

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

No.MSERC/OA/58/50

Dated Shillong, the 21.08.2012

From: The Secretary,  
Meghalaya State Electricity Regulatory Commission  
Shillong.



✓ To: The Director Corporate Affairs  
MeECL, Lumjingshai  
Shillong.

Sub: Open Access charges for 2012-13- Commission order thereof

Sir,

I am forwarding herewith a certified true copy of the Commission order on Open Access charges for 2012-13 issued on 21 August 2012 for your compliance.

Yours faithfully,

*[Signature]*  
Secretary 21/8

Meghalaya State Electricity Regulatory Commission,  
Shillong.

CC:  
President Byrnihat Industries Association, Byrnihat, for information.

*SE(RACAO)*  
*[Signature]*  
23.8.12

/  
Secretary  
Meghalaya State Electricity Regulatory Commission,  
Shillong.

# MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

## In the Matter of:-

Approval of Open Access charges of Meghalaya Energy Corporation Ltd., (MeECL) within the State of Meghalaya for the FY-2012-13 under the MSERC (Terms and Conditions of Open Access) Regulations, 2012.

## AND

## In the Matter of:-

Meghalaya Energy Corporation Ltd, (MeECL),  
Lumjingshai, Shillong-793001, Meghalaya.

.....

**Petitioner.**

**DATE OF ORDER: 21<sup>ST</sup> August, 2012**

**Coram: Anand Kumar**

The Commission, after previous publication, consultation and public hearings has notified the MSERC (Terms and Conditions of Open Access) Regulations, 2012 on 27<sup>th</sup> April, 2012 in the Gazette of Meghalaya. This has come into existence from the date of publication. These regulations are applied to Open Access consumers for use of intra-state transmission system and distribution system in the State, including when such system is used in conjunction with interstate transmission system. While framing the regulations the Commission after notifying Draft Regulation, made wide publicity and held number of meetings including Public Hearings. The Draft was also sent to the MeECL, Consumer's Association & GOM for their suggestions and comments. Adequate time was given for getting inputs from every stakeholder and finally the Commission has notified the Regulation on 27.4.2012.

This Order relates to determination of Open Access charges in the State. Meghalaya Energy Corporation Ltd (MeECL), the holding company in the State has filed a Petition on 31.05.2012 for determination of charges applicable to the customers

getting Open Access on intra state transmission and distribution system in accordance with MSERC Regulations. In the State there are 40 industrial consumers, 9 bulk consumers and 1 water supply consumer who have 1 MW and more connected load. These 50 consumers are consuming approximately 500 MU and contributing Rs.200 crores which is approximately 40% of State revenue.

In order to have a consultative process in determining the appropriate transmission and wheeling charges in the State, the Commission has admitted the Petition on 08.06.2012. The Commission has directed MeECL to publish a Public Notice giving the salient features of the Petition in newspapers covering the entire state and invite objections from public at large within 15 days time. The Commission has also sought required information from MeECL regarding details of fixed assets, audited balance sheet for 2010-11, details of loans/grants for creation of assets, information on losses in transmission/distribution and actual expenditures/revenue in 2011-12. The Commission has also required MeECL to furnish the breakup of distribution ARR into wheeling and retail business for FY 2012-13.

The Notice was published in the Shillong Times, Mawphor and Salantini Janera inviting comments from the public given 15 days time to respond. The Commission has received 10 comments up to the last date i.e. 27<sup>th</sup> June 2012. All industrial consumers have requested 45 to 90 days extra time to file the comments on the petition of MeECL.

In order to validate the claims of MeECL and to know the ground realities, the Commission has held a Technical Validation Session with Directors of MeECL on 27<sup>th</sup> June, 2012. The Commission discussed the methodology of determination of OA Charges based on the provisions of Open Access Regulations, Indian Electricity Act, 2003 and National Tariff Policy.

The Commission has held a State Advisory Committee meeting on 28<sup>th</sup> June, 2012 on Open Access charges. The Commission has also invited representatives from industries to participate in the Advisory Committee meeting to get their view point and suggestions on the petition. The record note of proceedings is attached with the Order.



A Public Hearing was also held on 29<sup>th</sup> June, 2012 in Shillong where representatives of industries, water works, captive power producer, existing open access consumers and officers of MeECL were present. The Commission has explained in the hearing the details of the ARR, issues related with Open Access, losses and applicability of charges for FY 2012-13. Industries and open access consumers made a request to the Commission to give them at least 30 days time to respond on the petition as they need a thorough study of the proposal of MeECL. The existing consumers of open access have submitted before the Commission that they have no objection in paying their dues for full financial year 2012-13 in case extension is allowed. The Commission agreed to their proposal and granted time up to 28<sup>th</sup> July, 2012 to send their comments on the petition. The Commission has also fixed another public hearing on 30<sup>th</sup> July, 2012.

The Commission has received comments from several HT & EHT industries, Captive Power Plant on the proposal of MeECL. Their comments are grouped subject wise and given as below:

**i) Non compliance of legal requirement:**

BIA has raised objection towards non compliance of Government of Meghalaya Notification dated 19.05.2011 wherein MeECL was given time up to 31.03.2012 for transfer of their assets and liabilities to the generation, transmission and distribution utilities and make their separate accounts. MeECL has not separated their accounts till date and have not started independent functioning of the individual utilities.

**Response of MeECL:**

The Government of Meghalaya vide Notification dated 31.03.2012 has amended the Meghalaya Power Sector Transfer Scheme 2010 allowing the transfer of assets and liabilities including all rights, obligations and contingencies of MeECL into the four different entities w.e.f 01.04.2012. In one of their reply, MeECL has submitted to the Commission that their composite accounts for the year 2011-12 is under final stage subject to statutory audit and they have assigned trifurcation of accounts to the consultant.

**ii) Projections are without basis:**

BIA has raised that MeECL petition is arbitrarily and proceeds on conjectures and surmises an attempt to get higher tariff for open access. They have objected that the charges are not in accordance with the objective of Electricity Act 2003 and National Tariff Policy.

**Response of MeECL:**

MeECL has filed its petition in accordance with Meghalaya State Electricity Regulatory Commission (Terms and Conditions of Open Access) Regulations, 2012.

**iii) Cross subsidy surcharge:**

It is objected that cross subsidy surcharge has not been worked out on the basis of formula given under National Tariff Policy. BIA has also submitted that Hon'ble ATE in the case of RVK Energy has directed Commissions to use the formula for determining cross subsidy surcharge for open access. They have also raised an objection that MeECL is not able to supply continuously to industrial consumer so their claim for cross subsidy surcharge from open access consumers is unjust, arbitrary and improper. Further, they have suggested MeECL to submit the calculation of the applicable cross subsidy surcharge in terms of the above formula. M/s Shyam Century Ferrous has objected to levy of cross subsidy surcharge on those consumers who are forced to take power from outside because of non availability of power in the state. Since there will not be any loss to the utility, cross subsidy surcharge should not be applicable in Meghalaya.

**Response of MeECL:**

Cross subsidy surcharge has been filed in accordance with clause 24 of Meghalaya State Electricity Regulatory Commission (Terms and Conditions of Open Access) Regulations, 2012. In one of their Responses, they have apprised the Commission that on non supply of continuous power, adequate relief is given to industrial consumer by reduction in fixed charges.

**iv) Losses:**

The losses proposed by MeECL for the adjustment while drawing power through open access has been objected that it is not in accordance with the provision of the Electricity

Act and National Tariff Policy. 4% losses in transmission are excessive and the same should not be more than 1%. Similarly, the losses at the industry feeder consumer at 33 KV claimed by MeECL at 15% is arbitrary and unacceptable. They have suggested that MeECL should furnish the details of relevant feeder line on which industrial consumers are situated and the exact loss level on such feeder line should be claimed. They have also quoted the decision of Hon'ble ATE in case of Tata Steel Ltd & OERC wherein the Hon'ble Court has shown its concern on the importance of energy audit and determination of cost of supply at different voltages.

**Response of MeECL:**

MeECL in its petition has indicated that energy audit of the MeECL has not been carried out and therefore it is not in the position to file the loss percentage at different levels. In this circumstance, MeECL proposes that system losses at 132 KV should be fixed at 4%. MeECL has quoted the content of Tariff Order dated 20.01.2012 that the CEA and for that matter the MOP/GOI has circulated through R-APDRP that the standard accepted loss level in the country should be 15%. Accordingly, MeECL has proposed system losses at 33 KV level is fixed at 15%. Further MeECL informed that losses in NE in previous year were 3.94% average.

v) **Transmission and Wheeling charges:**

Objections were raised that Annual Revenue Requirement of the concerned utilities formed the basis of transmission and wheeling charges to be levied on the open access consumer should be equitable, just and proportionate. The charges should be levied on the basis of the utilisation of capacity of the line in MU terms and not on MW terms. They have mentioned that the charges should only be levied on the basis of number of unit transferred actually in the process of open access. In determining the charges MeECL should follow the CERC Regulation as power is to be procured from inter-state purchase.

**Response of MeECL:**

MeECL has calculated transmission and wheeling charges in accordance with clause 21 and clause 23 of Meghalaya State Electricity Regulatory Commission (Terms and Conditions of Open Access) Regulations, 2012 respectively for reservation of capacity in the transmission corridor.



vi) **Scheduling and system operation charges:**

BIA has raised the objections towards the proposal of scheduling and system operation charges as excessive and this should be based on actual expenditure.

**Response of MeECL:**

MeECL has filed its charges for scheduling and system operation in accordance with clause 22 of Meghalaya State Electricity Regulatory Commission (Terms and Conditions of Open Access) Regulations, 2012. The MeECL has justified that the expenditure proposed for system operation charges is for the following activities:

- a. *Constant monitoring of power flow.*
- b. *Downloading of data for each 15 minutes block of energy scheduled.*
- c. *Preparation of daily/monthly statement for scheduled and actual drawal of power.*
- d. *Hourly/daily downloading of meter readings from ABT meters.*
- e. *Preparation of weekly/monthly UI bills, including revised bills, if any.*
- f. *Preparation of weekly /monthly reactive charges, including revised bills, if any.*
- g. *Operation and Maintenance of UI accounts, including collection & disbursement.*
- h. *Speech and Data Communication with NERLDC/IEX including consumable items.*
- i. *Posting & Uploading of open access information on the website.*
- j. *Preparation of monthly/annual report on open access information.*
- k. *Inspection of meters at site whenever required.*

vii) **Captive power:**

M/s Shyam Century has suggested that transmission charges shall be payable on the energy approved for transmission and not on the energy for which a buy/sell bid is made. They have quoted CERC Regulation for trading dated 25.01.2008.

After getting the comments, the Commission heard the parties in the Public Hearing held on 30.07.2012. The Commission has given ample opportunity to all the participants from industries, captive power and utilities. The Counsel for BIA has made objections to the proposals as given in their representations. The Commission directed the Secretary to exchange the documents of each stakeholder among themselves and given one weeks time to them to respond if they required so. No response has been received by the Commission in this respect. Accordingly, the Commission initiated the proceeding of determination of Tariff for Open Access in accordance with the

