

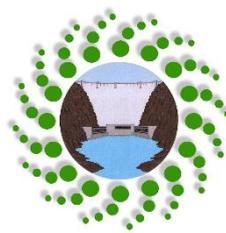
**BEFORE**  
**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION,**  
**SHILLONG**

**PETITION**

**FOR**

**MULTI YEAR TARIFF**  
**FOR FY 2021-22 TO FY 2023-24&**  
**DETERMINATION OF GENERATION TARIFF**  
**FOR FY 2021-22 FOR OLD PLANTS INCLUDING**  
**SONAPANI**

**FILED BY**



**MePGCL**

Generating Clean And Green Energy

**MEGHALAYA POWER GENERATION CORPORATION LTD.**  
**LumJingshai, Short Round Road, Shillong - 793 001**

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

At its office at Lower Lachumiere, Shillong – 793001

FILE / PETITION NO.....

IN THE MATTER OF

Multi Year Tariff (MYT) FOR FY 2021-22 TO FY 2023-24 & DETERMINATION OF GENERATION TARIFF FOR FY 2021-22(FOR OLD PLANTS INCLUDING SONAPANI) UNDER THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF) REGULATIONS, 2014 AND UNDER SECTIONS 62 & 64 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

AND IN THE MATTER OF

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

**PETITIONER**

*The Petitioner respectfully submits as under:*

1. In exercising its powers conferred under sections 131 and 133 of the Electricity Act 2003, the State Government of Meghalaya notified “The Meghalaya Power Sector Reforms Transfer Scheme 2010” on 31st March 2010 leading to restructuring and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities namely:
  - a. **Meghalaya Energy Corporation Limited (MeECL):** the Holding Company;
  - b. **Meghalaya Power Distribution Corporation Limited (MePDCL):** the Distribution Utility;
  - c. **Meghalaya Power Generation Corporation Limited (MePGCL):** the Generation Utility;
  - d. **Meghalaya Power Transmission Corporation Limited (MePTCL):** the Transmission Utility.
2. However, the holding company - MeECL carried out the functions of distribution, generation and transmission utilities from 1st April 2010 onwards, even after restructuring. Therefore, through notification dated 31st March 2012, the State Government notified an amendment to The Power Sector Reforms Transfer Scheme leading to effective unbundling of MeECL into MeECL (Holding Company), MePDCL (Distribution Utility), MePGCL (Generation utility) and MePTCL (Transmission Utility) from 1st April 2012.
3. On 23rd December 2013, the Government of Meghalaya issued the latest transfer scheme notification thereby notifying the Assets and Liabilities as on 1st April 2010 to be vested in MeECL. Subsequently, the Government of Meghalaya notified the 4<sup>th</sup> Amendment to the Notified Transfer Scheme dated 31st March 2010 on 29th April 2015, wherein the opening balances of all the four entities namely, MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 have been notified.
4. MePGCL began segregated commercial operations as an independent entity from 1st April 2013.
5. The petitioner has submitted the actual expenses of MePGCL and MeECL for FY 2018-19 based on the audited Statement of Accounts and actual expenses for FY 2019-20 based on provisional statement of accounts.
6. The expenses of the holding company, MeECL is apportioned equally among the generation, transmission and distribution utilities since the MeECL is an administrative setup for all the three subsidiaries and undertakes common corporate functions of the three companies.

7. The Meghalaya State Electricity Regulatory Commission (hereinafter referred to as “MSERC” or “the Hon’ble Commission”) is an independent statutory body constituted under the provisions of Part – X (Sections 76 to 109) of the Electricity Act (EA), 2003. The Hon’ble Commission is vested with the authority of regulating the power sector in the State inter alia including determination of tariff for electricity consumers.
8. The generation utility filed the petition for Generation Business Plan for FY 2021-22 to FY 2023-24 whose order was notified by the Hon’ble Commission on 30<sup>th</sup> September 2020
9. Based on the Audited Statement of Accounts for FY 2018-19, Provisional Statement of Accounts for FY 2019-20 & Business Plan Order dated 30 September 2020, estimations for the FY 2020-21 and projections for FY 2021-22 to FY 2023-24 have been prepared for the purpose of MYT for the 3<sup>rd</sup> Control period FY 2021-22 to FY 2023-24
10. The petition includes determination of ARR for the third Control Period (FY 2021-22 to FY 2023-24) which has been prepared in accordance with The Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 (hereinafter referred to as “MYT Regulations, 2014”) and the tariff determination for Old Stations and Sonapani for FY 2021-22.
11. The Board of Directors of MePGCL has accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. A copy of the Board’s resolution is hereby enclosed as **Annexure-A**.
12. The applicant, therefore, humbly prays before the Hon’ble Commission to pass appropriate order on the following:
  - a) Approval of Net ARR for FY 2021-22, FY 2022-23 & FY 2023-24 for Old Plants including Sonapani proposed in this Petition.
  - b) Approval of tariff for FY 2021-22 for Old Plants including Sonapani proposed in this petition.
  - d) To pass such orders, as Hon’ble Commission may deem fit and proper and necessary, in view of the facts and circumstances of the case.
  - e) To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

(A Lyngdoh)  
Superintending Engineer (PM)

For and on behalf of  
Meghalaya Power Generation Corporation Ltd

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## **1 Introduction**

### **1.1 Provisions of Law for Multi Year Tariff**

- 1.1.1 The Hon'ble Commission had notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 which were published in the Meghalaya Gazette on 25<sup>th</sup> September 2014. It is submitted that Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) regulations, 2014 since amended vide notification dated 18<sup>th</sup> June 2020, states as under:

*“The applicability of these Regulations is hereby extended for a further period of 3 years with effect from 1.04.2021 to 31.03.2024 onwards”.*

- 1.1.2 As per Regulations 3, 4 & 7 of the MYT Regulations, 2014, the Hon'ble Commission will determine ARR & Tariff for the Generation Utility under Multi Year Tariff framework. The relevant regulations are reproduced below for reference.

#### **“3 Scope of Regulation**

*3.1 The Commission shall determine tariff within the Multi-Year Tariff framework, for all matters for which the Commission has jurisdiction under the Act, including in the following cases:*

- i. Supply of electricity by a Generating Company to a Distribution Licensee:*

*Provided that where the Commission believes that a shortage of supply of electricity exists, it may fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating Company and a Distribution Licensee or between distribution licensees, for a period not exceeding one year to ensure reasonable prices of electricity;*

- ii. Intra-State transmission of electricity and SLDC charges;*

- iii. Intra-State Wheeling of electricity;*

- iv. Retail supply of electricity:*

#### **4 Multi-Year Tariff framework**

*4.1 The Commission shall determine the tariff for matters covered under clauses (i), (ii), (iii) and (iv) of regulation 3 above under Multi-Year Tariff framework with effect from April 01, 2015.*

*Provided that the Commission may, either on suo-moto basis or upon application made to it by an applicant, exempt the determination of tariff of a Generating Company or Transmission Licensee or Distribution Licensee under the Multi-Year Tariff framework for such period as may be contained in the Order granting such an exemption.*

*4.2 The Multi-Year Tariff framework shall be based on the following elements, for determination of Aggregate Revenue Requirement and expected revenue from tariff and charges for Generating Company, Transmission Licensee, and Distribution Business:*

a) A detailed Business Plan based on the principles specified in these Regulations, for each year of the Control Period, shall be submitted by the applicant for the Commission's approval:

.....

### **7 Applicability**

7.1 The Multi-Year Tariff framework shall apply to applications made for determination of tariff for a Generating Company, Transmission Licensee, and Distribution Licensee for Distribution Business.”

- 1.1.3 The Regulation 6 & 80 of the MYT Regulations, 2014, provides the guidelines for filing of Multi Year Tariff. The relevant sections are reproduced below:

#### **“6 Accounting statement and filing under MYT**

6.1 The filing under MYT by the Generating Company, Transmission Licensee, and Distribution Licensee, shall be done on or before 30<sup>th</sup> November each year to the Commission and in compliance with the principles for determination of ARR as specified in these Regulations, in such formats and at such time as may be prescribed by the Commission from time to time. The filing of true up of petitions prior to MYT period shall be done in the manner and at such time as may be decided by the Commission.

6.2 The filing of MYT Petition for the Control Period under these Regulations shall be as under:

a) MYT Petition shall comprise of:

- i. Multi-year Aggregate Revenue Requirement for the entire Control Period with year-wise details;
- ii. Revenue from the sale of power at existing tariffs and charges and projected revenue gap, for the first year of the Control Period under these Regulations.
- iii. Application for determination of tariff for first year of the Control Period.

.....

- 1.1.4 In the context of filing of MYT petition, it is important to note that M/s RSM& Associates has been appointed as Statutory Auditor of MePGCL, and M/s Amit Hemraj Jain & Associates has been appointed as Statutory Auditor of MeECL. The firms are Chartered Accountancy firms, appointed as Statutory Auditors for the FY 2018-19 by the Comptroller & Auditor General of India (C&AG). The audit process for FY 2018-19 is completed for MePGCL and MeECL. MePGCL shall separately submit the true up petition for FY 2018-19 along with the audited reports for FY 2018-19 as soon as the audit process by CAG is complete. As such, MePGCL requests the Hon'ble Commission to consider the MYT petition based on the finalized statement of accounts for FY 2018-19 and provisional statement of accounts for FY 2019-20. The relevant regulation is reproduced below for ready reference:

#### **“18 Filing Procedure**

18.2 Provided that the information should be based on audited accounts and in

case audited accounts of previous year is not available audited accounts for the year immediately preceding the previous year should be filed along with the unaudited accounts for the previous year.”

1.1.5 MePGCL is filing separate petitions for the new projects of MLHEP, NUHEP, and Lakrohas per the applicable regulations of MSERC MYT Tariff Regulations 2014 since the separate audited capital costs for these projects are available. The ARR for the Old plants and Sonapani plant is claimed in a consolidated manner. This is also in line with the past practice adopted by the Hon'ble Commission. However, the Hon'ble Commission of late has been approving the consolidated ARR of MePGCL as a whole which is not in line with the regulations of MSERC. As such, the Hon'ble Commission is requested to approve the ARR for each of the new projects separately to enable accurate determination of ARR and accountability in efficiency and operations of the power stations also.

## **1.2 Submissions before the Hon'ble Commission**

MePGCL hereby submits the petition under section 61, 62 (1) (a) of the Electricity Act, 2003, MSERC Terms (Multi Year Tariff) Regulations, 2014 for MYT for FY 2021-22 to FY 2023-24 & Tariff for FY 2021-22 for Old Plants including Sonapani.

## **2 True Up of Generation Business for FY 2018-19**

On account of the lockdown imposed during Covid-19 pandemic, and thereby the restriction in movement, has led to delay in the start of audit process of MePGCL as well as MeECL business for FY 2018-19. The statutory audited accounts of MePGCL and MeECL for FY 2018-19 are completed. However, the C&AG audit for MePGCL and MeECL for FY 2018-19 is still in process.

Since the existing MSERC Regulations mandates the completion of both statutory and C&AG audit before filing of true up petition, the utility will undertake the true up exercise for FY 2018-19 once the audit process is completed. The utility prays for leave of submission of true up petition for FY 2018-19 along with the MYT petition and allow it to file the petition separately for timely determination of MYT ARR and tariff of FY 2021-22.

### 3 ARR for 3rd Control Period of FY 2021-22 to FY 2023-24

#### 3.1 Approach

In accordance with the provisions of the MYT Regulations, 2014 MePGCL hereby submits ARR for FY 2021-22 to FY 2023-24 based on actuals of FY 2018-19 and provisionals of FY 2019-20 & approved business plan for the control period. The audited accounts for FY 2018-19 for MePGCL and MeECL along with the statutory audit report are attached as **Annexure B and C** respectively. The provisional accounts for FY 2019-20 for MePGCL and MeECL are attached as **Annexure D and E** respectively.

The Hon'ble Commission notified the Business plan order for 3<sup>rd</sup> Control Period from FY 2021-22 to FY 2023-24 on 30 September 2020 which includes capital investment plan, financing plan, physical targets etc. for the next control period. MePGCL is using it as a base along with audited statement of accounts of FY 2018-19 and provisional statement of accounts FY 2019-20 for determination of ARR for future periods.

#### 3.2 Components of Tariff

The Regulation 54 of the MYT Regulations, 2014, provides the Components of tariff for MePGCL. The relevant regulation is reproduced below for ready reference:

##### ***“54 Components of tariff***

*54.1 Tariff for supply of electricity from a hydro power generating station shall comprise of two parts, namely, annual capacity charges and energy charges to be in the manner provided hereinafter.*

*54.2 The fixed cost of a generating station eligible for recovery through annual capacity charges shall consist of:*

- (a) Return on equity as may be allowed*
- (b) Interest on Loan Capital;*
- (c) Operation and maintenance expenses;*
- (d) Interest on Working Capital;*
- (e) Depreciation as may be allowed by the Commission;*
- (f) Taxes on Income.*

*54.3 The annual capacity charges recoverable shall be worked out by deducting other income from the total expenses”*

#### 3.3 Approved Capital Expenditure and Capitalization

##### 3.3.1 Capital Expenditure

In the approved Business Plan Order, the Hon'ble Commission has approved the year wise capital expenditure for the control period for MePGCL. The same is given below:

**Table 1: Capex Approved for Old Plants of MePGCL for the Third Control Period (INR Cr.)**

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
<b>Old Plants and Sonapani (Excluding MLHEP, NUHEP and Lakroh HEP)</b>					

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Umiam Stage-I	1.80	6.27	27.21	42.28	77.56
Umiam Stage-II	0.00	0.24	9.09	11.78	21.11
Umiam Stage-III	0.00	8.68	87.62	97.46	193.76
Umiam Stage-IV	2.00	15.11	18.87	0.00	35.98
Umtru HEP	0.50	0.00	0.00	25.00	25.50
Sonapani	0.00	0.00	0.14	0.20	0.34
<b>Total (a)</b>	<b>4.30</b>	<b>30.30</b>	<b>142.93</b>	<b>176.72</b>	<b>354.25</b>

The Loan, Equity and Grant Portion of the capex for the next control period is given below:

**Table 2: Break up of Capex Approved for Old Plants of MePGCL for the Third Control Period (INR Cr.)**

Particulars		FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
<b>Old Plants including Soanapani (Excluding MLHEP, NUHEP and Lakroh HEP)</b>						
Umiam Stage-I	Loan	0.18	0.63	2.72	4.23	7.76
	Grant	0.00	0.00	0.00	0.00	0.00
	Equity	1.62	5.643	24.49	38.05	69.80
Umiam Stage-II	Loan	0.00	0.02	0.91	1.18	2.11
	Grant	0.00	0.00	0.00	0.00	0.00
	Equity	0.00	0.22	8.18	10.60	19.00
Umiam Stage-III	Loan	0.00	0.05	0.50	0.56	1.11
	Grant	0.00	6.20	62.57	69.60	138.37
	Equity	0.00	2.43	24.55	27.30	54.28
Umiam Stage-IV	Loan	1.40	10.58	13.21	0.00	25.19
	Grant	0.00	0.00	0.00	0.00	0.00
	Equity	0.60	4.53	5.66	0.00	10.79
Umtru HEP	Loan	0.35	0.00	0.00	17.42	17.77
	Grant	0.00	0.00	0.00	0.11	0.11
	Equity	0.15	0.00	0.00	7.47	7.62
Sonapani	Loan	0.00	0.00	0.10	0.14	0.24
	Grant	0.00	0.00	0.00	0.00	0.00
	Equity	0.00	0.00	0.04	0.06	0.10

The capex components as shown above have been used in the subsequent sections for calculation of different components of tariff.

### 3.3.2 Capitalization

In the approved Business Plan Order, the Hon'ble Commission has approved the year-wise capitalization for the control period for the utility. The same is given below and shown separately for MePGCL as a whole and those pertaining to old plants (including Sonapani):

**Table 3: Capitalisation Approved for MePGCL (Old Plants Including Sonapani) for the Third Control Period (INR Cr.)**

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Existing Plants	0.50	35.56	48.41	54.40	<b>138.86</b>

The Loan, Equity and Grant Portion of the capitalization for the next control period is given below:

**Table 4: Break up of Capitalisation Approved for Old Plants of MePGCL for the Third Control Period (INR Cr.)**

Capitalization	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Grant Portion of Capitalization		0.50	0.50	0.50
Addition of Grant Portion of Capitalization for the Year	0.50			
Closing Grant Portion of Capitalization	0.50	0.50	0.50	0.50
Opening Equity Portion of Capitalization		0.00	16.28	51.96
Addition of Equity Portion of Capitalization for the Year		16.28	35.68	48.76
Closing Equity Portion of Capitalization	0.00	16.28	51.96	100.71
Opening Debt Portion of Capitalization		0.00	19.28	32.01
Addition of Debt Portion of Capitalization for the Year		19.28	12.73	5.64
Closing Debt Portion of Capitalization	0.00	19.28	32.01	37.65

The grant portion of capitalization has been used for calculation of amortization element in the depreciation head.

### 3.3.3 Asset Base for the Utility

- 3.3.3.1 From FY 2018-19, MePGCL has implemented IND AS Accounting Standard in line with Ministry of Corporate Affairs' (MCA) norms. The IND AS are basically standards that have been harmonised with the IFRS to make reporting by Indian companies more in line with the global standards.

#### Impact of Ind AS on Asset Value in Accounts:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statement as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as on the date of transition.

On transition to Ind AS, the company had elected during the Financial Year 2016-17 to continue with the carrying value of its property, plant and equipment recognized as at 1st of April, 2015 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment for furtherance of recognition and presentation thereon. Thus, the asset value in Note 2 "PROPERTY, PLANT AND EQUIPMENT" for FY 2018-19 and FY 2019-20 accounts is the deemed asset value.

- 3.3.3.2 However, components like depreciation is calculated on the historical value of the asset which is the Gross Fixed Asset value i.e. GFA (as per MSERC MYT Regulations, 2014). **The historical asset value of asset is the asset base without IND AS adjustment** and the same is shown in **Note 2: PROPERTY, PLANT AND EQUIPMENT Without IND AS Adjustment portion** of the FY 2019-20 accounts.

For arriving at the GFA for MePGCL old plants including Sonapani only (without IND AS adjustment), MePGCL has obtained the audited certificate of the existing gross value of the asset for FY 2018-19 and the same is attached in **Annexure F**. The total value of MePGCL assets for FY 2018-19 (without IND AS adjustment) is also given in **Annexure F**.

It is important to note that the Hon'ble Commission has not considered the audited cost as per the CA certificate earlier and now the Hon'ble Commission is requested to review the capital cost based on CA certificate and approve the same for further ARR calculations. Also, the CA certified cost is also reflected in the audited accounts of MePGCL and can be reconciled by adding the GFA of Old Plants, MLHEP, NUHEP and Lakroh to obtain the total GFA of MePGCL as a whole (reflected in audited accounts).

The capital expenditure and capitalization schedule has been prepared in line with business plan for FY 2021-22 to FY 2023-24 which has been approved by the Hon'ble Commission in its order dated 30 September 2020. The GFA calculated for old plants year- wise is given below:

**Table 5: Gross Fixed Assets for MePGCLs' Old plants including Sonapani**

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
Opening GFA	438.69	441.03	441.24	468.16	520.83	1079.79
Additions during the year	2.48	0.21	26.92	52.67	558.96	96.66
Retirements during the year	0.14	0.00	0.00	0.00	0.00	0.00
<b>Closing GFA</b>	<b>441.03</b>	<b>441.24</b>	<b>468.16</b>	<b>520.83</b>	<b>1079.79</b>	<b>1176.44</b>

MePGCL submits before the Hon'ble Commission to kindly approve the GFA of MePGCL's old plants as submitted in the table above.

### 3.4 Operation and Maintenance Expense

As per Regulation 56 of the MYT Regulations, 2014, the Operation and Maintenance Expenses (O&M) is a sum of Employee Cost, Repairs and Maintenance (R & M) Expense and Administrative and General (A & G) Expenses. The extract of the regulation is reproduced:

***“56 Operation and maintenance expenses***

56.1 Operation and Maintenance Expenses (O& M Expenses) shall mean the total of all expenditure under the following heads: -

- (a) Employee Cost
- (b) Repairs and Maintenance
- (c) Administration and General Expenses

**O&M Expenses projection based on actuals:**

The O&M expenses for MePGCL plants have been projected based on the actual O&M expenses of MeGCL as a whole after subtracting the O&M expenses of new projects (MLHEP, NUHEP and Lakroh) as submitted/proposed in the respective MYT petitions of the new projects. It may be noted that for all projects, there are no separate norms for calculation of O&M expenses and the same needs to be calculated based on the actual O&M expenses of the company as per regulations. As such, in the subsequent section, the O&M expenses have been projected for MePGCL as a whole with due revision based on the actual expenditure incurred in FY 2018-19 & FY 2019-20 as per the Statement of Accounts. All factors including present market inflation, revision of pay have been duly accounted

for while projecting the expenses head wise for the Control Period. For arriving at the O&M Expenses for MePGCLs’ old plants including Sonapani only, the O&M Expenses of MLHEP, NUHEP and Lakroh have been excluded from the total O&M Expenses of MePGCL as a whole subsequently.

### 3.4.1 Employee Expenses

3.4.1.1 Before corporatization, Meghalaya State Electricity Board (MeSEB) had a policy for revising pay scale of employees every 5 years. Further, at the time corporatization in the year 2010, the Management and Employees’ Associations had mutually decided that the earlier policy of revision of pay would continue in future.

3.4.1.2 As per this policy, MeECL and its subsidiary companies will implement a revised pay scale of employees effective from January 2020. Supporting documents for Revision of Pay has been attached as **Annexure G**. The **employee cost for FY 2020-21** is projected by considering the revised pay of Employees. The following assumptions were taken to arrive at the revised pay of Employees:

- Monthly Employee Cost Implications to MeECL and its subsidiaries due to RoP 2020:

**Table 6: Impact of RoP 2020 on Employee Expenses**

Particulars	Amount (INR Cr)
Monthly Employee Costs existing before RoP 2020	<b>23.37</b>
Revised Monthly Employee Costs after RoP 2020	<b>29.68</b>
Total Financial Implications due to RoP 2020	<b>6.31</b>
% Change in Employee Costs due to RoP 2020	<b>27%</b>

- **Basic Pay:** Increment of Average Salary (Combination of Dearness Allowance with Basic Pay and thereafter an increase of 27% to arrive at new basic pay) by 27% due to ROP 2020 as shown in table above and a subsequent increment of 3% (given on a yearly basis to the permanent employees of MePGCL).
- Other Components have been calculated as a % of basic pay in proportion as in FY 2019-20 employee expenses.
- **Dearness Allowance (DA):** There would be no revision in DA component for FY 2020-21 as per the State Government’s Directive, so DA component is retained at 1% of basic pay for the year (same DA as applicable during 01.01.2020 when ROP was implemented)

### Employee Cost Projections for FY 2021-22 to FY 2023-24

It is submitted that Employee expenses projections for control period FY 2021-22 to FY 2023-24 have been arrived at using the following assumptions:

- **Basic Pay:** On a yearly basis the permanent employees of MePGCL are given an increment of 3%.
- **Rest of the Components:** Other Components have been calculated as a % of basic pay in proportion as in FY 2019-20 employee expenses.
- **Dearness Allowance:** As per MeECL policy, employees have two half-yearly increments based on the price index announced by Labour Department every year. The Utility has considered the average half-yearly inflation factor as 2.75% based on the past trends of price inflation considered for DA and is shown below:

**Table 7: % of DA Increments**

	DA % of Basic	DA Increments
Jul-15	2%	
Jan-16	6%	4%
Jul-16	9%	3%
Jan-17	11%	2%

Jul-17	13%	2%
Jan-18	14%	1%
Jul-18	16%	2%
Jan-19	19%	3%
Jul-19	24%	5%
	<b>Average Half Yearly Increment in DA</b>	<b>2.75%</b>
	<b>Average Yearly Increment in DA</b>	<b>2.75% * 2 = 5.5%</b>

Thus, the DA component for the control period is arrived at by adding 5.5% increment yearly for its calculation as a % of basic pay which implies for FY 2021-22, FY 2022-23 and FY 2023-24, DA component will be 6.5%, 12% and 17.5% as % of basic pay.

- The yearly recruitment of new technical and non-technical staff is considered separately from the projection of employee cost for existing staff in the table detailed below. The variation due to recruitment is shown in a separate table.

### 3.4.1.3 Employee Cost Projections for FY 2021-22 to FY 2023-24

3.4.1.4 The employee expenses projected for the control period is as shown below:

**Table 8: Employee Expense of MePGCL (INR Cr.)**

Sl.No.	Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
<b>SALARIES &amp; ALLOWANCES</b>							
1	Basic Pay	38.42	45.11	62.36	64.23	66.16	68.15
2	Dearness Pay	-	-	-			
3	Dearness Allowance	5.77	5.78	0.62	4.18	7.94	11.93
4	House rent Allowance	-	-	-	-	-	-
5	Fixed medical allowance	-	-	-	-	-	-
6	Other Allowances #	6.63	6.58	9.09	9.37	9.65	9.94
6	Medical reimbursement charges	0.36	0.44	0.61	0.63	0.65	0.67
7	Over time payment	0.22	0.45	0.62	0.64	0.66	0.68
8	ROP-2020	-	-				
9	Generation incentive	0.00	0.00	0.00	0.00	0.00	0.00
10	Leave Travel Concession	-	-	-	-	-	-
11	Apportionment of Holding Exp	45.47	48.60	67.19	69.21	71.29	73.43
<b>12</b>	<b>Sub-Total</b>	<b>96.87</b>	<b>106.97</b>	<b>140.51</b>	<b>148.25</b>	<b>156.34</b>	<b>164.78</b>
<b>Terminal Benefits</b>							
13	Leave encashment	-	-	-	-	-	-
14	Gratuity	-	-	-	-	-	-
15	Commutation of Pension	-	-	-	-	-	-
16	Staff Welfare expenses	0.00	-	-	-	-	-
17	CPS	0.89	1.01	1.39	1.43	1.48	1.52
18	Workman compensation	-	-	-	-	-	-
19	Ex-gratia	0.02	0.02	0.03	0.03	0.03	0.03
20	Apportionment of Terminal Benefits	-	-	-	-	-	-
<b>21</b>	<b>Sub-Total</b>	<b>0.91</b>	<b>1.03</b>	<b>1.42</b>	<b>1.47</b>	<b>1.51</b>	<b>1.56</b>
<b>Pension Payment</b>							

Sl.No.	Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
22	Basic Pension	-	-	-	-	-	-
23	Dearness Pension	-	-	-	-	-	-
24	Dearness allowance	-	-	-	-	-	-
25	Any other expenses	-	-	-	-	-	-
<b>26</b>	<b>Sub-Total</b>	-	-	-	-	-	-
<b>27</b>	<b>Total (12+21+26)</b>	<b>97.78</b>	<b>108.00</b>	<b>141.93</b>	<b>149.72</b>	<b>157.85</b>	<b>166.33</b>
28	Amount capitalised	8.25	9.64	13.33	13.73	14.14	14.57
<b>29</b>	<b>Grand Total</b>	<b>89.54</b>	<b>98.35</b>	<b>128.60</b>	<b>135.99</b>	<b>143.71</b>	<b>151.77</b>
	Employee Expenses of MeECL Apportioned	5.07	5.45	7.10	7.39	7.69	8.00
	<b>Net Total</b>	<b>94.61</b>	<b>103.81</b>	<b>135.70</b>	<b>143.38</b>	<b>151.40</b>	<b>159.76</b>

**\*\* Apportionment of Employee Expenses:** This pertains to the 30% of the employee costs of MeECL working in transmission generation function. MePGCL has the policy to bear the Employee Cost of MeECL (Holding Company) to the tune of 30% of the total cost in a financial year for such staff (As stated in Note 27.2 of the FY 2019-20 accounts).

Further the same amount has been deducted from the MeECL employee expenses to arrive at MeECL employee costs (Note 21 of MeECL accounts FY 2019-20). Thus, there is no double counting of MeECL expenses and only 30% of the MeECL employee expenses is loaded in MePGCL employee expenses. Since 30% of employee expenses is loaded in MePGCL, MePTCL and MePDCL accounts, the apportioned portion is exactly the same in the employee expenses projections for MePTCL, MePDCL (as per MYT tariff petition filed) and MePGCL (as per the MYT petition filed). Also, this element should not be considered as an additional new expense item as it reflects the employee cost of existing employees working in generation business only and whose costs have been earlier approved by the Hon'ble Commission also.

The total number of employees of MePGCL based on the year wise recruitment plan as approved in the Business Plan of MePGCL for the 3<sup>rd</sup> MYT Control Period from FY 2021-22 to FY 2023-24 dated 28.09.2020 is given below:

**Table 9: Total Number of Employees of MePGCL**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>MePGCL (As on 31 March)</b>	1552	1552	1602	1691	1802
<b>Recruitment for the Year</b>		0	50	89	111

In order to calculate the impact of new recruitments on the employee cost, we have estimated the average salary of the new employees and the same has been estimated to be INR 4.07 lakhs per employee per annum. This is multiplied by the number of new recruits joining each year. The final employee expense of MePGCL considering the effect due to new recruitment of employees is given below:

**Table 10: Final Employee Expense of MePGCL considering effect of new recruitment (INR Cr.)**

Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Employee cost of existing employees	94.61	103.81	135.70	143.38	151.40	159.76
Employee Cost of Employees to be recruited during FY 2020-2024 (Avg Employee Cost*80%*No. of new recruits)				1.63	4.53	8.14
<b>Total Employee Cost</b>	<b>94.61</b>	<b>103.81</b>	<b>135.70</b>	<b>145.01</b>	<b>155.92</b>	<b>167.91</b>

### 3.4.2 Repair and Maintenance (R&M) Expense

The old projects of MePGCL demand comparatively more investment for their maintenance particularly since a lot of assets are old and ageing. 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. Further, with the development of the generation sector and incorporation of new technologies, there is an increased requirement of repair and maintenance expense.

The R&M Expense for the control period was projected by considering average inflation rate of 5% (CPI) on the actual expenses of FY 2018-19 and FY 2019-20.

Based on the above submissions, the R&M Expense projections for the third control period is as shown below:

**Table 11: Repair & Maintenance (R&M) Expense of MePGCL for the Third Control Period (INR Cr)**

Sl. No.	Particulars	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
1	Buildings	0.50	1.27	1.34	1.42	1.50	1.58
2	Plant and Equipment	3.60	6.53	6.89	7.27	7.67	8.09
3	Hydraulic Works	1.29	1.00	1.05	1.11	1.17	1.24
4	Civil Works	0.25	0.64	0.68	0.72	0.76	0.80
5	Lines & Cables	0.35	0.05	0.06	0.06	0.06	0.07
6	Vehicles	0.13	0.13	0.14	0.14	0.15	0.16
7	Furniture and Fixtures	0.01	0.05	0.05	0.05	0.05	0.06
8	Office equipment	0.05	0.08	0.09	0.09	0.10	0.10
8	Lubricants and Consumable Stores	0.03	0.06	0.06	0.07	0.07	0.07
9	MeECL Apportioned Expenses	0.10	0.04	0.05	0.05	0.05	0.05
	<b>Grand Total</b>	<b>6.32</b>	<b>9.87</b>	<b>10.41</b>	<b>10.99</b>	<b>11.59</b>	<b>12.23</b>

### 3.4.3 Administrative & General (A&G) Expense

The A&G Expense for the control period has been projected by considering inflation rate of 5% (CPI) on the actual expenses of FY 2018-19 and FY 2019-20. as shown below:

**Table 12: Administrative & General Expenses for Remaining Control Period (INR Cr)**

Sl. No.	Particulars	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
1	Insurance Charges	2.838	5.144	5.401	5.671	5.955	6.253
2	Rent, Rates and Taxes	0.060	0.150	0.158	0.166	0.174	0.183
3	Telegram, Postage, Telegraph and Telex charges	0.051	0.047	0.049	0.051	0.054	0.057
4	Training, conveyance and vehicle running expenses	1.641	1.428	1.500	1.575	1.654	1.736
5	Printing and stationery expenses	0.151	0.092	0.096	0.101	0.106	0.111
6	Auditors' remuneration	0.057	0.062	0.066	0.069	0.072	0.076
7	Consultancy Charges	0.107	0.000	0.000	0.000	0.000	0.000
8	Technical fees	0.000	0.000	0.000	0.000	0.000	0.000
9	License and Registration Charges	0.000	0.000	0.000	0.000	0.000	0.000

MULTI YEAR TARIFF FOR FY 2021-22 TO FY 2023-24 & DETERMINATION OF GENERATION TARIFF FOR FY 2021-22 FOR OLD PLANTS INCLUDING SONAPANI

Sl. No.	Particulars	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
10	Books & Periodicals	0.001	0.001	0.001	0.001	0.001	0.001
11	Fees and subscription expenses	0.000	0.000	0.000	0.000	0.000	0.000
12	Advertisement charges	0.091	0.007	0.007	0.008	0.008	0.008
13	Legal and professional charges	0.007	3.056	3.209	3.370	3.538	3.715
14	Meghalaya State Electricity Regulatory Commission (MSERC) Fees	0.156	0.147	0.154	0.162	0.170	0.178
15	Electricity and Water Charges	0.008	0.001	0.001	0.001	0.001	0.001
16	Lab Testing Expenses	0.041	0.008	0.009	0.009	0.010	0.010
17	Staff Advance written off		0.005				
18	Bank Charges	0.018	0.004	0.004	0.005	0.005	0.005
19	Entertainment expenses	0.005	0.012	0.012	0.013	0.014	0.014
20	Miscellaneous expenses	0.037	0.155				
21	Less: Other Expenses Capitalised	0.618	0.601				
	<b>Total</b>	<b>4.616</b>	<b>9.562</b>	<b>10.667</b>	<b>11.200</b>	<b>11.760</b>	<b>12.348</b>
	MeECL Apportioned A&G Expenses	0.975	2.480	2.604	2.734	2.871	3.015
	<b>Total A&amp;G Expenses</b>	<b>5.591</b>	<b>12.043</b>	<b>13.271</b>	<b>13.935</b>	<b>14.631</b>	<b>15.363</b>

#### 3.4.4 O&M Cost projection for the 3rd Control Period

Based on the above computation, the petitioner has projected the O&M cost for the 3<sup>rd</sup> Control period for the old projects (including Sonapani), as highlighted below:

**Table 13: O&M Cost Projection for MePGCL's Old Plants including Sonapani for the Third Control Period (INR Cr)**

Particulars	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
Employee Expenses of MePGCL (a)	94.61	103.81	135.70	145.01	155.92	167.91
R&M Expenses of MePGCL (b)	6.32	9.87	10.41	10.99	11.59	12.23
A&G Expenses of MePGCL (c)	5.63	12.03	13.27	13.93	14.63	15.36
<b>O&amp;M Expenses for MePGCL (d=a+b+c)</b>	<b>106.56</b>	<b>125.71</b>	<b>159.39</b>	<b>169.93</b>	<b>182.14</b>	<b>195.50</b>
O&M Expenses for MLHEP (e)	33.96	35.91	48.21	50.97	53.88	56.96
O&M Expenses for NUHEP (f)	12.28	12.98	17.43	18.43	19.48	20.59
O&M Expenses for Lakroh HEP (g)	0.03	0.37	0.50	0.53	0.56	0.59
<b>O&amp;M Expenses for MePGCL old Plants including Sonapani (h=d-e-f-g)</b>	<b>60.29</b>	<b>76.45</b>	<b>93.25</b>	<b>100.00</b>	<b>108.22</b>	<b>117.36</b>

Therefore, MePGCL requests Hon'ble Commission to approve O&M expenses as computed above from FY 2021-22 to FY 2023-24 as shown above with due justification provided in the above sections.

### 3.5 Depreciation

3.5.1 The Gross Fixed Asset (GFA) base for FY 2018-19 and FY 2019-20 as shown in Section 3.3.3 (without IND AS adjustment) represents the historical asset value of asset which has been used in the calculation of depreciation component. The additions in GFA for the control period have been considered based on the capitalization schedule as shown in Section 3.3.2 of the petition. The rate of depreciation for various categories of assets has been considered strictly as per the rates prescribed in MSERC MYT Regulations.

3.5.2 It is submitted that though the Hon'ble Commission has not been allowing depreciation for the old projects, MePGCL would like to submit that the old projects have a depreciable asset value due to renovation and maintenance being carried out from time to time as mentioned above and the audited accounts clearly reflect the depreciable value of such assets. As such, MePGCL requests the Commission to consider this while calculation of depreciation for old projects.

3.5.3 The assets created out of government grants and consumer contribution has not been considered for the calculation of depreciation and thus the same has been **deducted from the depreciation as amortization** to arrive at the net depreciation. The projected amortization of grants from FY 2020-21 onwards has been calculated by the formula: Actual Amortization of Grants of FY 2019-20 (from SOA) + average projected grants for the corresponding year \* 5.28%(average actual depreciation rate). Addition of grant portion of asset for the year is shown in Table 4 in section 3.3.2 of this petition.

3.5.4 Based on the above, the actual depreciation in FY 2018-19, FY2019-20, estimated depreciation in FY 2020-21 and projections for FY 2021-22, FY 2022-23, FY 2023-24 are shown in the following tables. The detailed calculation for MePGCL is shown in Format 6, **Annexure H** for reference.

**Table 14: Actual Depreciation Charges of MePGCL Old Plants including Sonapani for FY 2018-19**

Value Assets and Depreciation: 2018-19 (Provisional) (INR Cr)						
Sl. No	Particulars	Opening GFA	Addition	Withdrawn	Closing GFA	Depreciation
1	Land & Land rights	8.99	0.01	0	8.99	0
2	Buildings	15.93	0	0	15.93	0.33
3	Hydraulic Works	128.68	0	0	128.7	2.28
4	Civil Works	26.63	0.02	0.05	26.59	0.82
5	Plant & Machinery	244.82	1.98	0.01	246.8	11.5
6	Lines & Cable Network	3.09	0.38	0	3.48	0.07
7	Vehicles	4.5	0.02	0.01	4.51	0.13
8	Furniture & Fixtures	3.14	0	0.08	3.06	0.15
9	Office Equipment	2.77	0.07	0	2.84	0.14
10	Assets not in use	0.16	0	0	0.16	0
	<b>Total</b>	<b>438.69</b>	<b>2.48</b>	<b>0.14</b>	<b>441.03</b>	<b>15.4</b>
11	Amortization of Grants					12.77
	Less: - Depreciation of Related Costs Charged to Capital Works					0.000
	<b>Net Depreciation</b>					<b>2.63</b>

**Table 15: Provisional Depreciation Charges of MePGCL's Old Plants including Sonapani for FY 2019-20**

Value Assets and Depreciation: 2019-20 (Provisional) (INR Cr)						
Sl. No	Particulars	Opening GFA	Addition	Withdrawn	Closing GFA	Depreciation
1	Land & Land rights	8.99	0.00	0.00	8.99	0.00
2	Buildings	15.93	0.00	0.00	15.93	0.34

<b>Value Assets and Depreciation: 2019-20 (Provisional) (INR Cr)</b>						
<b>Sl. No</b>	<b>Particulars</b>	<b>Opening GFA</b>	<b>Addition</b>	<b>Withdrawn</b>	<b>Closing GFA</b>	<b>Depreciation</b>
3	Hydraulic Works	128.70	0.00	0.00	128.69	2.25
4	Civil Works	26.59	0.00	0.00	26.59	0.82
5	Plant & Machinery	246.80	0.06	0.00	246.86	11.51
6	Lines & Cable Network	3.48	0.00	0.00	3.48	0.08
7	Vehicles	4.51	0.00	0.00	4.51	0.08
8	Furniture & Fixtures	3.06	0.01	0.00	3.07	0.14
9	Office Equipment	2.84	0.14	0.00	2.98	0.14
10	Assets not in use	0.16	0.00	0.00	0.16	0.00
	<b>Total</b>	<b>441.03</b>	<b>2.46</b>	<b>-0.06</b>	<b>441.24</b>	<b>15.36</b>
11	Ammortization of Grants					12.86
	Less: - Depreciation of Related Costs Charged to Capital Works					0.00
	<b>Net Depreciation</b>					<b>2.51</b>

**Table 16: Estimated Depreciation Charges of MePGCL's Old Plants including Sonapani for FY 2020-21**

<b>Value Assets and Depreciation: 2020-21 (Estimated) (INR Cr)</b>						
<b>Sl. No</b>	<b>Particulars</b>	<b>Opening GFA</b>	<b>Addition</b>	<b>Withdrawn</b>	<b>Closing GFA</b>	<b>Depreciation</b>
1	Land & Land rights	8.99	0.37	0.00	9.36	0.00
2	Buildings	15.93	2.96	0.00	18.89	0.58
3	Hydraulic Works	128.69	12.23	0.00	140.90	7.08
4	Civil Works	26.59	2.09	0.00	28.66	0.87
5	Plant & Machinery	246.86	9.00	0.00	255.84	14.27
6	Lines & Cable Network	3.48	0.14	0.00	3.62	0.18
7	Vehicles	4.51	0.06	0.00	4.58	0.44
8	Furniture & Fixtures	3.07	0.04	0.00	3.11	0.21
9	Office Equipment	2.98	0.04	0.00	3.02	0.19
10	Assets not in use	0.16	0.00	0.00	0.16	0.00
	<b>Total</b>	<b>441.24</b>	<b>26.92</b>	<b>0.00</b>	<b>468.16</b>	<b>23.78</b>
11	Ammortization of Grants					14.21
	<b>Net Depreciation</b>					<b>9.57</b>

**Table 17: Projected Depreciation Charges of MePGCL's Old Plants including Sonapani for FY 2021-22**

<b>Value Assets and Depreciation: 2021-22 (Projected) (INR Cr)</b>						
<b>Sl. No</b>	<b>Particulars</b>	<b>Opening GFA</b>	<b>Addition</b>	<b>Withdrawn</b>	<b>Closing GFA</b>	<b>Depreciation</b>
1	Land & Land rights	9.36	0.74	0.00	10.11	0.00
2	Buildings	18.89	5.82	0.00	24.71	0.72
3	Hydraulic Works	140.90	23.95	0.00	164.85	8.02

<b>Value Assets and Depreciation: 2021-22 (Projected) (INR Cr)</b>						
<b>Sl. No</b>	<b>Particulars</b>	<b>Opening GFA</b>	<b>Addition</b>	<b>Withdrawn</b>	<b>Closing GFA</b>	<b>Depreciation</b>
4	Civil Works	28.66	4.07	0.00	32.74	0.96
5	Plant & Machinery	255.84	17.56	0.00	273.41	15.04
6	Lines & Cable Network	3.62	0.26	0.00	3.89	0.19
7	Vehicles	4.58	0.12	0.00	4.69	0.45
8	Furniture & Fixtures	3.11	0.08	0.00	3.19	0.20
9	Office Equipment	3.02	0.08	0.00	3.10	0.20
10	Assets not in use	0.16	0.00	0.00	0.16	0.00
	<b>Total</b>	<b>468.16</b>	<b>52.67</b>	<b>0.00</b>	<b>520.82</b>	<b>25.78</b>
11	Ammortization of Grants					14.61
	<b>Net Depreciation</b>					<b>11.17</b>

**Table 18: Projected Depreciation Charges of MePGCL's Old Plants including Sonapani for FY 2022-23**

<b>Value Assets and Depreciation: 2022-23 (Projected) (INR Cr)</b>						
<b>Sl. No</b>	<b>Particulars</b>	<b>Opening GFA</b>	<b>Addition</b>	<b>Withdrawn</b>	<b>Closing GFA</b>	<b>Depreciation</b>
1	Land & Land rights	10.11	7.90	0.00	18.02	0.00
2	Buildings	24.71	61.70	0.00	86.41	1.85
3	Hydraulic Works	164.85	254.46	0.00	419.31	15.37
4	Civil Works	32.74	43.64	0.00	76.38	1.76
5	Plant & Machinery	273.41	185.46	0.00	458.87	20.93
6	Lines & Cable Network	3.89	3.00	0.00	6.89	0.27
7	Vehicles	4.69	1.20	0.00	5.89	0.51
8	Furniture & Fixtures	3.19	0.78	0.00	3.96	0.23
9	Office Equipment	3.10	0.77	0.00	3.86	0.22
10	Assets not in use	0.16	0.04	0.00	0.20	0.00
	<b>Total</b>	<b>520.82</b>	<b>558.96</b>	<b>0.00</b>	<b>1079.78</b>	<b>41.14</b>
11	Ammortization of Grants					21.00
	<b>Net Depreciation</b>					<b>20.14</b>

**Table 19: Projected Depreciation Charges of MePGCL's Old Plants including Sonapani for FY 2023-24**

<b>Assets Value and Depreciation: 2023-24 (Projected) (INR Cr)</b>						
<b>Sl. No</b>	<b>Particulars</b>	<b>Opening GFA</b>	<b>Addition</b>	<b>Withdrawn</b>	<b>Closing GFA</b>	<b>Depreciation</b>
1	Land & Land rights	18.02	1.34	0.00	19.36	0.00
2	Buildings	86.41	10.65	0.00	97.05	3.06
3	Hydraulic Works	419.31	43.82	0.00	463.13	23.25
4	Civil Works	76.38	7.44	0.00	83.83	2.62
5	Plant & Machinery	458.87	32.35	0.00	491.22	27.24
6	Lines & Cable Network	6.89	0.54	0.00	7.42	0.36
7	Vehicles	5.89	0.22	0.00	6.11	0.58
8	Furniture & Fixtures	3.96	0.14	0.00	4.11	0.26

<b>Assets Value and Depreciation: 2023-24 (Projected) (INR Cr)</b>						
<b>Sl. No</b>	<b>Particulars</b>	<b>Opening GFA</b>	<b>Addition</b>	<b>Withdrawn</b>	<b>Closing GFA</b>	<b>Depreciation</b>
9	Office Equipment	3.86	0.14	0.00	4.00	0.25
10	Assets not in use	0.20	0.01	0.00	0.21	0.00
	<b>Total</b>	<b>1079.78</b>	<b>96.66</b>	<b>0.00</b>	<b>1176.43</b>	<b>57.62</b>
11	Ammortization of Grants					27.59
	<b>Net Depreciation</b>					<b>30.03</b>

MePGCL humbly prays before the Hon'ble Commission to kindly approve the depreciation as computed above.

### 3.6 Interest and Finance Charges

3.6.1 As per Regulation 32 of the MYT Regulations, 2014, Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements, bond or debenture and the prevailing lending rate of bank and financial institution. It is submitted that the Interest on Loan for the control period has been computed by considering Interest obligation for existing loans as well as for new loans projected to be taken based on the approved capital investment plan for the control period. The details of the loan statement for actuals FY 2018-19, FY 2019-20, estimated FY 2020-21 and projected FY 2021-22, FY 2022-23 and FY 2023-24 along with the interest accrued component for MePGCL is given in Format 7, **Annexure H**.

3.6.2 **MePGCL and MeECL Loan Statements:** The loan portions of the capex in the approved Business Plan have been added over and above the existing loan commitments to arrive at MePGCL's interest on loan. The same loan portion is also shown in Section 3.3.1 of the petition. Justifications for some of the loans under Old Plants and Sonapani head are given below:

- a) **State Govt. Loans:** These loans have been availed by the utility from the State Government to help MePGCL for setting up of new projects as well as renovation and modernization of existing generation plants under various State or Central schemes. The details about the State Govt. loans are present in Note 12.6 of FY 2018-19 MePGCL audited accounts and Note 16.6 in the accounts of FY 2019-20. The State Government loans have also been earlier approved in the past tariff orders and considered for interest calculation.
- b) **Additional Loans Due to Capex:** These pertain to the new loan portions of the approved capital expenditure in the next control period. As stated above, the year-wise loan portion has been shown in Section 3.3.1 of the petition, the interest rates for the loans have been assumed at the average interest rates for MePGCL with a loan tenure of 12 years including 1-year moratorium.
- c) **Working Capital Loans:** The Covid-19 pandemic created severe liquidity crisis to utilities across the country due to delay in billing as well as collection for the utilities. The various restrictions put in place to control the effects of the virus has triggered shortages of raw materials and manpower and disrupted supply chain. MePGCL ensured smooth power supply across the state in spite of fall in revenue for the utility. However, it also had to resort to working capital loans to meet the cash flow gap. The loans from PFC and Advance loans from MeECL come under this category. Though the working capital loans are shown in the loan statements in Format 7, **Annexure H**, the interest accrued is not included in the interest and finance calculations as they are already accounted for in the Interest in Working Capital component shown in Section 3.8.

3.6.3 Details of Statement of loans for the capital expenditure for old plants including Sonapani are given in **Annexure I**. The summarized statement of Interest and Finance charges to be considered for the

Control Period for the old projects is shown in the table below:

**Table 20: Interest and Finance Charges of MePGCL's Old Plants for the Third Control Period**

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
Opening Balance	126.33	156.44	159.14	351.77	383.50	465.33
Addition During the Year	30.11	2.70	192.64	50.58	92.42	119.59
Repayment during the year	-	-	-	18.85	10.60	28.61
Closing Balance	156.44	159.14	351.77	383.50	465.33	556.30
Average Interest Rate	9.66%	9.32%	10.01%	9.89%	10.08%	10.24%
Interest Accrued	13.65	14.71	25.57	36.36	42.80	52.30
Interest Capitalized	0.52	-	8.79	16.68	15.49	14.32
Add: Finance Charge and MeECL Apportioned **	0.81	3.91	8.14	8.18	8.23	8.27
<b>Interest and Finance Charges</b>	<b>13.94</b>	<b>18.62</b>	<b>24.93</b>	<b>27.87</b>	<b>35.53</b>	<b>46.25</b>

\*\* 1/3<sup>rd</sup> of the total MeECL interest and finance charges projected (in the table below)

**Table 20(a): Interest and Finance Charges for MeECL's Control Period 2021-24 (INR Cr)**

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
Opening Balance	-	-	190.30	190.30	190.30	190.30
Addition During the Year	-	190.30	-	-	-	-
Repayment during the year	-	-	-	-	-	-
Closing Balance	-	190.30	190.30	190.30	190.30	190.30
Average Interest Rate		9.65%	11.49%	11.49%	11.49%	11.49%
<b>Interest Accrued for the Year</b>	<b>0.00</b>	<b>9.19</b>	<b>21.87</b>	<b>21.87</b>	<b>21.87</b>	<b>21.87</b>
Add: Other Finance Charge of MeECL ^		2.43	2.55	2.68	2.81	2.95
<b>Total Interest and Finance Charges of MeECL</b>	<b>2.43</b>	<b>11.74</b>	<b>24.42</b>	<b>24.54</b>	<b>24.68</b>	<b>24.82</b>
<b>Apportioned Total Interest and Finance Charges of MeECL</b>	<b>0.81</b>	<b>3.91</b>	<b>8.14</b>	<b>8.18</b>	<b>8.23</b>	<b>8.27</b>

^As per Note 22 of MeECL FY 2019-20, includes costs of raising finance, bank and guarantee charges

MePGCL humbly prays before the Hon'ble Commission to kindly approve the Interest and Finance Charges as computed above.

### 3.7 Return on Equity

3.7.1 The relevant regulations for determination of debt-equity ratio are extracted from the MSERC MYT Regulations, 2014 and reproduced for reference as below:

*“27 Debt-Equity Ratio*

*27.1 For a project declared under commercial operation on or after 1.4.2015, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan;*

*Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff.*

*Provided further that equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.*

*Provided any grant obtained for execution of the project shall not be considered as a part of capital structure for the purpose of debt-equity ratio.*

*Explanation:- The premium, if any, raised by the generating company or the transmission licensee or the distribution licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting the capital expenditure.*

*27.2 In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2015, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2015 shall be considered.*

*27.3 Any expenditure incurred or projected to be incurred on or after 1.4.2015 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernization expenditure for life extension shall be serviced in the manner specified in this regulations.”*

3.7.2 The Regulation 31 & 92 of the MYT Regulations, 2014, provides for computation of Return on Equity (RoE). The extract is reproduced below:

*“31 Return on Equity*

*31.1 Return on equity shall be computed on the equity base determined in accordance with regulation 27 and shall not exceed 14%.*

*Provided that in case of generation & transmission projects commissioned after notification of these regulations, an additional return of 0.5 % shall be allowed if such projects are completed within the time line as specified in CERC Tariff Regulations.*

*Provided that in case of generation & transmission projects commissioned after the notification of these regulations an additional return of 1.5 % shall be allowed if such projects are completed within the original sanctioned project cost without any time and cost overrun whatsoever.*

*Provided that equity invested in a foreign currency may be allowed a return up to the prescribed limit in the same currency and the payment on this account shall be made in Indian Rupees based on the exchange rate prevailing on the due date of billing.*

- The premium received while issuing share capital shall be treated as a part of equity provided the same is utilized for meeting capital expenditure.*
- Internal resources created out of free reserves and utilized for meeting capital expenditure shall also be treated as a part of equity.*

....

3.7.3 For computation of RoE till 1<sup>st</sup> April, 2015, the Meghalaya State Electricity Regulatory Commission (Terms and Conditions for determination of Tariff) Regulations, 2011 (hereinafter referred as Tariff Regulations, 2011) have been followed. The relevant provision of Tariff Regulations, 2011 is reproduced below:

*“101. Return on Equity*

*(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 100, at a fixed rate of 14 percent, per annum.*

*Provided that equity invested in a foreign currency may be allowed a return up to the prescribed limit in the same currency and the payment on this account shall be made in Indian Rupees based on the exchange rate prevailing on the due date of billing. The difference in actual exchange rate and the provisional exchange rate considered while determining the ARR shall be taken into consideration at the time of ‘Trueing up’.*

*(2) The equity amount appearing in the audited Balance Sheet or as per Transfer Scheme Notification will be taken into account for the purpose of calculating the return on equity for the first year of operation, subject to such modifications as may be found necessary upon audit of the accounts if such a Balance Sheet was not audited.*

*....”*

3.7.4 The petitioner has projected the Return on Equity for third control period based on its average existing asset base for MePGCL (funded by non-grants). This is similar to the approach followed by the Hon’ble Commission in its past few tariff and true up orders (please refer 3.7.6 for the reason). The asset base used for calculation of equity base and subsequent return on equity has been arrived by reducing the grant portion from the asset.

3.7.5 Based on the grant portion of the asset (above table), the total asset base (Section 3.3.3 of the petition) and the Hon’ble Commission’s methodology, the return on equity for the control period is given below:

**Table 21: Grant Portion of Asset for MePGCL Old Plants the Third Control Period**

Sl.No	Particulars	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
		Actuals from the accounts		Addition of the loan, grants and equity for the years to arrive at closing cumulative loan, grants and equity has been calculated from the capital expenditure schedule as shown in the Table 2 of Section 3.3.1 of the petition			
1	Opening GFA for the Year	2325.33	2350.76	2355.24	2383.71	2440.01	3004.97
2	GFA Addition for the Year	25.43	4.48	28.47	56.30	564.96	103.32
3	Closing GFA for the Year	2350.76	2355.24	2383.71	2440.01	3004.97	3108.28
4	<b>Average Assets Base for the Year</b>	<b>2338.05</b>	<b>2353.00</b>	<b>2369.47</b>	<b>2411.86</b>	<b>2722.49</b>	<b>3056.63</b>
5	Opening Equity Base for the Year	798.91	803.95	918.77	918.77	918.77	976.35
6	Closing Equity Base for the Year	803.95	918.77	918.77	918.77	976.35	1045.76
7	<b>Average Equity Base for the Year</b>	<b>801.43</b>	<b>861.36</b>	<b>918.77</b>	<b>918.77</b>	<b>947.56</b>	<b>1011.06</b>
8	Opening Grant for the Year	0.00	25.67	40.83	267.86	334.36	0.00
9	Closing Grant for the Year	25.67	40.83	267.86	290.26	624.62	0.00

Sl.No	Particulars	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
10	<b>Average Grant for the Year</b>	<b>12.84</b>	<b>33.25</b>	<b>154.34</b>	<b>279.06</b>	<b>479.49</b>	<b>0.00</b>
11	Opening Long Term Loan for the Year	0.00	2.80	4.48	227.58	234.86	0.00
12	Closing Long Term Loan for the Year	2.80	4.48	227.58	238.98	473.84	0.00
13	<b>Average Long-Term Loan for the Year</b>	<b>1.40</b>	<b>3.64</b>	<b>116.03</b>	<b>233.28</b>	<b>354.35</b>	<b>0.00</b>
14	<b>Grant Portion of the Asset</b> <b>14=4*{10/(7+10+13)}</b>	<b>36.79</b>	<b>87.10</b>	<b>307.54</b>	<b>470.30</b>	<b>732.80</b>	<b>0.00</b>

3.7.6 Based on the grant portion of the asset (above table), the total asset base (Section 3.3.3 of the petition) and the Hon'ble Commission's methodology, the return on equity for the control period is given below:

**Table 22: Return on Equity for MePGCL for the Third Control Period**

Sl	Particulars	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
1	Opening GFA for the Year	2325.33	2350.76	2355.24	2383.71	2440.01	3004.97
2	Closing GFA for the Year	2350.76	2355.24	2383.71	2440.01	3004.97	3108.28
3	<b>Average Assets Base for the Year</b>	<b>2338.05</b>	<b>2353.00</b>	<b>2369.47</b>	<b>2411.86</b>	<b>2722.49</b>	<b>3056.63</b>
6	Average Grant Portion of the Asset Base (From the abovetable)	36.79	87.10	307.54	470.30	732.80	0.00
7	Asset Base excluding Grant Portion	2301.25	2265.90	2061.93	1941.56	1989.69	3056.63
8	Debt component (70% of GFA)	1610.88	1586.13	1443.35	1359.09	1392.79	2139.64
9	Equity component (30% of GFA)	690.38	679.77	618.58	582.47	596.91	916.99
10	RoE (%)	14%	14%	14%	14%	14%	14%
11	<b>Return on Equity (INR Cr.)</b>	<b>96.65</b>	<b>95.17</b>	<b>86.60</b>	<b>81.55</b>	<b>83.57</b>	<b>128.38</b>

**Table 23: Return on Equity for MePGCL Old Plants including Sonapani for the Third Control Period (INR Cr.)**

Particulars	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
RoE of MePGCL (a)	96.65	95.17	86.60	81.55	83.57	128.38
RoE of MLHEP (b)	54.00	53.99	54.02	54.12	54.29	54.54
RoE of NUHEP (c)	25.26	25.33	25.37	25.37	25.37	25.37
RoE of Lakroh HEP (d)	0.04	1.12	1.17	1.19	1.22	1.24
<b>RoE of MePGCL Old Plants including Sonapani (e=a-b-c-d)</b>	<b>17.35</b>	<b>14.73</b>	<b>6.04</b>	<b>0.87</b>	<b>2.69</b>	<b>47.23</b>

3.7.7 The petitioner would however like to submit that the issue of Return on Equity (methodology of **MeECL&its subsidiaries vs methodology of MSERC**: APTEL Case no 46 of 2016 is still under subjudice. Further the petitioner has appealed against the methodology in the review petition of true up FY 2016-17 whose order is still due from the Hon'ble Commission. In case of favorable order to the petitioner with respect to methodology adopted for return on equity, the petitioner will reclaim/

adjust the additional claim of return on equity in the subsequent tariff petitions. However, the petitioner has hereby claimed return based on the methodology adopted by the Hon'ble Commission in its past orders to avoid ambiguities in figures/calculation resulting in wrong calculations and lower amount of RoE being approved by the Hon'ble Commission.

3.7.8 MePGCL humbly prays before the Hon'ble Commission to kindly approve the RoE as per the above computations.

### 3.8 Interest on Working Capital

As per Regulation 34.1 (iii) of the MYT Regulations, 2014, the components of working capital will be:

#### ***“34 Interest on Working Capital***

##### ***34.1 Generation***

*(iii) In case of hydro power generating stations, working capital shall cover:*

- *Operation and maintenance expenses for one (1) month;*
- *Maintenance spares at the rate of 15% of O & M expenses escalated at 6% from the date of commercial operation; and*
- *Receivables equivalent to two (2) month of fixed cost:*

*Provided that in case of own generating stations, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations.”*

3.8.1 Based on the above, the Interest on Working Capital can be computed as follows:

**Table 24: Interest on Working Capital of MePGCL Old Plants including Sonapanani the Third Control Period**

<b>Particulars</b>	<b>FY 2018-19 (Actual)</b>	<b>FY 2019-20 (Provisional)</b>	<b>FY 2020-21 (Estimated)</b>	<b>FY 2021-22 (Projected)</b>	<b>FY 2022-23 (Projected)</b>	<b>FY 2023-24 (Projected)</b>
O&M for 1 Months	5.00	6.37	7.77	8.33	9.02	9.78
Maintenance Spares	8.99	11.47	13.99	15.00	16.23	17.60
Receivables for 2 Months	19.79	19.78	20.03	21.05	25.51	38.05
Total (INR Crore)	33.78	37.62	41.79	44.39	50.76	65.43
Interest Rate (%)	13.45%	13.20%	12.15%	12.15%	12.15%	12.15%
<b>Interest on Working Capital (INR Crore)</b>	<b>4.54</b>	<b>4.97</b>	<b>5.08</b>	<b>5.39</b>	<b>6.17</b>	<b>7.95</b>

MePGCL humbly prays before the Hon'ble Commission to kindly approve the Interest on Working Capital as computed above and as per the norms in the MYT Regulations.

### 3.9 Taxes on Income

Regulation 35 of the MYT Regulations, 2014, provides for claim of Income Tax as expenses. However, MePGCL submits nil income tax for the control period as of now. The actuals incurred if any shall be taken up during true up of subsequent years.

### 3.10 SLDC Charges

As per Regulation 1, 3(3), 3(6) of MSERC (Levy and Collection of State Load Despatch Centre Fees and Charges) Regulations, 2009, MePGCL will need to bear 50% of the Annual Revenue Requirement of SLDC. The SLDC charge has been escalated at 5% year-on-year.

**Table 25: SLDC Charges for the Third Control Period**

Particular	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
SLDC Charges	1.20	1.68	1.76	1.85	1.94	2.04

MePGCL humbly prays before the Hon'ble Commission to kindly approve the SLDC charge as per the above computations.

### 3.11 Non-Tariff Income

3.11.1 As per Regulation 60 of the MYT Regulations, 2014 the **Other Income** of a generation utility is to be deducted from the total expenses to arrive at the net ARR. The relevant regulation is reproduced below for ready reference:

**“60 Other income**

*60.1 All Income other than income from sale of energy and net U I charges gained (after introduction of intra-state ABT) shall be grouped as other income. UI penalties shall not be netted off from other income. The UI penalties shall be borne by the generating company.”*

3.11.2 The details of Non-Tariff Income are mentioned in table below:

**Table 26: Non-Tariff Income of MePGCL's Old Plants including Sonapani for the Third Control Period FY 2021-22 to FY 2023-24**

SL No.	PARTICULARS	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
<b>1</b>	<b>Interest Income</b>						
<b>2</b>	From Banks	0.92	2.17	2.23	2.30	2.37	2.44
<b>3</b>	From Others	0.37	0.00	0.00	0.00	0.00	0.00
<b>4</b>	<b>Other non-operating income</b>						
<b>5</b>	Rental and Hiring Income	0.39	0.36	0.37	0.38	0.39	0.41
<b>6</b>	Rebates	0.01	0.02	0.02	0.02	0.02	0.02
<b>7</b>	Fees and Penalties	0.01	0.04	0.04	0.04	0.05	0.05
<b>8</b>	Sale of scrap, tender forms and others	0.05	0.09	0.09	0.09	0.09	0.10
<b>9</b>	Miscellaneous receipts	1.53	0.07	0.07	0.07	0.08	0.08
<b>10</b>	Revenue Grant		0.50	0.52	0.53	0.55	0.56
<b>11</b>	<b>Total Other Income</b>	<b>3.27</b>	<b>3.25</b>	<b>3.35</b>	<b>3.45</b>	<b>3.55</b>	<b>3.66</b>
<b>12</b>	Other Income of MeECL	7.08	6.04	6.22	6.41	6.60	6.80

SL No.	PARTICULARS	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
	Apportioned						
<b>13</b>	<b>Net Other Income of MePGCL</b>	<b>10.35</b>	<b>9.29</b>	<b>9.57</b>	<b>9.86</b>	<b>10.15</b>	<b>10.46</b>
<b>14</b>	<b>Other Income of MLHEP</b>	0.023	0.003	0.013	0.014	0.014	0.015
<b>15</b>	<b>Other Income of NUHEP</b>	0.11	0.00	0.0587	0.0605	0.0623	0.0642
<b>16</b>	<b>Other Income of Old Plants (13-14-15)</b>	<b>10.22</b>	<b>9.29</b>	<b>9.50</b>	<b>9.78</b>	<b>10.08</b>	<b>10.38</b>

MePGCL humbly prays before the Hon'ble Commission to kindly approve the Non-Tariff Income as per the above computations.

### 3.12 Annual Revenue Requirement (ARR) for each year of the Control Period

Based on the above submissions, the ARR for each year of the Control Period would be as shown in the following table:

**Table 27: ARR Requirement of MePGCL Old Plants for the Third Control Period**

Sl. No.	Particulars	FY 2018-19 (Audited)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Projected)	FY 2022-23 (Projected)	FY 2023-24 (Projected)
1	Interest & Finance Charges	43.02	27.63	24.93	27.87	35.53	46.25
2	Depreciation	2.62	2.50	9.57	11.16	20.13	30.02
3	O&M Expenses	60.28	76.45	93.25	100.01	108.22	117.35
4	Interest on working capital	4.55	4.97	5.30	5.62	6.41	8.20
5	Return on Equity	17.35	14.73	6.03	0.87	2.68	47.23
6	SLDC Charges	1.20	1.68	1.76	1.85	1.94	2.04
7	Net Prior Period Items/ Provision for bad debts	-0.08	0.00	0.00	0.00	0.00	0.00
	<b>Total Annual Fixed Cost</b>	<b>128.95</b>	<b>127.95</b>	<b>140.85</b>	<b>147.38</b>	<b>174.92</b>	<b>251.09</b>
8	Less: Non-Tariff Income	10.22	9.29	9.50	9.78	10.08	10.38
	<b>Net Annual Fixed Cost</b>	<b>118.73</b>	<b>118.67</b>	<b>131.35</b>	<b>137.60</b>	<b>164.85</b>	<b>240.71</b>

#### 4 Determination of Capacity Charge and Energy Charge for Leshka& Old Plants including Sonapani for FY 2020-21

##### 4.1 Regulatory Provisions

MePGCL submits that based on the Annual fixed Cost approved by Hon'ble Commission it will calculate the capacity charge and energy charge based on following provisions of the MYT Regulations, 2014:

##### ***“57 Computation and payment of capacity charge and energy charge for Hydro generating stations.***

###### *57.1 Capacity Charges:*

*(1) The fixed cost of a hydro generating station shall be computed on annual basis, based on norms specified under these regulations, and recovered on monthly basis under capacity charge (inclusive of incentive) and energy charge, which shall be payable by the beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station, that is to say, in the capacity excluding the free power to the home State:*

*Provided that during the period between the date of commercial operation of the first unit of the generating station and the date of commercial operation of the generating station, the annual fixed cost shall provisionally be worked out based on the latest estimate of the completion cost for the generating station, for the purpose of determining the capacity charge and energy charge payment during such period.*

*(2) The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be*

$$= AFC \times 0.5 \times NDM / NDY \times (PAFM / NAPAF) \text{ (in Rupees)}$$

*Where,*

*AFC = Annual fixed cost specified for the year, in Rupees.*

*NAPAF = Normative plant availability factor in percentage*

*NDM = Number of days in the month*

*NDY = Number of days in the year*

*PAFM = Plant availability factor achieved during the month, in percentage*

*(3) The PAFM shall be computed in accordance with the following formula:*

$$PAFM = 10000 \times \sum_{i=1} DC_i / \{ N \times IC \times (100 - AUX) \} \%$$

*i=1*

*Where,*

*AUX = Normative auxiliary energy consumption in percentage*

*DC<sub>i</sub> = Declared capacity (in ex-bus MW) for the ith day of the Month which the station can deliver for at least three (3) hours, as certified by the nodal load dispatch centre after the day is over.*

*IC = Installed capacity (in MW) of the complete generating station*

*N = Number of days in the month*

###### *57.2 Energy Charges:*

*(1) The energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary, excluding free energy, if any, during the calendar month, on ex power*

plant basis, at the computed energy charge rate. Total Energy charge payable to the generating company for a month shall be:

$$= (\text{Energy charge rate in Rs. / kWh}) \times \{\text{Scheduled energy (ex-bus) for the month in kWh}\} \times (100 - \text{FEHS}) / 100.$$

(2) Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis, for a hydro generating station, shall be determined up to three decimal places based on the following formula, subject to the provisions of clause (4):

$$\text{ECR} = \text{AFC} \times 0.5 \times 10 / \{ \text{DE} \times (100 - \text{AUX}) \times (100 - \text{FEHS}) \}$$

Where,

DE = Annual design energy specified for the hydro generating station, In MWh, subject to the provision in clause (6) below.

FEHS = Free energy for home State as fixed from time to time, by competent authority.

(3) In case actual total energy generated by a hydro generating station during a year is less than the design energy for reasons beyond the control of the generating company, the following treatment shall be applied on a rolling basis:

(i) in case the energy shortfall occurs within ten years from the date of commercial operation of a generating station, the ECR for the year following the year of energy shortfall shall be computed based on the formula specified in clause (2) with the modification that the DE for the year shall be considered as equal to the actual energy generated during the year of the shortfall, till the energy charge shortfall of the previous year has been made up, after which normal ECR shall be applicable;

(ii) in case the energy shortfall occurs after ten years from the date of commercial operation of a generating station, the following shall apply:

Suppose the specified annual design energy for the station is DE MWh, and the actual energy generated during the concerned (first) and the following (second) financial years is A1 and A2 MWh respectively, A1 being less than DE. Then, the design energy to be considered in the formula in clause (5) of this Regulation for calculating the ECR for the third financial year shall be moderated as (A1 + A2 - DE) MWh, subject to a maximum of DE MWh and a minimum of A1 MWh.

(iii) Actual energy generated (e.g. A1, A2) shall be arrived at by multiplying the net metered energy sent out from the station by 100 / (100 - AUX).

(4) In case the energy charge rate (ECR) for a hydro generating station, as computed in clause (5) above, exceeds eighty paise per kWh, and the actual saleable energy in a

year exceeds  $\{ \text{DE} \times (100 - \text{AUX}) \times (100 - \text{FEHS}) / 10000 \}$  MWh, the Energy charge for the energy in excess of the above shall be billed at eighty paise per kWh only:

Provided that in a year following a year in which total energy generated was less than the design energy for reasons beyond the control of the generating company, the energy charge rate shall be reduced to eighty paise per kWh after the energy charge shortfall of the previous year has been made up.

(6) The concerned Load Despatch Centre shall finalise the schedules for the hydro generating stations, in consultation with the beneficiaries, for optimal utilization of all the energy declared to be available, which shall be scheduled for all beneficiaries in proportion to their respective allocations in the generating station.”

#### 4.2 Total Gap to be recovered through Tariff in FY 2020-21

4.2.1 It may be noted that the ARR as well as the surplus as per the true up order for FY 2017-18 is to be cumulatively recovered through the tariff of FY 2021-22.

(Please Note: MePGCL is filing a review against true up FY 2017-18 order. As and when the order is notified, MePGCL requests the Hon'ble Commission to include the impact of that in the corresponding tariff petition for that year)

4.2.2 MePGCL also had filed a review petition against the true up order of FY 2016-17 through its letter No MePGCL/D/GEN/MISC-43/2008/Pt-XIII/76 dated 17<sup>th</sup> January, 2020, but the order is still due from the Hon'ble Commission. Hence, due to absence of order yet, the gap due to review of true up order FY 2016-17 is not included here and may be added as and when the order is notified during the period of consideration of this petition.

#### 4.3 Capacity Charge and Energy Charge for Old Plants including Sonapani

Following the same approach followed in the previous MYT tariff orders, MePGCL proposes to recover the annual fixed charges based on the installed capacity for determining energy charges and fixed charges in FY 2021-22. Further, MePGCL in this MYT petition requests Hon'ble commission to allow the recovery of revenue gap it has claimed in the review petition for true up of FY 2017-18. The net revenue for MePGCL including gap of previous year to be passed on for FY 2021-22, is summarized below:

**Table 28: Annual Fixed Charges for FY 2018-19: Old Plants Including Sonapani (INR Cr)**

Particulars	FY 2021-22
a. Annual Fixed Cost (AFC) Proposed for FY 2021-22 (a)	137.60
b. Revenue Gap from True Up of FY 2017-18 (INR Crs) as approved by Hon'ble Commission in the True Up order for FY 2017-18 (b)	(114.47)
c. Revenue Gap from True Up of FY 2017-18 (INR Crs) for Old Plants* (c=b*177.5 MW / 343.5 MW)	-59.15
<b>Net AFC for computation of Tariff for FY 2021-22 (d=a+c)</b>	<b>78.45</b>

\* - The Hon'ble Commission in its order for True up of FY 2017-18, has allowed a surplus of INR 114.47 Cr. The claim for revenue surplus of MePGCL for Old Plants including Sonapani has been apportioned, based on its installed capacity.

Total installed capacity available for recovery of true up gap of FY 2017-18 in FY 2021-22 is 343.5 MW (excluding Umtru which is not scheduled to generate in FY 2021-22 and Lakroh which came into operation in FY 2018-19)

Negative Gap implies Revenue Surplus.

The station wise allotted Net Annual Fixed Cost proposed for recovery in FY 2021-22 is shown in the table below:

**Table 29: AFC, Capacity Charge and Energy Charge for FY 2021-22**

Sl. No	Name of the Power Station	Installed Capacity (MW)	Gross Generation (MU) as approved in Business Pan	Net Generation (MU) as approved in Business Pan	Annual Fixed Charge (INR Crs)	Capacity Charge (INR Crs)	Energy Charge (Rs/Unit)
1.	Umiam I	36.00	116.00	114.61	15.91	7.96	0.69
2.	Umiam II	20.00	46.00	45.45	8.84	4.42	0.97
3.	Umiam III	60.00	139.00	137.33	26.52	13.26	0.97

Sl. No	Name of the Power Station	Installed Capacity (MW)	Gross Generation (MU) as approved in Business Pan	Net Generation (MU) as approved in Business Pan	Annual Fixed Charge (INR Crs)	Capacity Charge (INR Crs)	Energy Charge (Rs/Unit)
4.	Umiam IV	60.00	207.00	203.90	26.52	13.26	0.65
5.	Mini Hy del (Sonapani)	1.50	5.00	4.94	0.66	0.33	0.67
	<b>Total</b>	<b>177.50</b>	<b>513.0</b>	<b>506.2</b>	<b>78.4</b>	<b>39.2</b>	<b>0.77</b>

The total installed capacity of the old plants is 177.5 MW (excluding Umtru) and as per the approved Business Plan, the net generation from these plants is 506.22 MUs. Following the similar approach adopted in the MYT tariff order, MePGCL proposes to recover the total annual fixed charges from the beneficiary in the Financial Year 2021-22 for these plants on the basis of their installed capacity and target energy as computed above.

Based on all the above submissions, the petitioner humbly prays before the Hon'ble Commission to kindly approve the tariff of Old Plants including Sonapani for FY 2021-22 as computed in the above table

#### 4.4 Tariff for Ganol HEP

MePGCL requests the Hon'ble Commission to allow to raise monthly bills of Ganol as per levelized tariff for Rs 4.59 per unit. As and when the capital cost is ready and audited, MePGCL will file the petition for approval of capital cost and tariff for Ganol.

#### 4.5 Summary of Tariff Computed for MePGCL's plants for FY 2021-22

Based on the tariff petitions filed for MLHEP, NUHEP, Lakroh and Old Plants (including Sonapani), the following table presents plant wise Fixed Charges and tariff per unit for FY 2021-22.

**Table 30: Tariffs Computed for MePGCL's Plants for FY 2021-22**

Particulars	Fixed Charges (INR Cr)	Energy Charges for FY 2021-22 (INR/unit)
Umiam I	7.96	0.69
Umiam II	4.42	0.97
Umiam III	13.26	0.97
Umiam IV	13.26	0.65
Mini Hy del (Sonapani)	0.33	0.67
NUHEP	51.62	2.23
MLHEP	89.85	1.88
Lakroh HEP	2.10	1.94
Ganol HEP	4.59	

#### 4.6 Prayer before the Hon'ble Commission

4.6.1 MePGCL humbly prays before the Hon'ble Commission to kindly approve the proposed tariff rates for implementation from 01.04.2021 based on the facts and circumstances submitted above.

