

BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG

PETITION
FOR
**REVISION OF TRANSMISSION
TARIFF FOR FY 2022-23**

FILED BY



MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED
Lum Jingshai, Short Round Road, Shillong - 793 001

BEFORE THE HONORABLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

At its office at Lower Lachumiere, Shillong – 793001

File/Petition No.: _____

IN THE MATTER OF

REVISION OF TARIFF FOR FY 2022-23 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 TRANSMISSION CORPORATION LIMITED, LUMJINGSHAI, SHILLONG – 793001,
MEGHALAYA PETITIONER

The Petitioner respectfully submits as under:

1. In exercising its powers conferred under the section 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 Generation Corporation Limited (MePGCL)**: the Generation Utility;
 - c. **Meghalaya Power Transmission Corporation Limited (MePTCL)**: the Transmission Utility;
 - d. **Meghalaya Power Distribution Corporation Limited (MePDCL)**: the Distribution 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, State Government notified an amendment to The Power Sector Reforms Transfer Scheme leading to effective unbundling of MeECL into MeECL (Holding Company), MePGCL (Generation utility), MePTCL (Transmission Utility) and MePDCL (Distribution 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 has notified the 4th 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. MePTCL has begun segregated commercial operations as an independent entity from 1st April 2013.
5. 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.

6. The Licensee filed the petition for approval of Business Plan for the third control period FY 2021-22 to FY 2023-24 vide letter No. MePTCL/DT/T-21(Pt-VI)/2020-21/135 dated 09.09.2020. The Hon'ble Commission approved the Business Plan on 28.09.2020.
7. Under Meghalaya State Electricity Regulatory Commission i.e. MSERC (Multi Year Tariff) Regulations, 2014, MePTCL filed MYT petition for Annual Revenue Requirement for the period of FY 2021-22 to FY 2023-24. In respect to the said petition MYT order was issued by Hon'ble Commission on 25th March 2021.
8. In exercise of its powers, MSERC had determined the Aggregate Revenue Requirement (ARR) for MePTCL and tariff for FY 2021-22 in its tariff order dated 25th March 2021, in accordance with the MSERC Tariff Regulations, 2014. The accounts for FY 2019-20 have been audited and the statutory audit report is available with the Licensee. However, the C&AG audit is under process. Keeping in mind the amended MYT Regulations, 2021 which state the requirement of audited accounts including audit report of the Statutory Auditor appointed by C&AG, the Licensee has filed the true up for FY 2018-19.
9. The Licensee filed the review petition for revision of tariff for FY 2021-22 and the ARR for the MYT control period for FY 2021-22 to FY 2023-24 and the Commission has given its order on 18.08.2021.
10. The Licensee file this petition for revision of tariff for FY 2022-23 based on (i) the approved ARR of MYT of FY 2021-22 to FY 2023-24 in order dated 25th March 2021, (ii) the order on the review petition dated 18.08.2021, (iii) pending adjustment of true up of previous years filed by the utility and (iv) the correction vide order dated 06.08.2021. Before the issue of next tariff order, any further orders from Hon'ble Commission on the gaps/surplus of past years for MePTCL and the correction vide order dated 06.08.2021 may be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2022-23.
11. The Board of Directors of MePTCL have accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. The 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) Revision of Tariff for FY 2022-23 based on approved ARR of MYT of FY 2021-22 to FY 2023-24, gaps/(surplus) of previous years and the correction vide order dated 06.08.2021.
 - b) 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.
 - c) To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

(P.Sun)

Superintending Engineer (Elect – II)

O/O the Director (Transmission), Meghalaya Power Transmission Corporation Limited

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1. Introduction

The Licensee is filing the petition for revision of tariff for FY 2022-23 based on the approved ARR of MYT of FY 2021-22 to FY 2023-24 in order dated 25th March, 2021 and pending adjustment of true up of previous years along with the order of the Hon'ble Commission on the correction in the approved ARR for True up of FY 2017-18 dated 06.08.2021.

1.1.1 Provisions of Law for Revision of Tariff

1.1.2 The Hon'ble Commission has notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 on 15th September 2014. It is submitted that the amended Regulation 1.4 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 states as under:

1.4 *“These Regulations shall be applicable for the determination of tariff in all cases covered under these regulations effective from April 1, 2021 and onwards up to 31st March 2022 and also for the next MYT control period beginning from 1st April 2024 to 31st March 2027.”*

1.1.3 Regulation 6(b) of the said Regulations lays down the general guiding principles for revision of tariff and the provisions of the said Regulations are reproduced below for reference:

“6 Accounting statement and filing under MYT

b) From the first year of the Control Period and onwards, the Petition shall comprise of:

- i. Truing Up for previous years under Meghalaya State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 in accordance with these Regulations;*
- ii. Revenue from the sale of power at existing tariffs and charges for the ensuing year;*
- iii. Revenue gap for the ensuing year calculated based on ARR approved in the Tariff Order or MYT Order and truing up for the previous year;*
- iv. Application for revision of tariff for the ensuing year”*

1.2 Submissions before the Hon'ble Commission

MePTCL hereby submits the petition under section 61, 62 of the Electricity Act, 2003, MSERC Terms and MSERC (Multi Year Tariff) Regulations, 2014 for approval of Revision of tariff for FY2022-23.

2 Revision of Tariff for FY 2022-23

2.1.1 Background

2.1.2 The power transmission in the state of Meghalaya is carried out by Meghalaya Power Transmission Corporation Limited (MePTCL), a wholly owned subsidiary of Meghalaya Energy Corporation Limited (MeECL). As stated earlier, MeECL was a bundled entity till 30th March 2010 carrying out the functions of generation, transmission and distribution. Thereafter, through 'The Meghalaya Power Sector Reforms Transfer Scheme 2010' and its subsequent amendments notified by the Government of Meghalaya, the independent unbundled entities, namely (i) Meghalaya Energy Corporation Limited (MeECL), the Holding Company; (ii) Meghalaya Power Generation Corporation Limited (MePGCL), the Generation Utility; (iii) Meghalaya Power Transmission Corporation Limited (MePTCL), the Transmission Utility; & (iv) Meghalaya Power Distribution Corporation Limited (MePDCL), the Distribution Utility, were formed. The individual entities commenced their independent commercial operations from 1st April 2013.

2.1.3 The MePTCL filed a review petition for review of tariff order for FY 2021-22 and the ARR for the MYT control period from FY 2021-22 to FY 2023-24 dated 25th March 2021. Vide section 4.2 of its order dated 18.08.2021, the Commission stated that *"Commission has not considered Review of ARR Provisions for MYT control period FY 2021-22 to FY 2023-24 as such the ARR approved for FY 2021-22 in the Tariff order dated 25.03.2021 shall remain unchanged as depicted in the table below:"* Further at section 6.0 the Commission stated that *"An application for review of an order may be made on any of the following grounds:*

- a) Discovery of new and important matter or material evidence or*
- b) Mistake or error apparent on the face of the record or*
- c) Any other sufficient reason."*

2.1.4 The Hon'ble Commission has approved ARR of **Rs 85.17 Cr** for FY 2022-23 in its MYT order dated 25th March 2021. The Commission has not consider review of ARR. Therefore, the petition for review of Net ARR for FY 2022-23 for determination of transmission tariff will be based on the approved ARR of FY 2022-23 and gaps of the previous years till truing up of the same.

- 2.1.5 The Licensee however submits that the issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC) is pending adjudication before the Hon'ble APTEL bearing Case no 46 of 2016. In case of a favourable order to the licensee with respect to the methodology adopted for return on equity, the licensee will reclaim/adjust the additional claim of return on equity in the subsequent tariff petitions. However, the petitioner in its Tariff petition has claimed return based on the methodology adopted by the Commission in its past orders to avoid ambiguities in figures/calculation resulting in variation in calculation and lower amount of RoE being approved by the Commission.
- 2.1.6 On the matter of apportionment of employee cost of holding company in the truing up for FY 2021-22, the Commission has stated that appropriate decision shall be taken considering the outcome of the appeal pending before the Hon'ble APTEL on the issue.
- 2.1.7 The apportionment of employee cost of holding company for FY 2022-23 was estimated to be Rs.71.76 Crores in the MYT petition as well as the review petition of MYT. This expense was disallowed in totality by the Commission in its order dated 25th March 2021. In the review petition order dated 18th August 2021, the Commission has stated that it shall consider the other components/items of employee cost while truing up and accordingly the variation in the employee cost/O&M expenses shall be allowed. Based on this the estimated apportionment of the Holding company expenses is as depicted below :

Table 1 : Apportionment of employee cost of Holding Company for FY 2022-23 (projected)
(in Rs Cr)

Particulars	A	B	C	D (A + B + C)	E	F (D + E)
	MePGCL	MePTCL	MePDCL	Sub Total	MeECL	Grand Total
Pay & Allowances expenses	20.75	20.75	20.75	62.24	6.92	69.15
Staff Welfare expenses	0.01	0.01	0.01	0.04	0.00	0.05
Corporation Contribution to CPS Fund	0.12	0.12	0.12	0.35	0.04	0.39
Ex-Gratia payment	0.00	0.00	0.00	0.00	0.00	0.00
Pension & pension related expenses	50.88	50.88	50.88	152.65	16.96	169.61
TOTAL	71.76	71.76	71.76	215.28	23.92	239.20

It is requested that the Commission consider the apportionment of employee cost of the Holding Company for FY 2022-23 amounting to Rs.71.76Cr as claimed above in addition to the approved O&M expenses.

2.2 Total Gap to be recovered through Tariff in FY 2022-23

2.2.1 It may be noted that the approved ARR as well as the gaps/(surplus) of previous years due to true up and review petition on true up order is to be cumulatively recovered through the tariff of FY 2022-23. The Licensee has filed the Review Petition on True Up order for FY 2016-17 & FY 2017-18 against which, the Hon'ble Commission on 31.03.2021 issued the Review True Up Order for FY 2016-17. Subsequently, on 06.08.2021 the Commission has issued an order dated 06.08.2021 clarifying/modifying the True up Order of FY 2017-18, wherein the Revenue Surplus of Rs.20.08Cr shall be appropriated in totality in the Net ARR of FY 2022-23.

That, since the MePTCL has filed a petition on True Up for FY 2018-19 and FY 2019-20, this will have an impact on the ARR requirement for FY 2022-23 and thereby the utility requests the Hon'ble Commission to allow the gap in the True up of the Transmission ARR for FY 2018-19 and FY 2019-20 which amounts to Rs 88.87 crores and Rs.85.68 crores respectively as shown below:

Table 2: True Up Gap claimed by MePTCL for FY 2018-19

(Rs in Crores)

Particulars	Approved for FY 2018-19 in Tariff Order	Claimed by MePTCL in Truing up of FY 2018-19	Revenue Gap/ (Surplus)
Aggregate Revenue Requirement	66.86	169.41	102.54
Revenue from Tariff/Operations approved/recovered	99.79	113.46	(13.67)
True Up Gap / (Surplus)			88.87

Table 3: True Up Gap claimed by MePTCL for FY 2019-20**(Rs in Crores)**

Particulars	Approved for FY 2019-20 in Tariff Order	Claimed by MePTCL in Truing up of FY 2019-20	Revenue Gap/ (Surplus)
Aggregate Revenue Requirement	134.74	200.48	65.74
Revenue from Tariff/Operations approved/recovered	33.56	13.62	(19.94)
True Up Gap / (Surplus)			85.68

2.3 Net ARR for FY 2022-23

Based on the above submissions for approved ARR and gaps/(surplus) of past years, the net Revenue Requirement for FY 2022-23 would be as shown below:

Table 4 : Net ARR for FY 2022-23

Sl No	Particulars	Amount (in Rs. Cr)
1a	Approved ARR of FY 2022-23	85.17
1b	Apportionment of Employee expenses of Holding Company	71.76
	Total ARR	156.93
2	Correction on the true up of FY 2017-18 vide order dated 06.08.2021	20.08
3	Gap/(Surplus) from True up of FY 2016-17 (Review) of MePTCL vide order dated 31.03.2021	(0.10)
4	Gap/(Surplus) from True up of FY 2018-19 as claimed by MePTCL	88.87
5	Gap/(Surplus) from True up of FY 2019-20 as claimed by MePTCL	85.68
	Net Revenue Requirement for FY 2022-23	351.46

***Before the issue of next tariff order, any further orders from Hon'ble Commission on the above gap against the True-up of FY 2018-19 and FY 2019-20 for MePTCL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2022-23.**

2.4 Average Load to be served by the State Transmission System (ALST)

The Transmission charges for Short Term Open Access consumers is to be considered on the ALST in Rs/MW for the concerned year. The State Load Despatch Centre (SLDC) has computed the average load of MePTCL for the period from FY 2018-19 to FY 2020-21 based on the actual State Energy Accounts and estimation for FY 2021-22 to FY 2022-23 is shown as follows:

Table 5 : Average Load (MW)

Average Load (MW)	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	230.92	236.05	230.90	237.00 (projected)	244.00 (projected)

It may be noted that the Commission in its order dated 18.08.2021 stated that *“Average Load to be served by the State Transmission System (ALST) was not provided earlier in the Tariff Petition for FY 2021-22. Further, the transmission tariff for open access consumers cannot be abruptly increased to 104 paise/unit for FY 2021-22 as claimed by the Petitioner vide Table no. 11 above which was earlier approved at 63 paise/unit for FY 2017-18, 21 paise / unit for FY 2018-19 and 43 paise / unit for FY 2020-21.”*

This contradicts the Commission’s ruling at Sl 6.0 of the same order which states that *“An application for review of an order may be made on any of the following grounds:*

- a) Discovery of new and important matter or material evidence or
- b) Mistake or error apparent on the face of the record or
- c) Any other sufficient reason.”

Even though the Average Load (ALST) was not provided earlier in the Tariff petitions, however, in the instant case there has been a discovery of a new and important matter and material evidence requiring the Hon’ble Commission to consider the same judiciously to avoid continuous under projection of transmission tariff, which will aggravate the situation unless it is rectified at the earliest. Further, it is worth mentioning that the increase in Transmission Tariff as prayed for is on the basis of facts and figures.

2.5 Transmission Tariff for 2022-23

Based on the above, the petitioner requests the Hon’ble Commission to allow the transmission tariff for FY 2022-23 as given below:

Table 6 : Transmission Tariff for FY 2022-23

Sl. No.	Particulars	FY 2022-23
1	Annual Transmission Charges (Rs .Crores)	351.46
2	Average Load (MW)	244
3	Energy Transfer (MU) *	1547.38
4	Transmission Tariff (1/3) Rs per unit	Rs.2.27 per unit
5	Open Access Charge (1/2/365)	Rs.39463.28/MW per day

- * Energy Transfer (MU): As per the approved Energy Balance in the DISCOM MYT for FY 2021-22 to FY 2023-24 vide Order dated 25.03.2021, the net power to be sold to consumers within the state (including ASEB) is 1547.38 MU.

2.6 Prayer before the Honorable Commission

The Meghalaya Power Transmission Corporation Limited (MePTCL) humbly prays before the Honorable Commission to kindly approve the proposed tariff for implementation from 01.04.2022, based on the facts and circumstances as submitted above.