Balance projected for FY 2020-21

Sl. No	Particulars	FY 2018-19 (Projected)	FY 2019-20 (Projected)	FY 2020-21 (Projected)
1	Power Purchased from the Eastern Region	976.14	976.14	976.14
2	Inter State Transmission loss for Eastern Region	2.12%	2.12%	2.12%
3	Net Power purchased from the Eastern Region	955.45	955.45	955.45
4	Power Purchased from North eastern Region	1038.11	1038.11	1038.11
5	Inter State Transmission loss for North Eastern Region	2.63	2.63	2.63
6	Net power available at state bus from external sources on long term	1941.13	1941.13	1941.13
7	Power Purchased from Generating stations within the State	1164.55	1164.55	1164.55
8	Power Purchased from other sources	0.00	0.00	0.00
9	Total availability at MePDCL Periphery	3105.67	3105.67	3105.67
10	Intra state Transmission loss at 4%	124.23	124.23	124.23
11	Total availability at MePDCL Periphery	2981.45	2981.45	2981.45
12	Power to be sold to consumers within the state (including ASEB)	1015.62	1038.36	1062.3510
13	Transmission and Distribution Losses (%)	16.56	12.19%	12.00%
14	Net Power requirement at state bus for sale of power within the state	1217.19	1182.51	1207.22
15	Surplus Power (for sale outside state)	1764.26	1798.94	1774.23

Commission's Analysis

Commission considering the submission of the Petitioner in the business plan for control period has approved Energy balance with the proposed distribution losses at 12.00% and a surplus energy considered at 1774.23MU for FY 2020-21.

Commission observed from the trued down data of power purchase for FY 2016-17 that there is huge variation in the requirement and procurement of power.

Commission has called for the actual Energy drawl and purchase cost for first six months of FY 2019-20.

The Licensee has submitted actual power purchase data for first six months of FY 2019-20 vide their letter dated 16.01.2020. Licensee also submitted the energy balance for FY 2017-18 and FY 2018-19, according to which the regional losses are reduced from that of approved in MYT order for FY 2018-19 to FY 2020-21. Licensee stated that the energy balance data for first half year of FY 2019-20 is in process and utility will submit the energy balance for first half year of FY 2019-20 at the earliest once the data is ready.

Commission has approved the capital cost of the New umtru Project and considered 235 MU Energy is anticipated to be drawn for the FY 2020-21 as projected by the MePGCL.

Considering the additional data and Energy available from New Umtru Project, commission has computed the Energy balance and Energy requirement for FY 2020-21, taking into account the revised Regional losses as submitted in the additional data in the table below.

Table 5.7: Energy Balance Approved for FY 2020-21

Sl. No	Source	Unit of Measurement	FY 2020-21
1	Energy Purchase from Eastern Region	MU	504.14
2	Interstate Transmission Losses	%	1.80
3	Net Purchase from Eastern Region	MU	495.07
4	Energy Purchase from North Eastern Region	MU	695.20
5	Energy Available from NR and NER	MU	1190.27
6	Interstate Transmission losses of North Eastern Region	%	3.00
7	Interstate Transmission losses of North Eastern Region	MU	35.71
8	Net availability from CGS & NER	MU	1154.56
9	Energy available from MePGCL	MU	1246.44
	Total availability at MePDCL periphery	MU	2401.00

Sl. No	Source	Unit of Measurement	FY 2020-21
10	Intra state Transmission losses	%	4.0
11	Intra state Transmission losses	MU	100.04
12	Total energy available for Sale within the State	MU	2300.96
13	Approved Sales within the State	MU	1062.34
14	Transmission and Distribution loss	%	12.00
15	Energy Required for sales within the State	MU	1207.20
16	Surplus Energy (12-15)	MU	1093.76
17	Surplus Energy Grossed up	%	4%
18	Surplus Energy	MU	1137.51

Commission considers the surplus power at 1137.51 MU and approves Energy Balance for FY 2020-21.

5.5 Power Purchase Cost

Licensee's Submission

MePDCL has submitted that power Procurement will be made mainly from MePGCL own State Government and NTPC, NEEPCO, NHPC and OTPC(CGS) to cater the consumers of Meghalaya state as per the firm allocation from CGS and 100 % Generation of MePGCL as approved for the business plan for the control period.

Based on the above submissions, the power purchase cost projected for FY 2020-21 is as follows:

Table 5.8: Power Purchase Cost (projected) as approved for MYT for FY 2020-21

S. NO	Source	Energy received (MU)	Variable Cost (Ps. / Unit)	Total Variable Cost (Rs.Cr)	Total Fixed Cost (Rs.cr)	Others (Rs.Cr)	Total Cost (5+6+7) (Rs.Cr)	Unit Cost (Rs. / KWH)
1	2	3	4	5	6	7	8	9
1	MePGCL							
	a) Umiam Stage-I HEP	100.46	208.21	20.92	20.54		41.46	4.13
	b) Umiam Stage-II HEP	50.23	263.99	13.26	11.41		24.67	4.91
	c) Umiam Stage-III HEP	105.12	298.95	31.43	34.23		65.66	6.25
	d) Umiam Stage-IV HEP	191.17	189.92	36.31	34.23		70.54	3.69
	e) Sonapani	5.85	134.38	0.79	0.86		1.64	2.81
	f) Umtru HEP	0.00	361.16	0.00	6.39		0.00	6.39
	g) Myntdu-Leshka HEP	410.22	224.80	92.21	107.66		199.88	4.87
	h) New Umtru	219.00	241.49	52.89	43.79		96.67	4.41
	i) Ganol	76.65	241.49	18.51	16.26		34.77	4.54
	j) Lakroh	5.85	241.49	1.41	1.24		2.66	4.54
2	NTPC							
	a) Faraka STPS	48.73	273.18	13.31	6.66		19.97	4.10

S. NO	Source	Energy received (MU)	Variable Cost (Ps. / Unit)	Total Variable Cost (Rs.Cr)	Total Fixed Cost (Rs.cr)	Others (Rs.Cr)	Total Cost (5+6+7) (Rs.Cr)	Unit Cost (Rs. / KWH)
	b) Kahalgaon STPS - I	50.45	273.18	13.78	6.89		20.67	4.10
	c) Kahalgaon STPS -II	251.12	273.18	68.60	34.30		102.90	4.10
	d) Talcher STPS – I	67.85	273.18	18.54	9.27		27.80	4.10
	e) BgTPP	558.00	360.77	201.31	49.69		250.99	4.50
3	NHPC							
	a) Loktak HEP						0.00	
4	NEEPCO							
	a) Kopili HEP	82.23	59.76	4.91	7.63		12.55	1.53
	b) Kopili - II HEP	8.48	106.14	0.90	0.75		1.65	1.94
	c) Khandong HEP	17.53	93.87	1.65	2.77		4.41	2.52
	d) Ranganadi HEP	131.25	111.43	14.63	20.97		35.60	2.71
	e) Doyang HEP	23.65	288.69	6.83	7.67		14.50	6.13
	f) AGBPP	187.65	156.11	29.29	35.63		64.92	3.46
	g) AGTPP	69.00	152.29	10.51	17.61		28.11	4.07
	h) AGTPP C-Cycle	51.00	137.06	6.99	12.84		19.83	3.89
	i) Pare HEP	31.53	163.91	5.17	6.89		12.06	3.82
	i) Free Power	0.00	0.00	0.00	0.00		0.00	
5	OTPC							
	a) Pallatana	436.79	152.41	66.57	75.59		142.17	3.25
6	Other sources							
	a) Deviation							
	b) Market (IEX)							
	c) Swapping							
7	Other Charges							
	a) Transmission Charges							
	i) MePTCL				347.22		347.22	
	ii) PGCIL	2015.25			210.94		210.94	1.05
	b) POSOCO Charges							
	c) Open Access Charges							
	d) Reactive Charges (Pool)							
	Total	3179.80					1854.25	5.83

MePDCL humbly prays before the Commission to kindly approve the power purchase cost as projected above for FY 2020-21.

Commission's Analysis

Commission observed from the trued down data of power purchase for FY 2016-17 that huge variation in the requirement and procurement of Energy was found with reference to the MYT Petition projections.

Licensee was asked to submit source wise actual energy procurement and power purchase cost for first half year of FY 2019-20 in order to assess Energy and purchase cost for the ARR of FY 2020-21. The licensee has submitted power purchase quantum and cost for FY 2017-18 to FY 2019-20 (for first half year of FY 2019-20) on 16.01.2020.

The following is the provisional power purchase data considered for estimations of Purchase Cost for FY 2020-21.

Table 5.9: Computation of Estimated Power Purchase Cost for FY 2020-21

SL. NO	Particulars	2017-18			2018-19			2019-20 (Provisional) Upto Sept 2019		
		Free Power (MU)	Units (MU)	Amount (In Crores)	Free Power (MU)	Units (MU)	Amount (In Crores)	Free Power (MU)	Units (MU)	Amount (In Crores)
1	NHPC			2.75			2.00			0.95
2	NEEPCO	93.60	577.33	179.67	77.52	466.73	219.36	54.19	293.41	95.59
3	NTPC			56.61			140.90			99.00
4	OTPC		390.83	147.20		489.53	160.58		252.07	85.93
5	DSM (Intra)		4.60	-1.32						
6	PGCIL			64.42			54.28			29.49
7	POSOCO			0.91						
8	VAR Charges (Reactive)			-0.88						
9	Mittal Processor Pvt Ltd (Swap)		84.51	0.97		111.95	1.68		31.87	0.69
10	Mittal Processor Pvt Ltd (IEX)									0.05
11	Solar REC		0.00	0.04			0.17			
12	PTC		0.00	0.32						
13	Arunachal Pradesh Power Corporation Pvt Ltd (Swap)		102.87	1.35		269.59	4.26		32.15	0.38
14	NVVN					0.49	0.01			
15	Total for CGS	93.60	1160.14	449.38	77.52	1338.29	577.12	54.19	663.69	312.08
16	Total CGS for FY 2019-20& PGCIL	-	-	-	-	-	-	-	1327.38	624.16
	MePGCL		1217.13	354.44		971.36	221.41		1164.55	200.41
17	MePTCL						66.86			98.64
18	Total for MePDCL		2470.87	803.82		2387.17	865.39		2491.93	923.21
19	Avg. unit Cost			325 Ps/kwh			375 Ps/Kwh			370 Ps/Kwh
Considered Estimates for FY 2020-21										
20	Estimates for FY 2020-21 for CGS and Others)	-	-	-	-	-	-	-	1327.38	565.18
21	PGCIL									58.98
22	MePGCL approved in ARR for FY 2020-21								1246.44	171.78
23	Transmission Charges MePTCL FY 2020-21									52.45

SL. NO	Particulars	2017-18			2018-19			2019-20 (Provisional) Upto Sept 2019		
		Free Power (MU)	Units (MU)	Amount (In Crores)	Free Power (MU)	Units (MU)	Amount (In Crores)	Free Power (MU)	Units (MU)	Amount (In Crores)
24	Total for FY 2020-21								2573.82	848.39
25	Average Per Unit Cost									330Ps/Kwh

The Weighted average Power Purchase cost estimated at Rs.3.30 Ps/Kwh including Transmission charges.

Commission considers re-assessment of power purchase cost with reference to the additional data submitted by the Licensee compared with trued down power purchase cost for FY 2016-17, which is in line with the Regulation 84.1 of MYT Regulations 2014. Accordingly the estimates of power purchase cost for FY 2020-21 with reference to the additional data submitted by the licensee would be Rs.736.96 Crore for FY 2020-21, the requirement estimated above is as per the additional data submitted by the licensee.

The Power Purchase cost of MePGCL including New Umtru Project for FY 2020-21 is considered as approved for ARR and Energy from other sources considered as submitted by the licensee in the additional data.

The PGCIL charges as submitted for FY 2019-20 estimated at Rs.58.98 Crore is adopted for FY 2020-21 and the Transmission charges of MePTCL as approved for ARR of FY 2020-21 at Rs.52.45 Crore is considered. Thus total Power Purchase cost shall be at Rs.848.39 Crore as estimated in the above table for FY 2020-21 including Transmission charges.

The Licensee has submitted SLDC data for the FY 2017-18 to FY 2019-20, vide letter no.SE/SLDC/MSERC/2019-20/290 dated 15.01.2020 as called for by the commission. According to SLDC data the following analysis is made for comparison of the estimated power procurement (MU) for FY 2020-21.

Table 5.10 : Analysis for Power Requirement for FY 2020-21

Sl. No	Particulars	FY 2017-18	FY 2018-19	FY 2019-20 (up to December)	(MU)
					Estimated for ARR FY 2020-21
1	Total Power Availability	2812.02	3130.81	3130.81	2573.82
2	Approved T&D losses	22.76% (P)	16.56%	12.19 %	12%

3	Power Flow as per SLDC Data	1785.40	2021.79	1528.69	NA
4	Bilateral Purchase SOA	187.38	382.04	NA	NA
5	Purchase as per SOA	2169.72	2011.76	NA	NA
6	Total Procurement (4+5)	2357.10	2393.80	2038.25*	2573.82
7	Sales to Consumers as per SOA	1016.168	1105.01	1182.51	1207.20
8	Sale of Surplus Power outside state	880.09	633.73	NA	1093.76
9	Total Sale of Power(7+8)	1896.258	1738.74	NA	2300.96
10	Distribution Losses (6-9)	460.85	655.06	150.15	272.86

Note * Computed for Full year with reference to the SLDC data for 9 months without bilateral purchase.

As could be seen from the above analysis, the Energy required for FY 2019-20 considering the T&D losses at 12.19% for 1038.36 MU sales works out to be 1182.51 MU.

The availability as estimated for FY 2020-21 at 2573.82 MU with T&D losses at 12% amounts to 1207.20 MU for 1062.34 MU sales found to be sufficient to meet the demand for FY 2020-21.

Considering the above analysis, the power purchase cost for FY 2020-21 is approved at Rs.848.39 Crore in the following break up.

Table 5.11: Power Purchase Cost for FY 2020-21

(Rs.Cr)

Particulars	Cost as per Addl. Information	Approved Cost
Power Purchase Cost for 2573.82 MU	765.59	736.96
Transmission Charges PGCIL	58.98	58.98
MePTCL ARR	54.08	52.45
Total	878.65	848.39

Commission considers power purchase cost at Rs.848.39 Crore for FY 2020-21.

Table 5.12: Source Wise Power Purchase cost for FY 2020-21

S. NO	Source	Energy received (MU)	Variable Cost (Ps. / Unit)	Total Variable Cost (Rs. Cr.)	Total Fixed Cost (Rs.Cr.)	Total Cost (5+6+7) (Rs.Cr)	Estimates for FY 2020-21 as analysed in Table 5.8	Unit Cost (Rs. / KWH)
1	2	3	4	5	6	7	9	8
1	MePGCL							
	a) Uiam Stage-I HEP	116.29	0.27	2.71	3.14	5.85	9.72	0.83
	b) Uiam Stage-II HEP	45.51	0.38	1.91	1.74	3.65	5.40	1.18
	c) Uiam Stage-III	139.40	0.38	3.89	5.23	9.12	16.21	1.16

S. NO	Source	Energy received (MU)	Variable Cost (Ps. / Unit)	Total Variable Cost (Rs. Cr.)	Total Fixed Cost (Rs.Cr.)	Total Cost (5+6+7) (Rs.Cr)	Estimates for FY 2020-21 as analysed in Table 5.8	Unit Cost (Rs. / KWH)
	HEP							
	d) Umiam Stage-IV HEP	207.50	0.25	4.78	5.23	10.01	16.21	0.78
	e) Sonapani	5.50	0.24	0.14	0.13	0.27	0.41	0.21
	f) Umtru HEP	0.00	-	-	2.00	2.00		
	g) Myntdu-Leshka HEP	486.23	1.67	68.51	81.30	149.81	34.06	0.70
	h) New Umtru	235.00	0.69	15.11	12.43	27.54	78.55	1.70
	i) Ganol	76.65	1.90	14.55	-	14.55		
	j) Lakroh	11.01	0.17	0.10	0.20	0.30	0.41	0.37
	Total for MePGCL	1246.44					171.78	1.37
2	NTPC							
	a) Faraka STPS	-	273.18	-	6.66	6.66		-
	b) Kahalgaon STPS - I	-	273.18	-	6.89	6.89		-
	c) Kahalgaon STPS -II	-	273.18	-	34.30	34.30		-
	d) Talcher STPS – I	-	273.18	-	9.27	9.27		-
	e) BgTPP	-	360.77	-	49.69	49.69		-
	Total for NTPC	-		-	106.81	106.81	198.00	-
3	NHPC							
	a) Loktak HEP				1.90	1.90	1.90	
4	NEEPCO							
	a) Kopili-I HEP		59.76		7.63			
	b) Kopili - II HEP		106.14		0.75			
	c) Khandong HEP		93.87		2.77			
	d) Ranganadi HEP		111.43		20.97			
	e) Doyang HEP		288.69		7.67			
	f) AGBPP		156.11		35.63			
	g) AGTPP		152.29		17.61			
	h) AGTPP C-Cycle		137.06		12.84			
	i) Pare HEP		163.91		6.89			
	i) Free Power		0.00		0.00			
	Total for NEEPCO	695.20		84.16	112.76	196.92	191.18	2.75
5	OTPC							
	a) Pallatana	504.14	2.01	101.43	75.59	177.02	171.86	3.41
6	Other sources							
	a) Deviation							
	b) Market (IEX)					0.10	0.10	
	c) Swapping	128.04				2.14	2.14	
7	Other Charges							
	Total	2573.82					736.96	2.86
	a) Transmission Charges							
	i) MePTCL	1246.44		143.13		54.10	52.45	0.42
	ii) PGCIL	1327.38		205.91		205.91	58.98	1.05
	b) POSOCO Charges							
	c) Open Access Charges							
	d) Reactive Charges (Pool)							

S. NO	Source	Energy received (MU)	Variable Cost (Ps. / Unit)	Total Variable Cost (Rs. Cr.)	Total Fixed Cost (Rs.Cr.)	Total Cost (5+6+7) (Rs.Cr)	Estimates for FY 2020-21 as analysed in Table 5.8	Unit Cost (Rs. / KWH)
8	RPO	-	-	-	-	-		-
	Total	2573.82		923.74	404.56	1330.29	848.39	3.30

Table 5.13: Approved Power Purchase cost including Transmission charges for FY 2020-21
(Rs.Cr)

Particulars	FY 2020-21
Projected by MePDCL	1854.25
Approved by MSERC	848.39

Commission approves the Power Purchase Cost at Rs.848.39Crore for the FY 2020-21.

- Quantum of Renewable Purchase Obligation (RPO)**

Every obligated entity shall purchase a minimum percentage of its total electricity consumption (in kWh) from renewable energy sources under the renewable purchase obligation during each financial year as specified by the Commission herein.

At the commencement of these Regulations the minimum percentage was specified as follow; subject to provision indicated in the relevant Regulations of the Commission.

YEAR	Minimum quantum of purchase (%) from renewable energy sources (kWh)		
	SOLAR	NON-SOLAR	TOTAL
2015-16	0.41%	1.09%	1.5%
2016-17	0.42%	1.58%	2.0%
2017-18	0.43%	2.07%	2.5%

Licensee has not projected any RPO energy data for FY 2020-21 as mandated in the Renewable Energy Purchase Obligation and Compliance Regulations 2015.

Commission considers that the licensee has been drawing power from small Hydro Electric Projects of MePGCL with a installed capacity of up to 25MW to

the extent of 138.67 MU during FY 2020-21 which is equivalent to 11.48% of energy requirement of the licensee at 1207.20 MU.

Umiam Stage II (20 MW)	45.51 MU
Sonapani (1.5 MW)	5.50 MU
Lakroh (1.5 MW)	11.01 MU
Ganol (22.5 MW)	76.65
Total	138.67 MU

Commission therefore considers the licensee has complied with the RPO obligation for FY 2020-21.

5.6 Transmission Charges

Petitioner's Submission

MePDCL has projected the Transmission Charges as per the Additional information dated 16.01.2020.

Table 5.14: Transmission Charges projected for FY 2020-21

(Rs. Cr)		
Sl.No	Particulars	FY 2020-21 (Projected)
1	MePTCL ARR	52.45
2	PGCIL	58.98
3	Total	111.43

MePDCL has submitted actual Transmission charges for first half year of FY 2019-20 for PGCIL.

Commission's Analysis

Commission after prudent check of the projections made, considers the Transmission Charges for FY 2020-21.

Table 5.15: Transmission Charges approved for FY 2020-21

(Rs. Cr)			
Sl. No	Particulars	FY 2020-21	
		Transmission Charges as per Addl. information	Transmission Charges (Approved)
1	MePTCL ARR	52.45	52.45
2	PGCIL	58.98	58.98
	Total	111.43	111.43

Commission approves Transmission charges at Rs.111.43 Cr for FY 2020-21

5.7 Employee Expenses

Petitioner's Submission

MePDCL has projected the Employee Expenses at Rs 166.33 Crore for FY 2020-21 as filed in the MYT petition.

MePDCL has stated that as per the policy, MeECL and its subsidiary companies have implemented a revised pay scale of employees effective from January 2015. Supporting documents for Revision of pay has been attached to the petition as Annexure D. The employee cost for the control period is projected by considering the revised pay of Employees as reflected in accounts statement of FY 2015-16 and FY 2016-17. The effect of increase in employee cost has been booked under the head ROP 2015 in statement of accounts. The following assumptions were taken to arrive at the revised pay of Employees:

The petitioner (MePDCL) has stated the projection is made considering the expenditure reflected in the Accounts statements of FY 2015-16 and FY 2016-17 duly escalating the Basic pay at 3% Dearness Allowance at 12% for FY 2018-19.

The other allowances remain at the level of FY 2016-17. The terminal benefit provision for FY 2017-18 considered at an increment of 3% (claimed for true up). No yearly recruitment of technical and non-technical staff is considered.

Basic Pay = on a yearly basis the permanent employees of MePDCL are given an increment of 3%.

Dearness Allowance (DA) = The DA is taken around 12% of basic pay for FY 2018-19

The other allowance is estimated to remain at the same level as FY 2016-17.

Terminal benefit provision for FY 2017-18 has been considered at an increment of 3%. However the same will be claimed as per the actual at the time of true-up.

The yearly recruitment of technical and non-technical staff is not considered for projection of cost.

Based on the above submissions, the employee expenses projected by the petitioner for the FY 2020-21 is as shown 5.16:

Table 5.16: Employee Expenses Projected

(Rs.Cr)

Sl. No	Particulars	FY 2020-21 (Projected)
1	2	
	SALARIES & ALLOWANCES	
1	Basic Pay	76.14
2	Dearness Pay	-
3	Dearness Allowance	38.23
4	House rent Allowance	11.00
5	Fixed medical allowance	-
6	Medical reimbursement charges	0.82
7	Over time payment	-
8	ROP-2015	-
9	Generation incentive	0.14
10	Leave Travel Concession	0.01
11	Apportionment of Holding company Exp	14.83
12	Sub-Total	141.17
	Terminal Benefits	
13	Leave encashment	0.01
14	Gratuity	-
15	Commutation of Pension	-
16	Staff Welfare expenses	0.02
17	CPS	0.39
18	Workman compensation	-
19	Ex- gratia	0.02
20		24.72
21	Sub-Total	25.16
	Pension Payment	
22	Basic Pension	-
23	Dearness Pension	-
24	Dearness allowance	-
25	Any other expenses	-
26	Sub-Total	-
27	Total (12+21)	166.33
28	Amount capitalized	
29	Net amount	166.33

Commission's Analysis

Licensee has submitted SOA for FY 2017-18 certified by Statutory Auditors. The employee cost for FY 2017-18 reported to be Rs.92.04 Crore and 1/3rd share of MeECL employee cost reported at Rs.12.15 Crore. Thus total employee cost amounted to Rs.104.19 Crore for FY 2017-18.

Considering the inflation rate of CPI and WPI at 4.86% as notified by the Govt. of India, the employee cost for FY 2018-19, FY 2019-20 and FY 2020-21 is computed below

Table 5.17: Approved Employees cost for FY 2020-21

(Rs.Cr)

FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
104.19	109.25	114.56	120.13

Commission considers the employee cost for FY 2020-21 at Rs.120.13 Crore including 1/3rd MeECL cost.

5.8 Repairs and Maintenance Expenses

Petitioner's Submission

MePDCL has submitted that Meghalaya, being a hilly terrain demands comparatively more investment for maintaining the distribution network. Under these circumstances there is a genuine need for incurring repair & maintenance expenses to keep the current assets in good health and under satisfactory running condition.

MePDCL has projected R & M expenses considering inflation rate of 5 % (CPI) as projected by RBI for the next 2 years as detailed in the table 5.15 of MYT Petition for FY 2020-21.

Table 5.18 : Repair & Maintenance (R&M) Expense for FY 2020-21

(Rs.Cr)

Sl. No	Particulars	FY 2020-21 (Projected)
1	Plant & Machinery	2.04
2	Building	0.21
3	Hydraulic works & Civil Works	0.00
4	Line cable & Network	9.13
5	Vehicles	0.41
6	Furniture & Fixtures	0.05
7	Office equipments	0.39
8	Operating expenses/ Civil Works	0.06
10	Add / Deduct share of other	
11	Total expenses	12.29
12	Less capitalized	
13	Net expenses	12.29

MePDCL has requested to approve the R& M expenses as shown in the above table for the FY 2020-21.

Commission's Analysis

Licensee has submitted SOA certified by Statutory Auditors for FY 2017-18. The R&M expenditure is reported to be Rs. 9.96 Crore.

Commission observes that the projection for R&M expenses is found to be exorbitant for lines and cable network. Commission considering the inflation rate at 4.86% in the absence of audited Results, escalated for FY 2018-19 to FY 2020-21, the R&M expenses for ARR is computed at Rs. 11.48 Crore for FY 2020-21.

Table 5.19: Approved R&M Expenses for FY 2020-21

(Rs. Cr)

FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
9.96	10.44	10.95	11.48

Commission considers R&M Expenses at Rs. 11.48 Crore for FY 2020-21.

5.9 Administration and General Expenses

Petitioner's submission

MePDCL has projected Administration & General expenses at Rs. 12.64 Crore for FY 2020-21. The Licensee has stated that 5 % inflation rate considered for projections for MYT Period.

The details are furnished in the Table 5.16 of MYT Petition:

Table 5.20: Administrative & General Expenses for FY 2020-21

(Rs. Cr)

Sl. No	Particulars	FY 2020-21 (Projected)
1	Rent, rates & taxes	0.09
2	Insurance	0.06
3	Telephone, postage & Telegrams	0.26
4	Consultancy fees	3.82
5	Technical fees	0.00
6	Other professional charges	0.60
7	Conveyance & travel expenses	6.59
8	Electricity & Water charges	0.01
9	Others	0.46
10	MSERC Fees	0.14
11	Freight	0.00
12	Other material related expenses	0.62
13	Total expenses	12.64
14	Less: Capitalized	
15	Net expenses	12.64

Commission's Analysis

Licensee has submitted SOA certified by the Statutory Auditors for FY 2017-18. A&G Expenses is reported to be Rs.13.22 Crore for FY 2017-18 which includes Rs.0.91 Crore in admissible bad debts written off.

Commission considering the inflation rate at 4.86% in the absence of the audited results escalated for FY 2018-19 to FY 2020-21, the A&G expenses computed for ARR at Rs.14.19 Crore for FY 2020-21.

Table 5.21: Approved A&G Expenses for FY 2020-21

(Rs.Cr)

FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
12.31	12.91	13.53	14.19

Commission considers Adm & General expenses at Rs.14.19 Crore for FY 2020-21.

5.10 Capital Investment**Petitioner's Submission**

MePDCL has submitted the investment plan under the following schemes to be implemented during Control Period in the business plan.

- 1) NERP SIP funded by Government of India and Government of Meghalaya.
- 2) Power system Development Fund, 100 % Grant.
- 3) Ujwal Discom Assurance Yojana (UDAY)
- 4) Indo - Bangla Border Flood lighting (100% contribution).
- 5) IPDS 90 % Grant and 10 % Loan.
- 6) DDUGJY 85% GOI 15 % State Government
- 7) Other up gradation of Lines & Sub- stations.

Table 5.22 : Summary of the project wise Investment Projected

(Rs. Cr)

Schemes	Project Cost	Funding Pattern			
		Equity	Loan	Grant	Consumer Contribution
New Schemes					
NER Power System Improvement Project	0.20		0.01	0.19	
Construction/ Up gradation of lines	94.95		26.59	68.36	
Construction/ Up gradation of	156.20		43.74	112.46	

Schemes	Project Cost	Funding Pattern			
		Equity	Loan	Grant	Consumer Contribution
Substations					
System Protection, Control system, metering etc.	8.64		2.42	6.22	
UDAY	360.80		101.02	259.77	
Scheme funded by Power System Development Fund	2.97			2.97	
Deendayal Upadhyay Gram Jyoti Yojna	41.92			41.92	
Total for New Schemes	665.68		173.77	491.90	
Ongoing Schemes					
NER Power System Improvement Project	178.03		5.79	110.07	
Integrated Power Development Scheme	62.04		6.20	55.84	
Deendayal Upadhyay Gram Jyoti Yojna	268.13			268.13	
Indo Bangla Border Flood Lighting	107.92				107.92
Total for ongoing Schemes	553.95		11.99	434.03	107.92
Grant Total	1219.63		185.77	925.93	107.92

Table 5.23: Year wise Fund requirement for new schemes

(Rs. Cr)

Sl. No.	Category	Fund Requirement				
		FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
1	33 kV, 11 kV and LT Lines	--	37.10	61.03	33.92	132.05
2	33/11 & Distribution Sub Station	--	8.00	133.18	31.70	172.88
3	UDAY	111.67	205.82	38.31	5.00	360.80
	Total	111.67	250.92	232.52	70.61	665.72

Commission's Analysis**Summary of Funding of Capex for MYT Period**

The Licensee has submitted SOA certified by Statutory Auditors for FY 2017-18, according to which the Capex and Capitalization requires to be re considered for FY 2018-19 to FY 2020-21 and ARR for FY 2020-21 shall be computed.

Table 5.24: Approved Capitalization against Grants & Loan for the control period
(Rs.Cr)

Particulars	Grants	Consumer Contribution	Loans	CAPEX	Capitalization	CWIP
FY 2017-18	328.16	107.92	75.65	487.73	487.73	-
FY 2018-19	324.05	-	34.73	366.78	358.78	8.00
FY 2019-20	147.72	-	21.66	294.56	169.38	133.18
FY 2020-21	126.05	-	53.73	70.60	179.78	24.00
	925.98	107.92	185.77	107.92	1195.67	-

Table 5.25: Scheme-wise/work-wise capital investment plan approved for FY 2017-18 and MYT Control Period FY 2018-19 to FY 2020-21

Sl. No.	Name of the Scheme/Project	Approved Outlay	Source of funding				up to FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		Total	
			Grant	Consumer contribution	Loan	Total	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation
1	2	3	4	5	6	7 = (4+5+6)	8	9	10	11	12	13	14	15	16	17	18 = (8+10+12+14+16)	19 = (9+11+13+15+17)
A	Lines																	
1	DDUGJY	33.93	33.93	-		33.93	-	-	33.93	33.93	-	-	-	-	-	-	33.93	33.93
2	ADB	94.95	68.37	-	26.58	94.95	-	-			61.03	61.03	33.92	33.92	-	-	94.95	94.95
3	PSDF	2.97	2.97	-		2.97	-	-	2.97	2.97	-	-	-	-	-	-	2.97	2.97
4	NERPSIP	0.20	0.19	-	0.01	0.20	-	-	0.20	0.20	-	-	-	-	-	-	0.20	0.20
	Sub-total - Lines (A)	132.05	105.46	-	26.59	132.05	-	-	37.10	37.10	61.03	61.03	33.92	33.92	-	-	132.05	132.05
B	Substations																	
5	DDUGJY (2 nos Substations)	8.00	8.00	-		8.00	-	-	8.00	-	-	8.00	-	-	-	-	8.00	8.00
6	ADB (39 nos Substations)	156.24	112.49	-	43.75	156.24	-	-	-	-	128.00		28.24	132.24	-	24.00	156.24	156.24
	Sub-total - Substations (B)	164.24	120.49	-	43.75	164.24	-	-	8.00	0.00	128.00	8.00	28.24	132.24	-	24.00	164.24	164.24
C	Other works																	
7	Installation of 11kV auto reclosure in place of DO Fuse control protection system in 39 Nos. unmanned 33/11kV SS in 108 nos of 11kV Feeders	8.64	6.22	-	2.42	8.64	-	-	-	-	5.18		3.46	8.64	-	-	8.64	8.64

Sl. No.	Name of the Scheme/Project	Approved Outlay	Source of funding				up to FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		Total	
			Grant	Consumer contribution	Loan	Total	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation
D	UDAY schemes																	
8	Distribution transformer metering	4.98	3.59	-	1.39	4.98	1.14	1.14	3.84	3.84	-	-	-	-	-	-	4.98	4.98
9	Consumer indexing and GIS mapping	32.28	23.24	-	9.04	32.28	-	-	16.14	16.14	16.14	16.14	-	-	-	-	32.28	32.28
10	DTR associated feeder upgradation	19.98	14.39	-	5.59	19.98	5.00	5.00	5.00	5.00	5.00	5.00	4.98	4.98	-	-	19.98	19.98
11	Electricity access to unconnected households	59.26	42.67	-	16.59	59.26	23.57	23.57	35.69	35.69	-	-	-	-	-	-	59.26	59.26
12	ERP System implementation	35.00	25.20	-	9.80	35.00	17.50	17.50	17.50	17.50	-	-	-	-	-	-	35.00	35.00
13	Distribution of energy efficient tubelights and fans	27.67	19.92	-	7.75	27.67	13.84	13.84	13.83	13.83	-	-	-	-	-	-	27.67	27.67
14	Consumer awareness programme	1.22	0.88	-	0.34	1.22	0.61	0.61	0.61	0.61	-	-	-	-	-	-	1.22	1.22
15	Installation of smart meters for consumers with consumption above 200 units/month	180.40	129.89	-	50.51	180.40	50.02	50.02	113.21	113.21	17.17	17.17	-	-	-	-	180.40	180.40
	Sub-total - UDAY scheme (D)	360.79	259.78	-	101.01	360.79	111.68	111.68	205.82	205.82	38.31	38.31	4.98	4.98	-	-	360.79	360.79
	Total (A to D)	665.72	491.95	-	173.77	665.72	111.68	111.68	250.92	242.92	232.52	107.34	70.60	179.78	-	24.00	665.72	665.72

Sl. No.	Name of the Scheme/Project	Approved Outlay	Source of funding				up to FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		Total	
			Grant	Consumer contribution	Loan	Total	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation	Capex	Capitalisation
	Ongoing schemes																	
16	Lines and Substations	177.90	165.90	-	12.00	177.90			115.86	115.86	62.04	62.04			-	-	177.90	177.90
17	DDUGJY Ph-I	98.80	98.80			98.80	98.80	98.80									98.80	98.80
18	DDUGJY Ph-II	89.89	89.89			89.89	89.89	89.89									89.89	89.89
19	SAGY	1.25	1.25			1.25	1.25	1.25									1.25	1.25
20	System strengthening	54.80	54.80			54.80	54.80	54.80									54.80	54.80
21	Feeder metering etc.	15.16	15.16			15.16	15.16	15.16									15.16	15.16
22	Solar electrification - Households/street lights	8.23	8.23			8.23	8.23	8.23									8.23	8.23
23	Indo Bangla Border lighting	107.92		107.92		107.92	107.92	107.92									107.92	107.92
	sub-total ongoing schemes	553.95	434.03	107.92	12.00	553.95	376.05	376.05	115.86	115.86	62.04	62.04	0.00	0.00	0.00	0.00	553.95	553.95
	Total capital investment	1219.67	925.98	107.92	185.77	1219.67	487.73	487.73	366.78	358.78	294.56	169.38	70.60	179.78	0.00	24.00	1219.67	1219.67

Commission had approved business plan for control period on 01.11.2017. The Capital Investment as per the Business plan reads as follows

Table 5.26: CAPEX= CWIP – Capitalization Approved for the Control period

(Rs.Cr)

Particulars	FY 2017-18	FY2018-19	FY2019-20	FY 2020-21
Opening Balance CWIP	487.73	366.78	8.00	133.18
Capex addition	-	-	294.56	70.60
Capitalization	487.73	358.78	169.38	179.78
Closing Balance CWIP	-	8.00	133.18	24.00

In view of the above analysis commission considers average capitalization based on the actual performance during FY 2016-17 & FY 2017-18 in the table below for computation of ARR and other elements for FY 2020-21.

The Capitalization achieved for FY 2017-18 is at Rs.92.07 Crores against approved Capitalization Rs.487.73 Crore at 19 %.

The performance of the Licensee during the past two years FY 2016-17 & FY 2017-18 account for about 14 % of the projected capitalization. Commission considers capitalization for FY 2018-19 to FY 2020-21 at 14 % of the projected capitalization for computation of ARR for FY 2020-21.

Table 5.27: GFA and Capitalization considered for FY 2020-21

(Rs.Cr)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Opening GFA	338.85	349.33	441.25	491.48	515.19
Addition during the year	10.81	92.07	50.23	23.71	25.17
Retirements	0.33	0.15	-	-	-
Closing GFA	349.33	441.25	491.48	515.19	540.36

5.11 Depreciation

Petitioner's Submission

MePDCL has claimed Depreciation at Rs.6.91 Crore as approved for MYT Order for FY 2020-21.

Commission's Analysis

The Commission had considered in the Approved Business Plan for the Capital Investment as detailed in the Table 5.24 annexed in this order page no. 84 to 86 for the Control period FY 2018-19 to FY 2020-21.

As per the Regulation 33 of MSERC Regulations 2014, the Depreciation shall be computed on the Historical Value of the assets.

Depreciation shall be calculated on straight line method upto 90 % of Asset Value retaining 10 % salvage value.

Consumer contributions or Capital subsidy / grant etc shall be excluded from the Value for the purpose of Depreciation as per the Regulations.

Licensee has filed SOA for FY 2017-18 certified by Statutory Auditors, Commission considers the depreciation based on the assumption adopted for GFA and capitalization vide table no. 5.26 and accordingly the depreciation is computed in the table below.

The Licensee has reported capital grants & contributions at Rs.199.91 Crore in the SOA for FY 2017-18 certified by the statutory auditors vide note no.9.5.1 & 11.1.

Table 5.28: Approved Depreciation for FY 2020-21

		(Rs. Cr)
		FY 2020-21
Opening GFA (Excl. Land)		513.91
Additions during the year as assumed vide table 5.26		25.17
Retirements		-
Closing GFA		539.08
Average GFA		526.50
Less: Capital Grants & Subsidies as of FY 2017-18		199.91
Net GFA		326.59
90% of Net GFA		293.93
Average rate of depreciation as of FY 2017-18 level		4.49%
Depreciation for the year		13.20

Commission considers the Depreciation at Rs.13.20 Crore for FY 2020-21.

5.12 Interest and Finance Charges

Petitioner's submission

MePDCL has claimed Interest and Finance Charges at Rs. 6.58 Crore as approved in MYT Order for FY 2020-21.

The Licensee prayed before the Commission to approve the Interest and Finance charges computed in the above table.

The projected schedule of loans is as detailed in the table.

Table 5.29: Details of loans 2020-21 (Projected)

(Rs.Cr)						
Sl. No	Source of Loans	Opening Balance Loan	Additions during the year	Repayment during the year	Closing Loan	Interest
1	8% REC Rescheduled	20.33	-	6.83	13.50	1.35
2	9 % PFC RAPDRP-A	10.19	-		10.19	0.92
3	9 % PFC RAPDRP-B	47.92	-		47.92	4.31
4	Total	78.44	-	6.83	71.61	6.58

Commission's Analysis

As per the Regulation 32 of MSERC MYT Regulations 2014, Interest and Finance Charges shall be allowed on Capital Loans for determination of ARR and Tariff.

The Licensee has filed SOA for FY 2017-18 certified by statutory auditors. In the absence of the audited results, opening balance of Loans as on 31.03.2020 is considered as projected in the table and Interest and Finance Charges allowed for FY 2020-21. **The Interest and Finance charges as approved in the MYT Order for FY 2020-21 is considered at Rs.6.58 Crore as claimed by the licensee.**

Table 5.30: Schedule of Loans and Interest considered for FY 2020-21

(Rs.Cr)						
Sl. No	Source of Loans	Opening Balance Loan	Additions during the year	Repayment during the year	Closing Loan	Interest
1	8% REC Rescheduled	20.33	-	6.83	13.50	1.35
2	9 % PFC RAPDRP-A	10.19	-		10.19	0.92
3	9 % PFC RAPDRP-B	47.92	-		47.92	4.31
4	Total	78.44	-	6.83	71.61	6.58

Table 5.31: Approved Interest and Finance Charges for FY 2020-21.

(Rs. Cr)	
Particulars	FY2020-21
As projected by MePDCL	6.58
Approved by MSERC	6.58

5.13 Interest on working capital**Petitioner's Submission**

MePDCL has claimed Interest on Working Capital at Rs. 19.38 Crore as approved for FY 2020-21 in the MYT Order.

Table 5.32: Interest on working capital for FY 2020-21 Projected

(Rs.Cr)

Sl. No	Particulars	FY 2020-21
1	O & M Expenses for one(1) month	12.71
2	Maintenance spares at 1 % of GFA escalated at 6 % on Historical Cost of GFA for FY 2020-21 Rs. 461.96 Crore	14.50
3	Receivable for two (2) months of expected Revenue as per the prevailing tariff of FY 2020-21 Rs.689.37 Crore	110.76
4	Total Requirement of Working Capital	137.97
5	Interest on Working Capital at 13.80 %	19.38

The Licensee submitted to approve the Interest on Working Capital for FY 2020-21

Commission's Analysis

As per the Regulations 34(iii) of MSERC, Regulation 2014 Interest on Working Capital shall be allowed on the following components of ARR.

1. One month O & M Expenses
2. Maintenance spares at 1% escalated at 6 % on the Historical cost of GFA.
3. Receivables of two (2) months of expected Revenue from Prevailing tariffs.

Commission considers the following computation for Interest on working Capital.

Table 5.33: Approved Interest on Working Capital

(Rs. Cr)

Sl. No	Particulars	FY 2020-21
1	O & M Expenses for one(1) month (excl. MeECL cost)(106.13/12)	8.84
2	Maintenance spares at 1 % of GFA escalated at 6 % on Historical Cost of GFA for FY 2020-21 Rs.515.19Crore	5.46
3	Receivable for two (2) months of expected Revenue as per the prevailing tariff Rs.689.37 Crore	114.90
4	Total Requirement of Working Capital	129.20
5	Interest on Working Capital at 13.80 %	17.83

Commission approves Interest on Working Capital at Rs.17.83 Crore for FY 2020-21.

5.14 Return on Equity

Petitioner's Submission

MePDCL has claimed Return on Equity for Rs.32.69 Crore as approved in the MYT order for FY 2020-21

Table 5.34: Return on Equity Projected for FY 2020-21

Particulars	FY 2020-21
Average GFA	1457.51
Less: Grants and Subsidies	679.10
Net GFA	778.41
70% Debt	544.89
30% Equity	233.52
Return on Equity @ 14%	32.69

MePDCL prays before Honourable Commission to kindly approve the ROE for FY 2020-21 as per above computations.

Commission's Analysis

"As per Regulation 27 of MSERC MYT Regulations of 2014 the grants and contributions received for execution of the capital works shall be excluded from the capital cost for computation of debt equity ratio".

The Licensee has filed SOA for FY 2017-18 certified by the statutory auditors.

Commission considers Debt Equity, taking into account the GFA and capitalization filed in the FY 2017-18 and considering the assumptions for FY 2018-19 to FY 2020-21 vide table no.5.26, the ROE is computed for ARR of FY 2020-21 in the table below after deducting Govt Grants and contributions available for FY 2017-18.

Commission computed the return on equity for FY 2020-21 in the table below.

Table 5.35: Computation of Return on Equity for FY 2020-21

Particulars	(Rs.Cr) FY 2020-21
Opening GFA	515.19
Additions during the year	25.17
Closing GFA	540.36
Average GFA	527.77
Less: Avg of Capital Grants and Subsidies	199.91
Net GFA	327.86
30% Equity	98.36
Return on Equity @ 14%	13.77

Table 5.36: Approved Return On Equity

(Rs. Cr)

Particulars	FY2020-21
RoE projected by MePDCL	32.69
Approved by MSERC	13.77

Commission considers Return on Equity at Rs.13.77 Crore for FY 2020-21.

5.15 Non-Tariff Income

Petitioner's Submission

MePDCL has submitted that Non-Tariff Income shall be received towards Interest Income. Rentals, Fees and penalties, Sale of scrap, tender forms, Miscellaneous Receipts, other Income, Meter rent, Margin Money from Customers, and Miscellaneous Charges from customers, Estimated non-Tariff income inclusive of MeECL, MePGCL & MePTCL non-Tariff income at Rs. 132.20 Crore for FY 2020-21 as detailed in the table below.

Table 5.37: Non-Tariff Income for FY 2020-21 Projected

(Rs.Cr)

Particular	FY 2020-21
Interest Income	12.70
Other non-operating income	0.00
Rental and Hiring Income	0.12
Discount Received	0.00
Fees and Penalties	0.04
Sale of scrap, tender forms and others	0.24
Miscellaneous receipts	0.28
Interest on Adv/Discount Received etc	0.00
Other Income	11.39
Meter Rent	3.52
Margin Money from customers & Miscellaneous charges	43.27
Adjustment of MEPGCL & MePTCL	49.87
Misc. Charges from consumers	5.94
Bad Debt	
MeECL Apportioned	4.83
Total	132.20

MePDCL requested to approve the Non-Tariff Income as projected.

Commission's Analysis

The Licensee has filed SOA for FY 2017-18 certified by the Statutory Auditors.

The Non-Tariff and Other income reported to be Rs.61.85 Crore in the FY 2017-18. Commission considers the Non-Tariff Income at an increase of 5 % year on year from FY 2018-19 to FY 2020-21. Thus the Non-Tariff and Other income shall be Rs.71.60 Crore for FY 2020-21.

Commission considers the Non- Tariff and other Income for Rs. 71.60 Crore for FY 2020-21.

5.16 Rural Electrification subsidy

Petitioner's submission

MePDCL has submitted that State Government has provided RE subsidy of Rs. 22.50 Crore in FY 2016-17. It is stated that the Government has not issued any assurance of providing R Esubsidy and Revenue subsidy etc.

Commission's Analysis

The SOA Certified by Statutory Auditors for FY 2017-18 does not disclose receipt of any RE Subsidy from State Government. Therefore commission does not consider RE Subsidy from State Government for FY 2020-21.

Commission considers -NIL- RE subsidy for FY 2020-21.

5.17 Revenue from sale of surplus power

Petitioner's submission

The Licensee has submitted the Revenue from Sale of surplus power during FY 2020-21 for Rs.562.28 Crore as approved in MYT Order.

Licensee has submitted surplus power is expected to be available only during the rainy season; MePDCL has to depend upon short term market for purchase of power bilaterally. Over last 3 to 5 years, it is observed that there are huge fluctuations in the short term market rates especially during the rainy season. Therefore it is extremely difficult to project a realistic per unit rate of power.

MePDCL submits before honourable Commission to kindly approve the above as revenue from sale of surplus power to be deducted from the gross ARR.

Commission's Analysis

Commission had approved the Revenue from sale of surplus power at Rs.562.28 Crore considering the surplus power 1874.26 MU in the MYT Order for FY 2020-21.

Commission considers the projections filed by the Licensee for MYT period FY 2018-19 to FY 2020-21 found to be exorbitant with reference to the trued down business for FY 2016-17 and SOA for FY 2017-18 certified by the Statutory Auditors and also considering the actual power purchase data submitted by the licensee for first half year of the FY 2019-20 on 16.01.2020.

Commission has approved revised energy balance considering the additional data submitted by the licensee vide table no.5.7 and computed surplus energy at 1137.51 MU and assessed Revenue from sale of surplus energy at Rs.325.33 Crore vide table no.5.38.

Accordingly Commission considers Revenue from sale of Surplus Energy at Rs.325.33 Crore for FY 2020-21.

Table 5.38: Approved Revenue from sale of surplus power for FY 2020-21

Particulars	FY 2020-21
Surplus Energy as per Energy Balance (MU)	1137.51
Revenue for sale of surplus power@Rs.2.86 ps/kWh (Rs. Crore.)	325.33

Commission would like to clarify that the additional revenue from sale of surplus power is just indicative figure and directs the licensee to ensure efficient management of sale and drawl so that the revenue from sale of surplus power should not be less than the approved cost price.

Commission approves the Revenue from sale of surplus power at Rs.325.33 Crore for FY 2020-21 provisionally.

5.18 Determination of Retail Tariff for FY 2020-21

Revenue Gap at the existing Tariff rates

Petitioner's Submission

It may be noted that the approved ARR as well as the gaps of previous year due to true up and review petition on true up order is to be cumulatively recovered through the tariff of FY 2020-21. The Licensee had filed the review petition on true up order for FY 2014-15 and FY 2015-16 order for which the orders are due from the Commission.

The order of review petition on true up order for FY 2015-16 for both MePGCL and MePTCL is also due from the Commission. Given below is the total gap which is to be recovered in tariff of FY 2020-21

The Commission on 18 Nov 2019 issued the true up FY 2016-17 order for subsidiaries of MeECL which will be adjusted in the Net ARR of FY 2020-21.

The Commission had approved AFC of Rs 24.86 Cr for NUHEP in the MYT Order dated 31.03.2018. The final capital cost of NUHEP is ready and audited and as such, MePGCL has filed revised petition for determination of NUHEP AFC for FY 2018-19 to FY 2020-21. The AFC of NUHEP projected for FY 2020-21 is Rs 122.27 Cr. The adjustment in AFC (Rs 122.27- Rs 24.86 Cr) will also be required to be passed on the tariff of FY 2020-21

The order from the Commission on revision of tariff for FY 2019-20 based on the approved ARR of FY 2019-20 (**Rs 810.21 Cr**) is also due. As a result, the Licensee had to continue with the tariff approved in FY 2018-19 for the year FY 2019-20. The approved tariff of FY 2018-19 was based on the net ARR of FY 2018-19 (Rs 777.61) and expected revenue recovery in FY 2018-19 was Rs 686.96 Cr with the approved tariff. However, the difference (Rs 810.21 Cr – Rs 686.96 Cr) could not be recovered with the FY 2018-19 tariff. Thus, the difference needs to be adjusted in true up of FY 2019-20.

Based on the above submissions, the final gap due to true up, review petition on true up orders and adjustment of AFC of NUHEP which needs to be passed on in the tariff of FY 2020-21 is given below:

Table 5.39: Gaps to be passed on in Tariff of FY 2020-21

SI No	Particulars	Amount (in Rs Cr)
1	Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22
2	Gap from True up of FY 2016-17 of MePGCL (MLHEP and Old Plants Combined)	(60.50)
3	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
4	Gap from True up of FY 2016-17 of MePTCL	(0.74)
5	Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09
6	Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91
7	Gap from True up of FY 2016-17 of MePDCL	173.44
8	Adjustment due to Revision of AFC FY 2020-21 for NUHEP due to final audited capital cost	97.41
9	Total Gap (1+2+3+4+5+6+7+8)	996.92

From the above table, SI No 1-7 petitions were filed by subsidiaries of MeECL whose the order was due from the Commission in the last financial year. The delay in order affected the liquidity scenario in the Corporation for which it had to resort to short term lending to meet its financial obligations. Thus, keeping this mind, MePDCL is proposing a carrying cost on the above gaps (SI 1 to 7 of Table 2) based on the lending rate as on 01.04.2019. The carrying cost computation has been given below:

Table 5.40: Carrying Cost Calculation

SI No	Particulars	In Rs Cr
1	Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22
2	Gap from True up of FY 2016-17 of MePGCL (MLHEP and Old Plants Combined)	(60.50)
3	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
4	Gap from True up of FY 2016-17 of MePTCL	(0.74)
5	Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09
6	Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91
7	Gap from True up of FY 2016-17 of MePDCL	173.44
8	Interest rate as on 01.04.2019 considered for carrying cost calculation	13.80%
	Carrying Cost due to delay in orders (Sum of 1 to 7 *8)	124.13

Net ARR for FY 2020-21

Based on the above submissions in Section 4.3.1 and 4.3.2 for approved ARR and gaps of past years, the net Revenue Requirement for FY 2020-21 would be as shown below:

Table 5.41: Total Revenue for FY 2020-21

Sl No	Particulars	Amount (In Rs Cr)
1	Approved ARR of FY 2020-21	832.91
2	Additional Claim as per Review Petition of True Up FY 2015-16 of MePGCL	182.22
3	Gap from True up of FY 2016-17 of MePGCL (MLHEP and Old Plants Combined)	(60.50)
4	Additional Claim as per Review Petition of True Up FY 2015-16 of MePTCL	67.09
5	Gap from True up of FY 2016-17 of MePTCL	(0.74)
6	Additional Claim as per Review Petition of True Up FY 2014-15 of MePDCL	316.09
7	Additional Claim as per Review Petition of True Up FY 2015-16 of MePDCL	221.91
8	Gap from True up of FY 2016-17 of MePDCL	173.44
9	Adjustment due to Revision of AFC FY 2020-21 for NUHEP due to final capital cost	97.41
10	Carrying Cost due to delay in orders	124.13
	Total Revenue Requirement for FY 2020-21	1,953.96

*** Before the issue of next tariff order, any further orders from Commission on the above gaps of past years for subsidiaries of MeECL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2020-21.**

Licensee has claimed Revenue Gap for FY 2020-21 as detailed in the table below

Sl.No	Particulars	Rs. Cr
1	Total Revenue Requirement in FY 2020-21	1953.96
2	Less: Projected Revenue at Existing Tariff rates (As per Section 3.2)	662.33
3	Revenue Gap for FY 2020-21 at Existing Tariff	1291.63

Thus, the retail supply tariff for FY 2020-21 would be determined based on the net Revenue Requirement as computed above.

Commission's Analysis

Commission had not considered any review petition on the True up orders for FY 2014-15 and FY 2015-16 for MePDCL, as also commission had not considered review petitions on true up orders of MePGCL & MePTCL for FY 2015-16.

The MePGCL and MePTCL had not filed final true up petitions for FY 2013-14 and FY 2014-15 as the true up orders were on provisional basis in the absence of C&AG audit reports.

Commission has considered SUO-MOTO action for final true up of FY 2013-14 and FY 2014-15, and the resultant gap/surplus being now accommodated in the ARR of respective licensees for FY 2020-21.

The True up gap/surplus in respect of subsidiaries of MeECL for FY 2016-17 is however being considered in the ARR of FY 2020-21 as approved in the respective true up orders for MePDCL, MePGCL & MePTCL.

The Final Capital cost and ARR for FY 2017-18 to FY 2020-21 for New Umtru HEP has been approved as per Regulations. The ARR for FY 2020-21 has been considered as power purchase cost in the ARR of MePDCL.

There has been a gap in the incumbency of competent commission. Commission had not registered the petitions filed for FY 2019-20. Thus the utilities had to continue with the tariff orders for FY 2018-19 till 31.03.2020. The utilities shall file true up petition for FY 2019-20 along with the audit reports of C&AG for commission's approval.

The carrying cost proposed by MePDCL in table no.3 of para 2.2.7 of the petition in question, commission would like to point out that, the delay in filing the petitions along with C&AG audit reports was caused from the utility side. The Carrying cost if any to be recovered shall be chargeable to the licensee for the failure to file the true up petitions along with C&AG audit reports as per the schedule and Regulations.

Section 62 (6) of EA 2003 specifies that-*If any licensee or a generating company recovers a price or charge exceeding the tariff determined under this section, the excess amount shall be recoverable by the person who has paid such price or charge along with interest equivalent to the bank rate without prejudice to any other liability incurred by the licensee.*

The Licensee shall bear the impact of the carrying cost for recovery of the true up gap/surplus if any and made good to the consumers where ever surplus is resulted upon true up. The ARR and Revenue Gap for FY 2020-21 are drawn in the following paragraphs.

Commission does not consider carrying cost claimed by the licensee.

5.19 Tariff Proposal & Revenue Recovery from Tariff**Petitioner's Submission**

The Licensee had filed the petition for revision of tariff for FY 2019-20 via letter No MePDCL/SE(RA)/54(D)/Pt-IV/2018-19/3 dated 29 November 2018. However, the order from the Commission is due on the same and as a result the Licensee has continued with the approved tariff of FY 2018-19 for FY 2019-20. The Commission in its order dated 31.03.2018 notified the approved tariff for FY 2018-19 but was silent on the issue of ARR recovery at the approved tariff for FY 2018-19

In the absence of the same, the Licensee has projected the revenue at the existing tariff for FY 2020-21 based on the category wise sales mix and the connected load of the applicable category approved by the Commission in the Business Plan and the prevailing tariff rates. For calculating revenue in various consumption slabs of Domestic and Commercial, MePDCL has used the approved per unit revenue for the slab and the estimated sales in the particular slabs. The proportion/estimation of consumption in different slabs for Domestic and Commercial LT has been arrived at as shown in section 3.1. The methodology used here is in line with the methodology used in petition for revision of tariff for FY 2019-20 and review petition of MePDCL tariff order dated 31 March 2018 for estimating the revenue recovery at approved and proposed tariff. The methodology is explained in the subsequent sections.

Commission's Analysis:

There has been a Gap in the incumbency of the competent commission, the tariff petition filed by the Licensee for FY 2019-20 was not registered. The Licensee was to implement the tariff rates approved for FY 2018-19 till 31.03.2020.

Commission considers the computation of Revenue recovery based on the approved energy sales and connected load in the business plan for FY 2020-21.

The Methodology for computation of connected load in respect of LT Categories is considered as computed by the licensee in the petition and arrived at Fixed charges as adopted by the Licensee vide table no.9, 10 & 11 of the petition. Commission had not considered the Tariff for LED fittings in the MYT order dated 31.03.2018, the connected load of Public lighting is considered at 0.39 MVA as approved for business plan and the fixed charges are computed at the existing Tariffs.

5.20 ARR for FY 2020-21

Commission after detailed analysis of the petition filed by the licensee, considering the additional information/data submitted by the licensee, the statement of accounts certified by the statutory auditors for FY 2017-18, the objections raised by the stake holders, the response by the licensee to the objections, the minutes of the public hearing and state advisory committee has computed the ARR for FY 2020-21 as per the MSERC Regulations 2014.

Table 5.42: Approved ARR for FY 2020-21

(Rs.Cr)

Particulars	FY 2020-21 (Projected)	FY 2020-21 (Approved)
Power Purchase Cost	981.25	736.96
Transmission Charges (PGCIL)	205.91	58.98
Transmission Charges (MePTCL)	143.13	52.45
Employee Expenses	137.24	120.13
Repair & Maintenance Expenses	4.75	11.48
Administration & General Expenses	10.55	14.19
Depreciation	6.91	13.20
Interest and Finance Charges	6.58	6.58
Interest on Working Capital	19.38	17.83
Return on Equity	32.69	13.77
Gross Annual Revenue Requirement (ARR)	1548.39	1045.57
Less: Non-Tariff Income and Other income	132.20	71.60
Less: R.E. Subsidy	21	-
Less: Sale of Surplus Power	562.28	325.33
Net ARR for FY 2020-21	832.91	648.64
Add: Revenue Gap for FY 2015-16		15.00
Add: Revenue Gap for FY 2016-17		173.44
Less: Revenue Surplus for FY 2014-15		(12.96)
Net ARR after Adjustments		824.12

Commission approves ARR for FY 2020-21 at Rs.824.12 Crore for Approved Energy Sales of 1062.34 MU.

5.21 Revenue From Existing Tariffs.**Table 5.43: Revenue from Existing Tariffs for FY 2020-21**

Sl. No	Category	No. of Consumers	Connected Load(MVA)	Energy (MU)	Total Revenue (Rs. Cr.)	Avg. Rate (Rs. Unit)
	LT Category					
1	Kutir jyoti	86779	57.84	34.03	12.75	3.74
2	Domestic	423589	457.62	436.62	247.41	5.67
3	Commercial	28170	85.7	67.4	58.20	8.64
4	Industrial LT	839	12.38	5.06	4.51	8.91
5	Public Lighting	57	0.39	1.02	0.71	6.95
6	Water supply	369	7.88	14.04	10.34	7.37
7	General Purpose	2481	15.38	29.71	22.33	7.51
8	Agriculture	23	0.28	0.1	0.06	6.02
9	Crematorium	1	0.14	0.22	0.10	4.45
	HT Category					
10	Domestic (HT)	87	21.15	20.68	17.90	8.65
11	Commercial (HT)	250	33.62	31.60	28.92	9.15
12	Industrial (HT)	126	86.20	89.30	79.63	8.92
	Ferro Alloys	3	9.93	52.35	25.73	4.92
13	Public water supply	32	7.8	24.07	17.52	7.28
14	General Purpose / Bulk Supply	169	44.88	82.5	61.92	7.51
	EHT Category					
15	Industrial EHT	2	32.25	49.72	38.57	7.76
	Ferro Alloys	4	36.45	123.92	62.78	5.07
16	Assam					
	Total	542981	909.89	1062.34	689.37	6.49

5.22 Revenue at Existing Tariffs and Revenue Gap for FY 2020-21.

Commission considering the connected load as approved in the business plan for the FY 2020-21 has computed the Revenue at existing Tariff's for Rs.689.37Crore for 1062.34MU energy sales, and arrived at Revenue Gap/Surplus for FY 2020-21as depicted in the table below.

Table 5.44: Revenue gap/surplus with Existing Tariffs for FY 2020-21

(Rs. Cr)		
Sl. No	Particulars	ARR Revenue required
1	Net Annual Revenue Requirement for FY 2020-21	824.12
2	Less : Revenue at existing Tariffs	689.37
3	Revenue Gap for FY 2020-21	134.75

5.23 Determination of Retail supply Tariff Rates for FY 2020-21

Petitioner's Submission

Licensee has submitted that existing Tariff rates need to be enhanced by more than 195% in order to meet the projected revenue gap of Rs.1291.63 Crores.

MePDCL has submitted that a 45% of tariff hike may be considered to avoid Tariff shock to consumers and remaining amount may be treated as Regulatory asset to be liquidated over the future years.

Table 5.45: Revenue gap with 45% Tariff hike is estimated as projected

(Rs.Cr)

Sl. No	Category	Existing Tariff		Proposed Tariff	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
		Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
	Low Tension	Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
1	Kutir Jyoti				
	Unmetered (Per Connection)	170.00	-	245	
	Metered	-	3.65		5.30
2	Domestic	-	-		
	First 100Units	50	3.7	75	5.35
	Next 100Units	50.00	4.2	75	6.10
	Above 200Units	50.00	5.7	75	8.25
3	Commercial				
	First 100Units	110	6.1	160	8.85
	Above 100Units	110	7.3	160	10.60
				Rs./kVA/month	Rs./kVAh
4	LT Industrial	110	6	130	7.85
				Rs./KW/Month	Rs./kWh
5	Public Lighting(Metered)	110.00	6.5	110	6.50
6	LED fittings and Lamps	50.00	4.25	75	6.15
7	Public Water Supply	110.00	6.7	160	9.70
8	General Purpose	110.00	6.90	160	10.00
9	Agriculture	100.00	3	145	4.35
10	Crematorium	6500.00	4.1	9425	5.95
11	Electric Vehicle Charging Station			130	8.75
	High Tension	Rs./kVA/month	Rs/kWh	Rs./kVA/month	Rs./kVAh
12	Domestic	200.00	6.2	290	8.10
			Rs./kVAh		
13	General Purpose/Bulk Supply	200.00	6.2	290	9.00
14	Commercial	200	6.6	290	9.55
15	Industrial	200	6.6	290	9.55
16	Ferro Alloy	200	4.46	290	6.45
17	Public Water Supply	200	6.5	290	9.40
18	Electric Vehicle Charging Station			245	8.05
	Extra High Tension	Rs./kVA/month	Rs./kVAh	Rs./kVA/month	Rs./kVAh
19	Industrial	200	6.2	290	9.00
20	Ferro Alloy	200	4.36	290	6.30

Commission's Analysis

The Tariff Principles and National Tariff Policy specify that increase/decrease (+/-) 20% in the Tariff rates shall be considered.

Commission considers increase in fixed charges which provides a sum of Rs.14.39 Crore for FY 2020-21.

Based on the approved Net ARR for FY 2020-21 at Rs 824.12 Crore after adjusting the non-Tariff income and revenue from sale of surplus energy, the Revenue gap/surplus of previous years, the Revenue Gap is computed in the table 5.46 below:

Table 5.46: Revenue gap Considered for FY 2020-21

		(Rs. Cr)
Particulars		Amount
Net ARR for FY 2020-21		824.12
Less: Expected Revenue at existing Tariffs from 1062.34 MU Energy sales		703.76
Revenue Gap for FY 2020-21		120.36

The Licensee shall improve the overall efficiency in the operations and shall meet the Revenue Gap.

The Licensee shall improve the performance in the areas of energy sales of subsidizing category of consumers, efficiency in the billing rate, 100% metering of consumer connections in order to make good the approved revenue realisation.

The licensee shall exercise efficient management for procurement of power in merit order priority and ensure surrender of high cost power available from CGS and NEEPCO power plants wherever possible.

5.24 Time of Day Tariff

Petitioner's submission

The licensee has proposed time of day Tariff for the HT industrial & EHT Industrial consumers initially. The licensee has studied the requirement of Time of Day Tariff and the ToD Tariff prevalent in other states.

Table 5.47: Proposed Time of Day Tariff for FY 2020-21

Time Slot	Existing Energy Charges (Rs./kVah)		Existing Energy Charges (Rs./kVah)	
	HT Industrial	EHT Industrial	HT Industrial	EHT Industrial
0600 hrs to 1700 hrs (normal)	6.60	6.20	9.55	9.00

1700-2300 hrs (peak)	7.50	7.50	10.90	10.90
2300-0600 hrs (night off-peak)	5.00	5.00	7.25	7.25

It may be observed from the above graph that there is a distinct peak duration from 1700 hours to 2300 hours followed by an off-peak duration from 2300 hours to 0600 hours. In order to meet the peak demand, MePDCL has to resort to short term power purchase resulting in higher costs whereas during off-peak hours, MePDCL has to sell power outside the state. As such, in order to optimise the power purchase cost, the load curve needs to be flattened and peak load needs to be shifted to off-peak hours. As such, the TOD time has been proposed to incentivize consumers to shift the load from peak to off-peak hours. It has also been observed that the TOD time slabs and the incremental rates are similar across various states like Assam, West Bengal etc. Since the consumer mix, power purchase mix, time zone and tariff rates in Meghalaya are similar to that of Assam, the following Time of Day (TOD) tariff is proposed in addition to the base tariff applicable for HT and EHT Industrial consumers.

Table 5.48: Peak and Off Peak Energy Charges for Time of day Tariff Proposed

Time Slot	Energy Charges (Rs./kWh)
0600-1700 hrs (normal)	0.00
1700-2300 hrs (peak)	(+) 1.50
2300-0600 hrs (night off-peak)	(-) 0.50

The licensee requests the Commission to accept the above Time of Day proposal to ensure economical utilization of electricity

Commission's Analysis

Licensee has submitted the peak demand between 1700 hours to 2300 hours and off-peak demand from 2300 to 0600 hrs.

Accordingly commission approves the ToD tariff as shown in the table below

ToD Tariff accordingly approved as shown in the table below:

Time of Day	Peak/off-peak	Energy Charges (Rs./kVAh)
0600-1700 hrs	Normal	As applicable
1700-2300 hrs	Peak	(+) 20% of the normal tariff
2300-0600 hrs	Off-Peak	(-) 15% of the normal tariff

The Licensee shall ensure suitable metering system in place in order to record the peak and off peak demand and issue of proper billing.

5.25 kVAh Tariff for LT Industrial Consumers, HT Domestic and Bulk Supply

Petitioner's Submission

- a) At present, kVAh tariff is applicable for HT/EHT Industrial consumers, HT Commercial, HT Bulk Supply and HT Public Water Supply consumers. In order to improve the power factor, MePDCL is proposing to extend the kVAh tariff for LT Industrial Consumers as well as HT Domestic category. This would enable MePDCL to regulate the overall system power factor to desired levels.
- b) **Temporary Supply:** MeECL has proposed to continue their existing arrangement where the fixed and energy charges shall continue to be double of the normal applicable rates for all categories
- c) **Unmetered Public Lighting:** The licensee is requesting for an extension till 31/03/2021 for replacement of existing fittings with LEDs. The licensee also requests the Commission to allow it to bill the existing fixtures at the prevailing rates of the old lamps until the works of replacement of the same with LEDs is completed.

Commission's Analysis:

Commission had directed the licensee to furnish detail list of consumers with contracted load to the commission for the examination of proposed KVAh billing together with the financial implication to the licensee and also to each category of consumer. But the licensee failed to submit the above information along with tariff petition for FY 2020-21. The Licensee is directed to submit the action plan to implement KVAh billing by issuing notices to the consumers and ensure fixing of Tri vector meters in order to retrieve the meter reading data and issue of KVAh energy billing. The existing billing system may be continued till the above data is made available to commission.

b) Temporary Supply: Licensee shall continue with the present billing arrangement as suggested during the FY 2020-21.

c) Unmetered Public Lighting: Licensee shall ensure 100% replacement of existing street light fixtures with LED Fittings by 31.03.2021. The Licensee shall track the Revenue generated by issue of the bills at existing tariffs, and Revenue so realised shall be reported in the SOA specifically.

5.26 Tariff for Ferro Alloys Consumers

Petitioner's Submission

The Commission in its order dated 10 September 2018 had approved a separate tariff category for Ferro Alloy (HT and EHT Consumers) with the amended tariff as follows:

Table 5.49: Ferro Alloy Approved Tariff

Particulars	Fixed Charges (Rs./Conn/kVA)	Energy Charges (Rs./kVah)
Ferro Alloy HT	200	4.46
Ferro Alloy EHT	200	4.36

The Licensee raised concerns in subsequent correspondences with the Commission on the impact of such revision of tariff leading to reduction of revenue and the increasing gap in revenue and cost. However, the Commission had stated the following in the same order:

“The HTSS (Ferro alloy) consumers will make all efforts to ensure a load factor of at least 85%. Failure to do so may make it necessary for the Commission to specify a higher tariff for such defaulters when the next or subsequent Tariff order is passed”

Based on the commercial data, the Licensee has found out that many of the consumers have a load factor of less than 80% in the last 12 months (Oct 18 – Sept 19). The average load factor in the last 4 months is also less than 70% for the last 4 months (June 19 – Sept 19). The lower than expected load factor maintained by these industries is causing huge revenue shortfall to the already ailing Licensee leading to widening of ARR gap to higher levels.

To overcome the revenue shortfall and on the basis that the load factor of many of these industries is less than the optimal 85% level, the Licensee is proposing the concept of deemed consumption for Ferro Alloy Industries in HT and EHT

categories. If the annual load factor is less than 85% for Ferro alloy consumers in FY 2020-21, the deemed consumption charges amounting to the shortfall would be paid to the DISCOM by the Ferro Alloy Consumers in 3 installments in the 1st Quarter of FY 2021-22. This is in line with the approach followed by APERC in order on Ferro alloy tariff dated 30 Oct 2002. This suggestion by the licensee will mitigate the risk of revenue shortfall which in turn creates burden on general public and the Discom in case of lower consumption by the Ferro Alloy Industries. **Also, this suggestion will not be applicable for Ferro alloy industries which have an annual load factor of 85% or more.**

Commission's Analysis

The Proposal of the licensee for issue of 85% **Deemed consumption** bills in respect of **Ferro alloys HT/EHT industries** wherever consumption falls short of 85% Load factor is found to be not in line with the Commission's order. However the licensee may ensure and encourage the Ferro Alloys Consumers to achieve 85% load factor annually in a Tariff year by providing uninterrupted power and clear the apprehensions of the Ferro Alloys industries as suggested in the public hearing process.

The proposal of the licensee for recovery of the shortfall amount in 3 instalments in the 1st Quarter of FY 2021-22 is not considered, since Cash flow of the licensee would be affected.

Alternatively the licensee may suggest collection of short fall of 85% Load factor Revenue with interest at the rate of SBI AR by obtaining consent of the Ferro Alloys industries.

5.27 Tariff Proposal for Electric Vehicle Charging Stations

Petitioner's Submission

The Licensee has proposed the following tariff for Commercial LT and HT consumers for FY 2020-21 (Refer to table 13 above)

Table 5.50: Proposed Tariff for Commercial Category for FY 2020-21 in Revision of Tariff**Petition**

Particulars	Fixed Charges	Energy Charges
	Rs. /KW/Month	Rs. /kWh
Commercial LT Category		
First 100Units	160	8.85
Above 100Units	160	10.60
	Rs. /kVA/month	Rs. /kVAh
Commercial HT Category	290	9.55

The Average Cost of Supply for the discom and average tariff of different category of consumers based on the expected revenue in FY 2020-21 and load and unit consumption projection (from table 22 in section 3.6) is given below:

Table 5.51: Average Tariff and Average Cost of Supply FY 2020-21 based on Expected Revenue from Tariff and Projected load and Consumption

Particulars	Projected Revenue in FY 2020-21	Units Consumption Approved for FY 2020-21	Average Tariff
	Rs Cr	MUs	Rs/Unit
Average (for all consumer Categories)	956.99	1062.34	9.01
Commercial LT	84.53	67.40	12.54
Commercial HT	38.86	31.60	12.30

Based on the average cost of supply and average tariff for Commercial LT and HT categories, the tariff of Commercial LT & HT categories has to be reduced by 18% and 16% respectively to arrive at tariff which is capped at 1.15 times the average cost of supply. The details of the same are shown in table below:

Table 5.52: Reduction % in Average Tariff for Commercial Category to arrive at 1.15 times Average Cost of Supply

Category	Average tariff (1)	Average Cost of Supply (2)	1.15 times Average Cost of Supply (3)	% Reduction in (1) to arrive at (3)
Commercial LT	12.54	9.01	10.36	17.4%
Commercial HT	12.30	9.01	10.36	15.7%

Based on above calculations for % reduction in tariff to arrive at the required tariff which is 1.15 times the average cost of supply, the proposed tariff for Electric Vehicle Charging stations for FY 2020-21 is calculated in the table below:

Table 5.53: Proposed Tariff for LT and HT Category for Electric Vehicle Charging Stations

	Tariff for Commercial Category		% Reduction required	Tariff for Electric Vehicle Charging Stations	
	Fixed Charges	Energy Charges		Fixed Charges	Energy Charges
	Rs./KW/Month	(Rs/KWh)		Rs./KW/Month	(Rs/KWh)
LT	160	10.60	17.4%	130	8.75
	Rs./kVA/month	(Rs/KWh)		Rs./kVA/month	(Rs/KWh)
HT	290	9.55	15.7%	245	8.05

*For simplicity the Licensee has initially proposed one category for energy charges in the LT category

Consumers are allowed to charge their own Electric Vehicle at their premises with the Tariff applicable to such premises falling under the respective consumer category

Commission's Analysis

Licensee shall follow the guidelines and standards issued by the Govt. of India, Ministry of Power vide no. 12/2/2018-EV New Delhi the 14th December 2018. Licensee has not submitted the network details, Rated voltage, categorisation etc, and number of connections under each category with connected load is not made available.

The Commission is of the view that the concept of electric vehicle charging stations is at very nascent stage, without any concrete developments and hence, the Commission does not find it prudent to decide on the categorisation of the same at this stage.

However commission shall consider the tariff suggested by the licensee provisionally for implementation in letter and spirit.

Licensee has proposed fixed charges at Rs.160/KVA/month for LT commercial connections and Rs.290/KVA/month for HT Commercial connections.

The guidelines of Govt. of India does not provide for levy of fixed charges.

The average realisation (ABR) in respect of LT Commercial category is arrived at Rs.8.77/ Kwh at the existing Tariff rates. The prospective electric vehicle charging

consumers under LT Commercial category shall be billed at Rs.10.09/kwh (being the 15% of above the ABR) over the average realisation. The Fixed charges prevailing in respect of existing consumers shall be made applicable as proposed.

Similarly commercial HT consumers shall be billed at 10.97/Kwh (being the 15% of above the ABR) and fixed charges as applicable for existing consumers.

Table 5.54: Tariff for LT and HT Category for Electric Vehicle Charging Stations

	Tariff for Commercial Category Proposed		Tariff for Electric Vehicle Charging Stations Existing Commercial Category	
	Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
	Rs./KW/Month	(Rs/KWh)	Rs./KW/Month	(Rs/KWh)
LT	160	10.60	120	10.09
	Rs./kVA/month	(Rs/KWh)	Rs./kVA/month	(Rs/KWh)
HT	290	9.55	230	10.97

The Licensee shall file status report by 30.06.2020.

6. Tariff Principles and Design & Approval of Tariffs

6.1 Background

The Commission while determining the Revenue Requirement and retail tariff for MePDCL for FY 2020-21, has been guided by the provisions of the Electricity Act, 2003, Revised National Tariff Policy, Regulations on Terms and Conditions of Tariff issued by Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by MSERC. The Act mandates that the tariff determination shall be guided by the factors which encourage competition, efficiency, economical use of resources, good performance and optimum investment. The National Tariff Policy (NTP) notified by Govt. of India provides comprehensive guidelines for determination of tariff and also in working out the revenue requirement of power utilities. The Commission has endeavoured to follow these guidelines as far as possible. The mandate of NTP is that tariff should be within $\pm 20\%$ of the average cost of supply for the year. It is not possible for the Commission to lay down the road map for reduction of cross subsidy, mainly because of lack of data regarding Cost of Supply (CoS) at various voltage levels. In view of the prevailing situation, the Commission has gone on the basis of average cost of supply for working out consumer category wise cost of supply. The Commission has always stressed to the licensee that better performance in reduction in loss levels would result in substantial reduction in average cost of supply, and would be of benefit to the consumer.

6.2 Tariff proposed by MePDCL and approved by the Commission

Petitioner's Submission

MePDCL in its tariff petition for FY 2020-21 has proposed increase of 45% over existing tariff for various categories of consumers to earn additional revenue to meet the gap to some extent. The balance gap has been proposed to be kept as Regulatory asset which is to be liquidated in the future years. The category wise Tariffs proposed by MePDCL are shown in the Table 6.1:

Table 6.1: Category wise Tariffs existing and proposed for FY 2020-21

Sl. No	Category	Existing Tariff		Proposed Tariff	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
		Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
	Low Tension	Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
1	Kutir Jyoti				
	Unmetered (Per Connection)	170.00	-	245	
	Metered	-	3.65		5.30
2	Domestic	-	-		
	First 100Units	50	3.7	75	5.35
	Next 100Units	50.00	4.2	75	6.10
	Above 200Units	50.00	5.7	75	8.25
3	Commercial				
	First 100Units	110	6.1	160	8.85
	Above 100Units	110	7.3	160	10.60
				Rs./kVA/month	Rs./kVAh
4	LT Industrial	110	6	130	7.85
				Rs./KW/Month	Rs./kWh
5	Public Lighting(Metered)	110.00	6.5	110	6.50
6	LED fittings and Lamps	-	-	-	-
7	Public Water Supply	110.00	6.7	160	9.70
8	General Purpose	110.00	6.90	160	10.00
9	Agriculture	100.00	3	145	4.35
10	Crematorium	6500.00	4.1	9425	5.95
11	Electric Vehicle Charging Station			130	8.75
	High Tension	Rs./kVA/month	Rs/KWh	Rs./kVA/month	Rs./kVAh
12	Domestic	200.00	6.2	290	8.10
			Rs./kVAh		
13	General Purpose/Bulk Supply	200.00	6.2	290	9.00
14	Commercial	200	6.6	290	9.55
15	Industrial	200	6.6	290	9.55
16	Ferro Alloy	200	4.46	290	6.45
17	Public Water Supply	200	6.5	290	9.40
18	Electric Vehicle Charging Station			245	8.05
	Extra High Tension	Rs./kVA/month	Rs./kVAh	Rs./kVA/month	Rs./kVAh
19	Industrial	200	6.2	290	9.00
20	Ferro Alloy	200	4.36	290	6.30

Commission's Analysis

The Commission does not agree with the proposal of the Licensee to increase 45% Tariff over the existing Tariff.

Commission had in the tariff order FY 2016-17 issued directive no.14 that all the Street light fittings and fixtures shall be replaced with LED fittings and lamps.

MePDCL was directed to implement energy conservation as part of DSM in

consultation with M/s EESL who were engaged for the purpose. Commission considers that proposed tariff schedule for incandescent lamps, fluorescent lamps, Mercury vapour lamps, Sodium vapour lamps, metal halide & CFL fittings cannot be entertained and that all these categories shall be replaced immediately with LED fittings. Accordingly Tariff schedule for public lighting has been limited to LED fittings. However MePDCL shall bill the existing fixtures at the prevailing rates till 100% fittings and fixtures are replaced with LED fittings. The approved Tariffs for supply of energy in respect of different categories of consumers for FY 2020-21 are given in the Table 6.2:

Table 6.2 : Category wise tariff approved for FY 2020-21

Sl. No.	Category	Approved	
		Fixed Charges (Rs./Conn/kw)	Energy Charges (Rs./kWh)
	Low Tension		
1	Kutir-Jyoti		
	Metered	-	3.65
2	Domestic	-	-
	First 100 Units	60	3.70
	Next 100 Units	60	4.20
	Above 200 Units	60	5.70
3	Commercial		
	First 100 Units	120	6.10
	Above 100 Units	120	7.30
4	LT Industrial	120	6.00
5	Public Lighting (Metered)	120	6.50
6	LED fittings and Lamps	-	-
7	Public Water Supply	120	6.70
8	General Purpose	120	6.90
9	Agriculture	100	3.00
10	Crematorium	7000	4.10
11	Electric Vehicle Charging Stations	120	10.09
	High Tension	Rs./kVA/month	Rs./kVAh
12	Domestic	230	6.20
13	General Purpose/Bulk Supply	230	6.20
		Rs./kVA/month	Rs./kVAh
14	Commercial	230	6.60
15	Industrial	230	6.60
16	Ferro Alloys	200	4.46
17	Public Water Supply	230	6.50
18	Electric Vehicle Charging Stations	230	10.97
	Extra High Tension	Rs./kVA/month	Rs./kVAh
19	Industrial	230	6.20
20	Ferro Alloys	200	4.36

6.3 Cross Subsidy

Section 62 (3) of EA Act 2003 read with section 29 of Electricity Regulatory Commissions Act 1998 deal with determination of Tariff by state commission are reproduced here under:

“29. Determination of Tariff by state commission

- 1) *Notwithstanding anything contained in any other law, the tariff for intra-state transmission of electricity and the tariff for supply of electricity, grid, wholesale, bulk or retail, as the case may be, in a State (herein after referred to as the “tariff”) shall be subject to the provisions of this Act and the tariff shall be determined by the state Commission of that State on accordance with the provisions of this Act:*

PROVIDED that in States or Union territories where Joint Electricity Regulatory Commission has been constituted, such Joint Electricity Regulatory Commission shall determine different tariff for each of the participating States or Union territories.

- 2) *The State Commission shall determine by Regulations the terms and conditions for the fixation of tariff, and in doing so, shall be guided by the following, namely:-*
 - a) *The principles and their applications provided in sections 46, 57 and 57A of the Electricity (Supply) Act, 1948 (54 of 1948) and Schedule VI there to;*
 - b) *In the case of the Board or its successor entities, the principles under section 59 of the Electricity (Supply) Act, 1948 (54 of 1948);*
 - c) *That the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency;*
 - d) *The factors which would encourage efficiency, economical use of resources, good performance, optimum investments, and other matters which the State Commission considers appropriate for the purpose of this Act;*
 - e) *The interests of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner based on the average cost of supply of energy;*

- f) The electricity generation, transmission, distribution and supply are conducted on commercial principles;*
- g) National power plans formulated by the Central Government.*
- 3) The State Commission, while determining the tariff under this Act, shall not show undue preference to any consumer of electricity, but may differentiate according to the consumer's load factor, power factor, total consumption of energy during any specified period or the time at which the supply is required or the geographical position of area, the nature of supply and the purpose for which the supply is required.*
- 4) The holder of each licence and other persons including the Board or its successor body authorised to transmit, sell, distribute or supply electricity whole-sale, bulk or retail, in the state shall observe the methodologies and producers specified by the State Commission from time to time in **calculating the expected revenue** from charges which he is permitted to recover and in determining tariffs to collect those revenues."*

7. Wheeling Charges and cross subsidy surcharges

7.1 Wheeling Charges

Petitioner's Submission

The Wheeling Charges applicable for Distribution Open Access consumers at 33 kV voltage level for FY 2020-21 has been determined as per the Clause 23 MSERC (Terms and Conditions of Open Access) Regulations, 2012 which is stated below:

“Wheeling charges payable to distribution licensee, by an open access customer for usage of its system and associated facilities shall be as determined as under:

$$\text{Wheeling Charges} = (\text{ARR} - \text{PPC} - \text{TC}) / (\text{ALSD} \times 365) \text{ (in Rs. /MW-Day)}$$

Where,

ARR= Annual Revenue Requirement of the distribution licensee in the concerned year

PPC= Total Power Purchase Cost of distribution licensee in the concerned year

TC = Total transmission charges paid by distribution licensee for State and associated facilities and Inter-State transmission system for the concerned year

ALSD= Total average load projected to be served by the concerned distribution system in the concerned year

Provided that Wheeling charges shall be payable on the basis of contracted Capacity/Scheduled Load or actual power flow whichever is higher.”

Wheeling Charges has been determined from the ARR FY 2020-21 of the Distribution Wires Business, as determined in the below table:

Table 7.1: Wheeling Charges for FY 2020-21 Projected

Particulars		Amount
Net ARR of Distribution Business (In INR Cr) Excluding Non Tariff Income (Net ARR – Regulatory Asset + Revenue from Sale of Surplus Power + RE Subsidy)	A	1,540.27
Power Purchase Cost(In INR Cr)	B	981.25
Inter and Intra State Transmission Charges(In INR Cr)	C	349.04
Net ARR of Wire Business (In INR Cr)	D=A-B-C	209.98
Estimated Load for FY 2020-21 (MW)	E	212.00
Wheeling Charges (Rs/MW-Day)	F=D/(E*365)	27,136.53
Total Sale within State for FY 2020-21 (MUs)	G	1,062.34
Wheeling Charges (Rs/Unit)	H=D*10/G	1.98

Commission's Analysis

The Commission has noted the submission of the Petitioner and taken a view in this Order. The Commission has fixed the ARR of MePDCL for FY 2020-21 as per the Regulations and taken as the basis for determining the wheeling charges in accordance with MSERC (Terms and conditions of open Access) Regulations, 2012.

Table 7.2 : Approved Wheeling charges for FY 2020-21

Particulars	(Rs. Crore)
ARR of MePDCL for FY 2020-21 excluding Non- Tariff income (1045.57-71.60)	973.97
Less: Power Purchase cost of MePDCL	736.96
Less: Transmission Charges of MePTCL & PGCIL	111.43
ARR – PPC - Transmission Charges	125.58
Energy Sales (MU)	1062.34
Wheeling Charges (125.58/ 1062.34)	1.18 Ps/KWh

Wheeling charges per unit rate works out to Rs.1.18Ps/kWh.

Commission directs the licensee to recover the wheeling charges as per Regulations payable from open access consumers on the basis of contracted capacity/ scheduled load or actual power flow whichever is higher.

7.2 Cross Subsidy Surcharge

Petitioner's Submission

MePDCL is also requesting a 45% increase in the Cross Subsidy Surcharge. Because of the truing up adjustments and increase in the subsequent net ARR for FY 2020-21 of MePDCL, it will result in increase of average cost of supply wrt previous year.

Hence, cross subsidy charges are proposed to increase by 45% in FY 2020-21 as shown below. The levy of cross subsidy surcharge shall be as per MSERC Open Access Regulations 2012 and its subsequent amendments.

The licensee is proposing Cross Subsidy Surcharge for Industrial HT & Industrial EHT Consumers based on Clause 103 of MSERC (Multi Year Tariff) Regulations, 2014 which is given below:

"103 Cross-Subsidy

103.1 “Cross-subsidy for a consumer category” in the first phase (as defined below) means the difference between the average tariff from that category and the combined average cost of supply per unit. In the second phase (as defined below) means the difference between the average tariff from that category and the combined per unit cost of supply for that category.”

Table 7.3: Cross-Subsidy Surcharge for HT Industrial and EHT Industrial category Projected

Sr. No.	Particulars	Existing (INR/kWh)	Proposed (INR/kWh)
1	Cross Subsidy Surcharge for HT consumers	1.3	1.89
2	Cross Subsidy Surcharge for EHT consumers	1.2	1.74

Commission’s Analysis

The above submission by the licensee is not in conformity with the formula prescribed in the National Tariff Policy 2016, which had also been applied by this Commission in the Tariff Order for FY 2017-18. In this matter, the Commission is also constrained to note that its directions in the Tariff Order for FY 2017-18 that the calculation of Cross Subsidy at each voltage level should be filed to the Commission within 6 month time, i.e. the 30.09.2017 had not been complied with fully. It was considered necessary as it would enable the Commission to analyse the data and work out the Cost of Supply at each voltage level, and to review the Cross-Subsidy Surcharge if necessary.

The Commission therefore is of the view that in order to balance the interest of general consumers, Open Access consumers and licensee, the Cross Subsidy Surcharge shall be computed as per the National Tariff Policy 2016. The Commission will review the matter after receipt of the information/data called for from the licensee. The following rates shall accordingly be recovered from the Open Access consumers along with other charges from 1st April 2020 under the terms and conditions as per Regulations.

As Per the National Tariff Policy 2016 the Cross Subsidy Surcharge Shall be computed as per the formula notified by the Ministry of power, Govt. of India.

Surcharge Formula:

$$S = T - [C / (1 - L/100) + D + R]$$

Where

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase

Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying Regulatory assets if any.

Table 7.4 : Weighted Average Power Purchase Cost

Sl.No	Particulars	(Rs. in Crores)
1	Total Power Purchase Cost	736.96
2	PGCIL Cost	58.98
3	Total (1+2)	795.94
4	Power Purchase (MU)	2573.82(MU)
5	Avg. Power Purchase cost (3/4)	Rs.3.09/ Kwh

Formula:

$$S = T - \left[\frac{C}{\left(1 - \frac{L}{100}\right)} + D + R \right]$$

Table 7.5 : Computation of Cross Subsidy Surcharge for FY 2020-21

V= Voltage Level	T= Tariff (Rs./Kwh)	C= Average Cost of Power Incl. PGCIL Cost	L= Losses (%)	D= Wheeling Charges	R= Regulatory Assets	S= Surcharge	Limited to 20% of Tariff(Rs./Kwh)
	1	2	3	4	5	6	7
EHT Level	7.99*	3.09	4%	1.18	0	3.59	1.60
HT Level	9.26*	3.09	6%	1.18	0	4.79	1.85

Above formula may not work for all distribution licensees, particularly for those having power deficit, the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee, Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

Provided further that the Appropriate Commission, in consultation with the Appropriate Government, shall exempt levy of cross subsidy charge on the Railways, as defined in Indian Railways Act, 1989 being a deemed licensee, on electricity purchased for its own consumption.

Directives

8.1 Filing of Tariff Petition for FY 2020-21

There has been a gap in the incumbency of the competent Commission.

The Petition filed by the Licensee for approval of the ARR and Tariff order for FY 2019-20 was not registered. The Licensee had to implement the tariff orders passed on 31.03.2018, till 31.03.2020. The Licensee shall render the Regulatory accounts for FY 2019-20 duly audited by C&AG for true up of business.

8.2 Compliance of Directives

- 1) The ARR for MYT period FY 2018-19 to FY 2020-21 was approved based on the projected business plan. The Licensee has not been presenting the audited accounts to the Commission as stipulated in the Regulations. The Commission is constrained to adopt the MYT ARR provisions for want of the audited financial statements up to FY 2018-19.

- 2) **Computerized billing**

It is submitted that the consumers in Shillong, Jowai, Nongpoh, Sohra, Mairang and Nongstoin can deposit at any collection centre where SAP billing system is being implemented. Also with the opening of the collection centres through CSC-SPV the consumers can make payment from any of these counters throughout the State.

Commission directs that Licensee shall further strengthen the facility and implement 100% computerised billing to avoid manual interference.

Commission's Review:

Licensee has not filed any progress report. Commission observed that the licensee has not been able to ensure 100% billing as per the Tariff rates. This has been pointed out in the true up orders for FY 2015-16 & FY 2016-17. The Licensee shall expedite action taken report by 30.06.2020.

3) Energy audit

As per the MOU entered for implementation of UDAY scheme, energy audit upto 11Kv level has been made mandatory; licensee shall ensure energy audit as contemplated in the MOU and report progress of loss levels to the Commission every month.

Commission's Review:

Licensee has not complied with the directive.

4) Submission of audited accounts

Commission directs the Licensee to expedite the process of obtaining the C&AG report on the statement of accounts and submit the same along with true up petition for previous years.

Commission's Review:

Licensee has not filed true up petitions for FY 2017-18 and FY 2018-19 along with C&AG report as per the Regulations.

5) Energy conservation and DSM

MeECL submitted that in fact the Government has observed that CFL is to be phased out and consumers are encouraged to use LED bulbs for lighting purpose. It may be mentioned that the M/s Energy Efficiency Services Limited is being engaged as consultant to assist MePDCL to implement energy conservation and DMS. The Licensee shall advise the local Government to avoid use of fluorescent, Mercury, sodium vapour, CFL fittings, incandescent lamps by replacing existing street lights with LED lamps and fittings in order to ensure implementation of energy conservation and DSM. Commission had not considered the tariffs for public lighting with CFL fittings in the Tariff Order for FY 2018-19, proposals for Tariff rates for CFL fittings in the petition for FY 2020-21 is not considered.

Commission directs the licensee to advise EESL to strengthen their publicity efforts in local media to increase the number of outlets/ agencies for sale of

LED lamps and fittings to the consumers in general and authorities of public lighting.

6) Man power utilization study

Licensee submitted that the Manpower mapping is being done by Corporate Affairs wing of the MeECL.

Commission directs the Licensee to expedite submission of report for optimum utilisation of manpower, which would not affect efficiency while at the same time reducing costs. Report to be made available to the Commission by 30/06/2020.

Commission's Review:

Licensee shall submit the status report.

7) Energy Accounting Under UI/Swapping

The Commission directs the Licensee that payables/receivables towards UI/Swapping are properly scrutinized so that any excess allowed in the power purchase cost, due to difference in scheduling and actual drawl, by the open access consumer is not collected twice.

Commission's Review:

Licensee shall submit findings of the scrutiny along with true up petitions.

8) Restructuring of MeSEB/Functioning of the Trust

The Commission directs the Licensee to place the details of transaction of pension, terminal liabilities and status of the functioning of Trust made for disbursement of the retired employees in its next ARR so as to make necessary adjustments, if any, in accordance with the Regulations.

Commission's Review:

Licensee has not complied with the Directive; the status report shall be filed before 30.06.2020.

9) Independent Audit of Power Purchase Cost

The Commission directs the Licensee that there should be an independent audit of power purchases from FY 2011-12 to FY 2014-15 where in the study should be made on current bill for each year, the delayed payment surcharge, and supplementary bills because of revision of tariffs separately. These

reports should be submitted to the Commission along with C&AG audit report in the next true up petitions.

Commission's review:

Licensee has not complied with Directive; the status report shall be filed before 30.06.2020.

10) Technical & Commercial Losses

The Commission directs the Licensee to segregate the Technical & Commercial losses and submit the report to the Commission, in so far as it relates to the revenue yielding areas. This report should be submitted latest by 30.06.2020. The Commission advises the management to go for third party verification in Industrial areas.

11) Reduction in AT&C losses

- a. Reduction in T & D losses
- b. Reduction in commercial losses
- c. Improvement in metering, billing and collection

Status:

MePDCL had entered into Tripartite MOU for implementation of UDAY Scheme (UJWAL Discom Assurance Yojana) on 09.03.2017.

The following are the activities targeted to be implemented.

- a) Among other performance parameters the licensee shall reduce the T&D losses to 12% for FY 2020-21 and AT&C losses to be brought down to 15%.
- b) Metering of DTRs, energy audit upto 11Kv level, GIS mapping and consumer indexing for towns not covered under R-APDRP and smart metering of consumers with above 500 units.
- c) Commission has also approved capital investment to meet the capex for above activities in the business plan for FY 2018-19 to FY 2020-21
- d) MePDCL shall furnish monthly progress report on the above activities to the Commission in order to update the records and ensure cost- to- serve model Tariff.

Commission's Review:

Licensee shall submit status report on the above performance parameters by 30.06.2020.

12) Billing Efficiency

The licensee has furnished average billing rate lower than approved tariffs for the FY 2015-16 & FY 2016-17 vide letter dated 05.01.2018 at Rs.5.18/KWh and Rs.5.58/kWh as against the approved rate of Rs.5.78/KWh and Rs.6.23/KWh respectively. The licensee shall improve billing efficiency in order to achieve the targets set in UDAY Scheme as per MoU in the second control period.

Commission's Review:

The Licensee has not been able to bill the approved tariff rates, thus causing short fall in the Revenue billing, ultimately utility suffer losses substantially, and this has been resulting in non reduction of AT&C losses as well. The Licensee shall ensure to bill the consumers as per the approved Tariffs.

13) Power Purchase:

Licensee has been projecting high volume of power procurement without corresponding increase in the level of energy sales. As a result a huge quantum of energy is being surrendered to UI/exchange, IEX which at times does not even cover cost price. This results in high cost of procurement and ultimately resulted in substantial increase in tariffs. The Licensee shall properly estimate the demand and follow the procedure laid down for sale to the consumers in the licensed area. The Licensee shall invariably obtain prior approval from the Commission where it is proposed to purchase power from sources other than approved vendors bilaterally, as specified in Regulations.

Commission directs the licensee to ensure optimum level of energy procurement in order to reduce the costs& tariffs, since there is a surplus of about 1100 MU available for FY 2020-21.

14) Filing of the True up Petitions

Licensee has not filed True up petitions for FY 2017-18 to FY 2018-19 as per the schedule along with C&AG audit report. The Licensee shall expedite action.

15) T&D Losses

In view of the mandatory achievement of T&D losses prescribed in the UDAY Scheme, the licensee shall ensure reduction in T&D losses, as targeted therein.

16) Metering, Billing and Collection Efficiency:

The Licensee is directed to ensure 100% metering of all consumers. Similarly, all 33kV and 11kV feeders and distribution transformers in towns and urban areas, as this would enable the Licensee to conduct energy audit, and accounting for assessing the exact T&D losses. While no new unmetered connections shall be given henceforth, an action plan may also be formulated to meter all unmetered connections existing at present. Licensee shall send a status report and plan of action by 30.06.2020. The licensee shall also target 100% of billing every month by employing IT tools like hand held spot billing machines.

The Licensee should provide multiple options for bill payment by consumers in order to improve the collection efficiency. It is also to be ensured that disconnection of consumer is enforced for non-payment, as multiple facilities have been provided for the convenience of the consumer. All the consumer service centres at sub-division level should co-relate entire metering, billing and collections, so that errors like wrong billing etc are avoided.

17) Un Billed Consumers

An analysis of data submitted by the licensee gives rise to the suspicion that there are large numbers of metered consumers who have not been billed for years together. The Director Distribution shall constitute a Taskforce consisting of at least three senior officers of the level of Superintendent Engineer and above to confirm that all such consumers who have not been billed at least once in three months are identified, and to suggest systemic

changes to ensure that such anomalies do not arise in future.

This issue has been raised in state advisory committee meeting held on 12.03.2020. Licensee shall expedite action taken on this aspect and report.

18) Free Power (FPHS)

Licensee is directed to avail the provision of free power from NEEPCO where entitled on highest priority and a detailed report submitted to the Commission by 30th June 2018, in order to reduce the power purchase cost.

19) Regulatory Accounts

The Licensee shall maintain and file Regulatory accounts along with Tariff Petition and True up petition based on the Regulatory accounts as mandated in Regulation 4.2 (c) of MYT Regulations 2014.

20) Power Purchases Invoices

Purchase invoices should be matched with the actual energy drawn. MePDCL shall ensure to file the purchase invoices with the energy details in the true-up petition.

21) Electric Vehicle Charging Stations

The Licensee has proposed a Tariff for electric vehicle charging stations vide table no.16 of the petition with fixed charges and energy charges under LT commercial category and HT commercial category without projecting the number of consumers and the connected load of the services. The Commission does not find it prudent to decide on the categorization of the proposed electric charging stations. The Licensee shall submit a status report as soon as the consumers registered their charging stations with the Distribution Company as per the IE rules and safety norms. Commission shall take suitable decision based on the status report.

APPROVED TARIFFS FOR FY 2020-21

A. LOW TENSION Tariff

1. Domestic (Low Tension)

This tariff shall be applicable for domestic consumption, which includes consumption.

- a. In a private dwelling house for lighting, heating, cooling, fans and other household appliances.
- b. In temples, churches, mosques, gurudwaras and other places of religious worship:
- c. In hospitals, dispensaries, health centres, including those run by Central Government or by charitable, religious or social organizations on a no-profit or non-commercial basis.
- d. In schools, colleges, hostels boarding houses for students run by Government or by charitable, religious or social organizations on a no-profit or non-commercial basis: and
- e. In ashrams, dharamshalas, community halls and institutions run by recognized welfare organizations.
- f. MeECL offices and its employee's residences.

1.1 Kutir Jyoti/ BPL

All Kutir Jyoti connections will be metered and there shall be no unmetered connections. KJ consumers consuming within 0-30 units shall be billed at Rs 3.65 per unit for monthly consumption within 30 units..

1.1.2 Metered Kutir Jyoti

The MePDCL has proposed tariff of metered KutirJyoti consumers at Rs. 3.65 per unit for monthly consumption within 0-30 units. They have also proposed that if the monthly consumption in any month exceeds the limits of 30 units then their excess consumption over and above 30 units shall be done on the Tariff as prescribed for normal domestic consumers. The Commission has allowed Rs. 3.65per unit for BPL metered category up to consumption of 30 units. In case, they consumes more than 30 Units then the billing of excess units shall be done on the Tariff prescribed for normal domestic consumers at appropriate slab rates.

Tariff for Kutir Jyoti/BPL (Metered) for FY 2020-21

Category	Existing Tariff (Rs. /kWh)	Proposed Tariff (Rs. /kWh)	Approved Tariff (Rs. /kWh)
KutirJyoti (KJ/BPL)	3.65	5.30	3.65

1.2 Domestic Consumers

The existing tariff is two part Tariff. The fixed charge is levied on the basis of kW load per month and energy charges are applicable in 3 slabs with different rates for each slab. The Commission has not made any changes in the structure and approve the same. The revised rates for each slab and the fixed charges per KW are given below in the Tariff.

Fixed Charges**Fixed charges for Domestic Consumers for FY 2020-21**

Category	Existing Tariff (Rs. /kW/month)	Proposed Tariff (Rs./kW/month)	Approved Tariff (Rs. /kW/month)
Domestic (DLT)	50	75	60

Energy Charges**Energy charges for Domestic Consumers for FY 2020-21**

Category	Slabs	Existing Tariff (Rs./kWh)	Proposed Tariff (Rs./kWh)	Approved Tariff(Rs./kW h)
Domestic (DLT)	First 100 units	3.70	5.35	3.70
	Next 100 units	4.20	6.10	4.20
	Above 200 units	5.70	8.25	5.70

2. Non-Domestic (Low Tension)

The existing Tariff has a structure of 2 part Tariff. The fixed charges are levied on the basis of KW load per month and energy charges are applicable for two slabs with different rates for each slab. The Commission has not made any changes in the structure and approved the same. The approved rate for each slab and the fixed charges per KW are given below in the Tariff.

Fixed Charges**Fixed charges for Non- Domestic consumers for FY 2020-21**

Category	Existing Tariff (Rs. /kW/month)	Proposed Tariff (Rs./kW/month)	Approved Tariff (Rs. /kW/month)
Non- Domestic (CLT)	110	160	120

Energy Charges**Energy charges for Non- Domestic consumers for FY 2020-21**

Category	Slabs	Existing Tariff (Rs./kWh)	Proposed Tariff (Rs./kWh)	Slabs	Approved Tariff (Rs./kWh)
Non Domestic (CLT)	First 100 units	6.10	8.35	First 100 Units	6.10
	Above 100 Units	7.30		Above 100 Units	7.30

3. Low Tension Industrial

This category is applicable for small and medium industrial consumer who is given supply on low tension wires. The Commission has approved the following two parts without changing the structure of the current tariff keeping in view the present cross subsidy adjustment.

Fixed Charges**Fixed charges for Industrial (LT) consumer for FY 2020-21**

Category	Existing Tariff (Rs. /kW/Month)	Proposed Tariff (Rs./kW/Month)	Approved Tariff (Rs. /kW/Month)
Industrial (ILT)	110	130	120

Energy Charges**Energy charges for Industrial (LT) consumer for FY 2020-21**

Category	Existing Tariff (Rs. /kWh)	Proposed Tariff (Rs./kWh)	Approved Tariff (Rs. /kWh)
Industrial (ILT)	6.00	7.85	6.00

4. Public Lighting Low Tension

This category comes under Public Lighting Connection gives supply through LT lines. The public lamps are generally unmetered and their Tariff is based on the fixed charges per KW per month. However, since no connection under the Act can be given without meters, the Licensee is required to install meters on all new connections and shall also progressively place meters on the existing connections. The Commission approves Tariff for metered connections only for the FY 2018-19. All the existing street lights fixtures shall be replaced immediately with LED fixtures and 100% fixtures shall be metered.

5. Public Lighting (Metered)**Fixed Charges****Fixed charges for Public Lighting (Metered) for FY 2020-21**

Category	Existing Tariff (Rs. /kW/Month)	Proposed Tariff (Rs./kW/Month)	Approved Tariff (Rs. /kW/Month)
Public Lighting(Metered)	110	110	120

Energy Charges**Energy charges for Public Lighting (Metered) for FY 2020-21**

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Lighting(PL)	6.50	6.50	6.50

Public Lighting (Unmetered)

All the public lighting fitting and fixtures should be invariably metered and the existing fittings should be phased out immediately with metered LED fittings and fixtures.

6. Public Water Supply /Sewage Treatment Plants

This category is related to Public Water Supply and Sewage Treatment plants and comes under public consumption. The following rates are approved for water supply and sewage treatment plants. These rates are decided keeping their nature of use and cross subsidy level.

Fixed Charges**Fixed charges for Public Water Supply for 2020-21**

Category	Existing Tariff (Rs/kW/ Month)	Proposed Tariff (Rs/kW/ Month)	Approved Tariff (Rs/kW/ Month)
Public Water Supply (WSLT)/Sewage Treatment	110	160	120

Energy Charges**Energy charges for Public Water Supply or FY 2020-21**

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Public Water Supply (WSLT)/ Sewage Treatment Plants	6.70	9.70	6.70

7. General Purpose

This Tariff made for Government connections which are not covered under any other category of Public connections. The approved Tariff for this category is as follows:

Fixed Charges**Fixed charges for General purpose for FY 2020-21**

Category	Existing Tariff (Rs/kW/ Month)	Proposed Tariff (Rs/kW/ Month)	Approved Tariff (Rs/kW/ Month)
General purpose(GP)	110	160	120

Energy Charges**Energy charges for General purpose for FY 2020-21**

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
General Purpose(GP)	6.90	10.00	6.90

8. Agriculture

This category is meant for agriculture where there are only few consumers in the State.

Fixed Charges**Fixed charges for Agriculture for FY 2020-21**

Category	Existing Tariff (Rs/kW/HP/ Month)	Proposed Tariff (Rs/kW/HP/ Month)	Approved Tariff (Rs/kW/HP/Month)
Agriculture(AP)	100	145	110

Energy Charges**Energy charges for Agriculture for FY 2020-21**

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Agriculture(AP)	3.00	4.35	3.00

9. Crematorium

This category is meant for crematorium using electricity for their day to day operation. As per the proposal there is only one consumer in this category. In the last Tariff Order the Commission has considered the nature and purpose of this crematorium which is meant for service to the society and operating on no profit

no loss basis. The commission has held that on the basis of their nature of job their rates are considered equivalent to domestic consumers. The similar treatment has been given this year to this category with fixed charges on per connection basis and energy charges on metered consumption.

Fixed Charges

Fixed charges for Crematorium for FY 2020-21

Category	Existing Tariff (Rs/conn/Month)	Proposed Tariff (Rs/conn/Month)	Approved Tariff (Rs/conn/Month)
Crematorium(CRM)	6500	9425	7000

Energy Charges

Energy charges for Crematorium for FY 2020-21

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Crematorium(CRM)	4.1	5.95	4.10

10. Electric Vehicle Charging Stations

Commission shall notify the tariff rates after receipt of status report from the licensee.

Fixed Charges

Fixed charges for Electric Vehicle Charging Stations for FY 2020-21

Category	Existing Tariff (Rs/conn/Month)	Proposed Tariff (Rs/conn/Month)	Approved Tariff (Rs/conn/Month)
Electric Vehicle Charging stations	-	130	120

Energy Charges

Energy charges for Electric Vehicle Charging Stations for FY 2020-21

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Electric Vehicle Charging stations	-	8.75	10.09

B. High Tension Supply

As per the supply code this category is meant for those consumers who get supply from HT wires. The billing of this type of consumers is being done on the basis of provision of supply code.

11. Domestic High Tension

This tariff is applicable to domestic consumer having supply from HT system of the licensee. Their tariff is approved as follows.

Fixed Charges**Fixed charges for Domestic (HT) for FY 2020-21**

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Domestic HT(DHT)	200	290	230

Energy Charges**Energy charges for Domestic (HT) for FY 2020-21**

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Domestic HT (DHT)	6.20	8.10	6.20

12. Non Domestic High Tension/Commercial High Tension

This tariff is applicable to Commercial consumer having supply from HT system of the licensee. Their tariff is revised keeping in view of their present level of cross subsidy and its suitable correction. The Commission has approved their tariff as follows:-

Fixed Charges**Fixed charges for Non Domestic(HT)FY 2020-21**

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Non Domestic HT(CHT)	200	290	230

Energy Charges**Energy charges for Non Domestic(HT)forFY 2020-21**

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Non Domestic HT(CHT)	6.60	9.55	6.60

13. High Tension Industrial

These are industrial consumers taking supply on HT. These consumers are charged on kWh basis. The tariff was introduced so as to improve the power factor in the system. This Tariff cares for the power factor of the industries and reward those

performs efficiently. However, in case of leading power factor suitable correction should be made.

The Tariff is revised as follows.

Fixed Charges

Fixed charges for Industrial (HT) for FY 2020-21

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial High Tension	200	290	230

Energy Charges

Energy charges for Industrial (HT) for FY 2020-21

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial High Tension	6.60	9.55	6.60

Energy Charges for Time of Day Tariff (ToD) for Industrial (HT)

Time of Day	Peak/off-peak	Energy Charges (Rs./kVAh)
0600-1700 hrs	Normal	As Approved
1700-2300 hrs	Peak	+20% of Normal
2300-0600 hrs	Off-Peak	- 15% of Normal

(b) Ferro Alloy

Fixed Charges

Fixed charges for Ferro Alloys(HT)forFY 2020-21

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial High Tension	200	290	200

Energy Charges

Energy charges for Ferro Alloys(HT) for FY 2020-21

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial High Tension	4.46	6.45	4.46

14. General Purpose Bulk Supply**Fixed Charges**

Fixed charges for General Purpose Bulk(HT) for FY 2020-21

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
General Purpose Bulk Supply(BS)	200	290	230

Energy Charges

Energy charges for General Purpose Bulk (HT) for FY 2020-21

Category	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/KVAh)	Approved Tariff (Rs/kWh)
General Purpose/Bulk Supply	6.20	9.00	6.20

15. Public Water supply/ Sewage Treatment Plant**Fixed Charges**

Fixed charges for Public Water Supply (HT) for FY 2020-21

Category	Existing Tariff (Rs/kVA/Month)	Proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Public Water	200	290	230

Energy Charges

Energy charges for Public Water Supply (HT) for FY 2020-21

Category	Existing Tariff (Rs/kVAh)	Proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Public Water Supply	6.50	9.40	6.50

16. Electric Vehicle Charging Stations (HT)

Commission shall notify the tariff rates after receipt of status report from the licensee.

Fixed Charges

Fixed charges for Electric Vehicle Charging Stations for FY 2020-21

Category	Existing Tariff (Rs/conn/Month)	Proposed Tariff (Rs/conn/Month)	Approved Tariff (Rs/conn/Month)
Electric Vehicle Charging stations	-	245	230

Energy Charges**Energy charges for Electric Vehicle Charging Stations for FY 2020-21**

Category	Existing Tariff (Rs/kWh)	proposed Tariff (Rs/kWh)	Approved Tariff (Rs/kWh)
Electric Vehicle Charging stations	-	8.05	10.97

17. Extra High Tension Industrial**Fixed Charges****Fixed charges for Industrial (EHT) for FY 2020-21**

Category	Existing Tariff (Rs/kVA/Month)	proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	200	290	230

Energy Charges**Energy charges for Industrial (EHT) for FY 2020-21**

Category	Existing Tariff (Rs/kVAh)	proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	6.20	9.00	6.20

18. Extra High Tension Ferro Alloys Industries**Fixed Charges****Fixed charges for Ferro Alloys(EHT)for2020-21**

Category	Existing Tariff (Rs/kVA/Month)	proposed Tariff (Rs/kVA/Month)	Approved Tariff (Rs/kVA/Month)
Industrial (IEHT)	200	290	200

Energy Charges**Energy charges for Ferro Alloys(EHT)for2020-21**

Category	Existing Tariff (Rs/kVAh)	proposed Tariff (Rs/kVAh)	Approved Tariff (Rs/kVAh)
Industrial (IEHT)	4.36	6.30	4.36

19. TIME OF DAY TARIFF**Energy Charges for Time of Day Tariff (ToD) for Industrial (HT/EHT)**

Time of Day	Peak/off-peak	Energy Charges (Rs./kVAh)
0600-1700 hrs	Normal	As Approved
1700-2300 hrs	Peak	+20% of Normal
2300-0600 hrs	Off-Peak	- 15% of Normal

C. Others

20. Temporary Supply

MePDCL has proposed to continue their existing arrangement where the fixed and energy charges shall continue to be double of the normal applicable rates for all categories.

The Commission directs MePDCL to release temporary connections only through pre-paid metering limiting to maximum of 3 (three) months period as per existing terms and conditions of the tariffs.

TARIFF APPROVED FOR FY 2020-21

Sl. No.	Category	Existing		Approved for FY 2020-21	
		Fixed charges (Rs./con/KW)	Energy charges (Rs/kWh)	Fixed charges (Rs./con/KW)	Energy charges (Rs/kWh)
1.	Kutir Jyoti				
	Unmetered		170/con		170/con
	Metered		3.65		3.65
2.	Domestic (DLT)				
	First 100 units	50	3.70	60	3.70
	Next 100 units	50	4.20	60	4.20
	Above 200 units	50	5.70	60	5.70
3	Commercial (CLT)				
	First 100 units	110	6.10	120	6.10
	Above 100 units	110	7.30	120	7.30
4	Industrial (ILT)	110	6.00	120	6.00
5.	Low Tension public service LT (PSLT)	-	-		-
6.	Public Lighting (PL) (metered)	110	6.50	120	6.50
	LED Fittings	50	50	60	50
7.	Public Water Supply/sewage treatment plant (WSLT)	110	6.70	120	6.70
8	General Purpose (GP)	110	6.90	120	6.90
9	Agriculture (AP)	100	3.00	110	3.00
10.	Crematorium	6500	4.10	7000	4.10
11.	High Tension				
(a)	Domestic (DHT)	200	6.20	230	6.20
		Rs/kVA/month	Rs./kVAh)	Rs/kVA/month	Rs./kVAh)
(b)	Commercial HT (CHT)	200	6.60	230	6.60
(c)	Industrial (IHT)	200	6.60	230	6.60
(d)	Public Water Supply (WS)	200	6.50	230	6.50
(e)	General Purpose / Bulk Supply (BS)	200	6.20	230	6.20
(f)	Electric vehicle charging station (HT)	-	-	230	10.97
(g)	Ferro Alloy (HT)	200	4.46	200	4.46
	Extra High Tension				
(h)	Industrial EHT	200	6.20	230	6.20
(i)	Ferry Alloys (EHT)	200	4.36	200	4.36

Annexure-I

**RECORD NOTE OF THE 22nd MEETING OF THE STATE ADVISORY COMMITTEE HELD
ON 12TH MARCH 2020 AT MSERC CONFERENCE HALL, SHILLONG.**

Members of the State Advisory Committee

1. Shri P.W. Ingty, IAS (Retd), Chairman, Meghalaya State Electricity Regulatory Commission, Shillong.
2. Shri. R. Keishing, Member (Law), Meghalaya State Electricity Regulatory Commission, Shillong.
3. Shri. Praveen Bakshi, IAS , Secretary Food, Civil Supplies and Consumer Affairs, Government of Meghalaya
4. Dr. Anoop Singh, Coordinator, Centre for Energy Regulation (CER), C/o Associate Prof., Department of Industrial and Management Engineering, Indian Institute of Technology Kanpur, Kanpur – 208016.
5. Chief Engineer, PHE, Government of Meghalaya, Lower Lachumiere, Shillong- 793001
6. Shri. F. Marbaniang, Chief Engineer (PWD), Building.
7. CEO, Shillong Municipality, Shillong – 793001, Mobile: 9436115861
8. Shri. E N Marak, MCS (Retd) Matchakolgre, New Tura Araimile West Garo Hills, Tura - 794101. Mobile: 9436103643
9. Director Commerce & Industries, Shillong, Meghalaya.
10. Dr. (Mrs) M.P.R. Lyngdoh, (Retd), Principal, Shillong College, Shillong – 793003
11. Shri. Shyam Sunder Agrawal, CMD (Pioneer Carbide Pvt Ltd.), Byrnihat, Ri-Bhoi district, Meghalaya. Mobile: 7002162868 Email: pioneercarbide@gmail.com
12. Shri. Ramesh Bawri, President Confederation of Industries, Meghalaya, Bawri Mansion, Dhanketti
13. Shri. M. Marbaniang, Chairman, The Institution of Engineers (India), Meghalaya Centre, Barik Point, Lower Lachumiere, Shillong – 793001. Phone: 03642503203 Email: iemeghalaya@gmail.com
14. Director (E&M) HQ, Shillong Zone, SE Falls, Shillong-793011, Phone: 03642534847

15. Director(BD), 4 th Floor, TDI Centre, Jasela, IEX, New Delhi – 110025. Email ID: rajesh.medirata@iexindia.com.

16. GM (Commercial) NEEPCO, Demseiniong Shillong- 793003

17. Shri. J.B. Poon, Secretary, MSERC, Shillong.

Calling for the 22nd meeting of the State Advisory Committee (SAC) to order, the Chairman welcomed the members present. Chairman introduced the members and enlightened the purpose of the meeting as envisaged in the Electricity Act, 2003. The Chairman briefed the members present, the MSERC, MYT Regulations 2014 and implications of the Regulatory norms on each of the ARR component in the Tariff. Members of the Advisory Committee were informed that the Commission has admitted ARR petition for Distribution, Transmission and Generation on 29.11.2019. The utilities had published the salient features of the petition inviting objections and suggestions from all the stakeholders including general public on the ARR and Tariff Petition for the FY 2020-21.

Views and suggestions given by some of the members

1) Ramesh Bawri President *CII*, Meghalaya thanked the chairperson and highlighted emphasizing of 3 (three) points as indicated below.

- (i) The Member objected to the increase of tariff to 45% as presented by MePDCL and requested the Commission not to pass such a huge burden to consumers of electricity in Meghalaya.
- (ii) MeECL should look into their performances to increase the efficiency.
- (iii) The Member stated that he has experienced that 50% of consumers of Meghalaya are not having meters to record consumption of electricity.

2) Mr. S. S. Agrawal, CMD, Pioneer Carbide Pvt Ltd., Byrnihat.

- (i) The Member suggested that all the 3 utilities may be asked to submit their ARR petitions along with last year financial audited accounts i.e. for filing tariff petition for the financial year 2020-21, the audited accounts for the financial year 2017-18 should be submitted.
- (ii) The voltage wise transmission loss figures should be submitted for the previous financial year i.e. for the tariff petition 2020-21, the transmission losses for the financial year 2018-19.

- (iii) The actual true up figures against true up Orders of MSERC before filing their ARR petitions should be incorporated in their ARR Petitions. No review true up figures should be allowed to incorporate in the ARR petitions.
 - (iv) The filing of ARR figures in their tariff petitions should be within a limit of +/- 20% of the current year tariff for all categories of Consumers.
 - (v) The utility should be made compulsory to post, the filing of their petitions for ARR or true up or any other petitions on their website for its wide publicity.
 - (vi) The AT&C losses should be shown separately voltage wise transmission loss & voltage wise commercial loss.
 - (vii) If the AT&C losses are not reduced in comparison to the previous year, the utility should file reasons for not able to reduce the losses.
 - (viii) The ABT meters can be made mandatory at 132 kv level to monitor the transmission losses to the individual feeders.
 - (ix) The Industrial consumers should be asked to draw short term excess power meant for selling outside the states @ 75% of existing power tariff to increase the revenue of the MePDCL and stop selling of excess power at a cheaper rate.
 - (x) A load factor rebate can be introduced to the Industrial consumers of MePDCL.
- 3) Mr. P. Bakshi, IAS, Secretary Food, Civil Supplies and Consumer Affairs, Government of Meghalaya requested the Commission to look into MeECL financial condition and try to salvage from losses.

The meeting ended with a vote of thanks by the Convenor.

Sd/-

Secretary, MSERC.

Annexure-II

List of the Objectors

- 1. Name & Address**
M/s Byrnihat Industries Association (BIA)
13th Mile, Tamulikuchi, Byrnihat,
RiBhoi District, Nongpoh,
Meghalaya-793 101.

- 2. Greater Shillong Crematorium & Mortuary Society**
Shillong Electric Crematorium Complex
T.B. Hospital Road, Jhalupara, Shillong
Meghalaya
