

BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION,
SHILLONG

PETITION

FOR

REVISION OF TARIFF FOR FY 2022-23

FILED BY



MEGHALAYA POWER DISTRIBUTION CORPORATION LTD.

LumJingshai, Short Round Road, Shillong - 793 001

BEFORE THE HON'BLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

At its office at Lower Lachumiere, Shillong – 793001

FILE / PETITION NO.....

IN THE MATTER OF

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 DISTRIBUTION 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 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, 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 has 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. MePDCL has begun segregated commercial operations as an independent entity from 1st April 2013.
5. 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.
6. 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.

7. In exercise of its powers, MSERC had determined the Aggregate Revenue Requirement (ARR) for MePDCL and tariff for FY 2021-22 in its tariff order dated 25 March 2021, in accordance with the MSERC Tariff Regulations, 2014. The accounts for FY 2018-19 & FY 2019-20 have been audited and the statutory audit reports are available with the Licensee. However, the C&AG has not submitted its reports in spite of reminders. After the Hon'ble Commission has amended the regulation 11.3, the Licensee has filed the true up for FY 2018-19 and FY 2019-20.
8. Under Meghalaya State Electricity Regulatory Commission i.e. MSERC (Multi Year Tariff) Regulations, 2014, MePDCL 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.
9. The Licensee files this petition for revision of tariff for FY 2022-23 based on approved ARR of FY 2022-23 in order dated 25 March 2021 and pending adjustment of true up of previous years filed by the utilities. Before the issue of next tariff order, any further orders from Hon'ble Commission on the gaps of past years for subsidiaries of MeECL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2022-23.
10. The Board of Directors of MePDCL 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**.
11. 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 revision of approved ARR for FY 2022-23 and gaps of previous years
 - 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.



(S.S. Kharmih)
Superintending Engineer (R.A)

For and on behalf of
Meghalaya Power Distribution Corporation Ltd

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Abbreviations

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

1 Introduction

The Licensee is filing the petition for revision of tariff for FY 2022-23 based on ARR of FY 2022-23 approved by the Hon'ble Commission in its order dated 25 March 2021 and pending adjustment of true up of previous years and subsequent review petitions filed by the utilities.

1.1 Provisions of Law for Revision of Tariff

1.1.1 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 Regulation 1.4 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) regulations, 2014 since amended, 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, 2015 and onwards up to 31st March 2018 and also for the next MYT control period beginning from 1st April 2018 to 31st March 2021”

Further, it is submitted that Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) regulations, 2014 since amended via notification dated 18 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 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”

1.1.3 Section 61 & Section 62(c) & (d) of Electricity Act 2003 empower the Hon'ble Commission to determine tariff for wheeling and retail sale of electricity for the Distribution Licensee.

1.2 Submissions before the Hon'ble Commission

1.2.1 MePDCL hereby submits the petition under section 61, 62(c) & 62(d) of the Electricity Act, 2003, MSERC Terms (Multi Year Tariff) Regulations, 2014 for approval of revision of tariff for FY 2022-23

2 Determination of Net ARR for FY 2022-23

2.1 Approved ARR for FY 2022-23

2.1.1 The Hon'ble Commission in its order dated 25 March 2021 had approved the ARR of Rs 927.88 Cr which is given below:

Table 1: Approved ARR for FY 2022-23

Particulars	In Rs Cr
Power Purchase cost	1100.14
Transmission Charges (PGCIL)	63.38
Transmission Charges (MePTCL)	55.06
Employee Expenses	162.27
Repair & Maintenance Expenses	6.46
Administration & General Expenses	12.63
Depreciation	0.00
Interest and Finance charges	10.14
Interest on working capital	22.49
Return on Equity	0.00
Bad & Doubtful Debt	0.00
Gross Annual Revenue Requirement (ARR)	1437.57
Less: Non-Tariff Income and Other Income	104.71
Less: Sale of Surplus Power	404.98
Net ARR	927.88

2.1.2 However, MePDCL prays before the Hon'ble Commission to consider the following points on the above approved ARR:

I. The Table 5.17 depicting the approved power purchase cost is reproduced hereunder

Table 5.17 : Revised Power Purchase Cost approved for FY 2022-23

Sl. No	Source	Energy received (MU)	Variable Cost per Unit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost	Unit Cost (Rs. / KWH)
1	MePGCL	1156.16					299.48	
	a) Umiam Stage-I HEP	114.61	0.75	8.55	8.55		17.1	1.49
	b) Umiam Stage-II HEP	45.45	1.05	4.75	4.75		9.5	2.09
	c) Umiam Stage-III HEP	0	1.04	0	14.25		14.25	
	d) Umiam Stage-IV HEP	203.9	0.7	14.25	14.25		28.51	1.4
	e) Sonapani	4.94	0.72	0.36	0.36		0.71	1.44
	f) Umtru HEP	0	0	0	0		0	
	g) Myntdu-Leishka HEP	478.71	1.99	95.04	95.04		190.08	3.97
	h) New Umtru HEP	231.48	2.35	54.42	54.42		108.85	4.7
	i) Lakroh HEP	10.87	2.04	2.21	2.21		4.42	
	j) Ganol HEP	66.2	2.3	15.19	15.19		30.39	4.59

	m) Auxiliary Consumption							
2	NTPC	589.50					406.32	
	a) Farakka	0					0	
	b) Kahalgaon I	0					0	
	c) Khalgaon II	0					0	
	d) Talcher	0					0	
	e) Bongaigoan	589.5	3.98	234.75	171.57		406.32	6.89
3	NHPC							
	a) Loktak HEP	40.28	1.98	7.97	7.97		15.94	3.96
4	NEEPCO	723.70					210.74	
	a) Kopili Stage-I	82.23	0.67	5.54	5.64		11.18	1.36
	b) Kopili Stage-II	8.48	0.98	0.83	0.56		1.4	1.65
	c) Khandong HEP	17.53	0.96	1.69	2.32		4.01	2.29
	d) Rangandai HEP	131.25	1.18	15.52	20.85		36.37	2.77
	e) Doyang HEP	23.65	3.16	7.47	7.35		14.82	6.27
	f) AGBPP	187.65	0	0	44.44		44.44	2.37
	g) AGTPP C-Cycle	119	2.9	34.54	20.05		54.59	4.59
	h) Pare	42.92	5.79	24.84	0.04		24.89	5.8
	i) Kameng	45.99					19.04	4.14
	Free Power	65.00						
5	OTPC							
	a) Pallatana	436.79	1.86	81.29	72.33	0.23	153.86	3.52
6	Solar Sources	39.42					13.80	3.5
	Total	2985.85					1100.14	3.68

(a) The summation of total cost is wrong because the Sub total for MePGCL is shown as 299.48 instead of 403.79. Therefore, the overall cost should be 1250.92 instead of 1100.14.

(b) Against AGBPP, the Energy received is shown as 187.65 MU. However, no Variable cost is assigned to this energy. It seems that the Hon'ble Commission has considered this based on the original petition submitted by MePDCL where no variable rate and variable cost were shown. It may be noted that subsequently, based on the clarification sought by the Hon'ble Commission vide letter No. MSERC/MePDCL/ letter/2021/004 dated 11/02/2021, MePDCL had submitted details of the revised power purchase cost that included the free power from NEEPCO, on 12-02-2021 (through email as directed). In this clarification, for AGBPP the variable rate was proposed as Rs 2.47 per unit and Rs 46.40 as variable cost respectively for FY 2022-23. It may be noted that this free power was considered by the Hon'ble Commission but the variable cost for AGBPP was not considered. Firstly, due to oversight, the original petition did not include the variable cost against AGBPP. Secondly it is not possible to get energy without variable cost. Thirdly, MePDCL as stated has submitted a revised power purchase cost for AGBPP.

MePDCL therefore, requests the Hon'ble Commission to allow Rs. 46.40 Cr as variable cost of AGBPP in the FY 2022-23 and to be included as part of the power purchase cost.

c) Based on the above (a) and (b) above the power purchase cost proposed is shown below:-

Table 2: Revised Power Purchase Cost proposed for FY 2022-23

Sl. No	Source	Energy received(MU)	Variable Cost per Unit (Rs/KWH)	Total Variable Cost	Total Fixed Cost	Supplementary Amount	Total Cost	Unit Cost (Rs. / KWH)
1	MePGCL	1156.16					403.79	
	a) Umiam Stage-I HEP	114.61	0.75	8.55	8.55		17.1	1.49
	b) Umiam Stage-II HEP	45.45	1.05	4.75	4.75		9.5	2.09
	c) Umiam Stage-III HEP	0	1.04	0	14.25		14.25	
	d) Umiam Stage-IV HEP	203.9	0.7	14.25	14.25		28.51	1.4
	e) Sonapani	4.94	0.72	0.36	0.36		0.71	1.44
	f) Umtru HEP	0	0	0	0		0	
	g) Myntdu-Leishka HEP	478.71	1.99	95.04	95.04		190.08	3.97
	h) New Umtru HEP	231.48	2.35	54.42	54.42		108.85	4.7
	i) Lakroh HEP	10.87	2.04	2.21	2.21		4.42	
	j) Ganol HEP	66.2	2.3	15.19	15.19		30.39	4.59
	m) Auxiliary Consumption							
2	NTPC	589.50					406.32	
	a) Farakka	0					0	
	b) Kahalgaon I	0					0	
	c) Khalgaon II	0					0	
	d) Talcher	0					0	
	e) Bongaigoan	589.5	3.98	234.75	171.57		406.32	6.89
3	NHPC							
	a) Loktak HEP	40.28	1.98	7.97	7.97		15.94	3.96
4	NEEPCO	723.70					257.12	
	a) Kopili Stage-I	82.23	0.67	5.54	5.64		11.18	1.36
	b) Kopili Stage-II	8.48	0.98	0.83	0.56		1.4	1.65
	c) Khandong HEP	17.53	0.96	1.69	2.32		4.01	2.29
	d) Rangandai HEP	131.25	1.18	15.52	20.85		36.37	2.77
	e) Doyang HEP	23.65	3.16	7.47	7.35		14.82	6.27
	f) AGBPP	187.65	2.47	46.40	44.44		90.84	4.84
	g) AGTPP C-Cycle	119	2.9	34.54	20.05		54.59	4.59
	h) Pare	42.92	5.79	24.84	0.04		24.89	5.8
	i) Kameng	45.99					19.04	4.14
	Free Power	65.00						
5	OTPC							
	a) Pallatana	436.79	1.86	81.29	72.33	0.23	153.86	3.52
6	Solar Sources	39.42					13.80	3.5
	Total	2985.85					1250.92	4.19

MePDCL requests the Hon'ble Commission to allow Rs 1250.92 Cr as the power purchase cost for FY 2022-23.

II. Revenue from Sale of Surplus power

The Hon'ble Commission has approved the revenue from sale of surplus power as indicated below:

Particulars	FY 2022-23
Surplus Energy Crossed Up (MU)	1100.48
Unit rate (= average cost of power purchase) (Rs/Unit)	3.68
Revenue from Sale of Surplus power (INR Cr)	404.98

Based on the revised Power purchase cost above, the Revenue from Sale of Surplus power is

Table 3: Revised Revenue from Sale of Surplus power proposed for FY 2022-23

Particulars	FY 2022-23
Surplus Energy Crossed Up (MU)	1100.48
Unit rate (= average cost of power purchase) (Rs/Unit)	4.19
Revenue from Sale of Surplus power (INR Cr)	461.10

MePDCL requests the Hon'ble Commission to allow Rs 461.10 Cr as the Revenue from sale of surplus power for FY 2022-23.

III. Employee Expenses

The approved Employee Expenses by the Hon'ble Commission is reproduced below:

Quote

Table 5.37 : Approved Net Employee Expense of MePDCL for Control period

(Rs. Crore)

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimate d)	FY 2021-22 (Estimate d)	FY 2022-23 (Estimate d)	FY 2023-24 (Estimate d)
MePDCL Employee Costs	97.20	111.22	134.19	144.79	155.91	167.55
Employee Expenses of MeECL Apportioned(1/3 rd of Table 9)	5.07	5.45	5.85	6.09	6.36	6.64
Net Total	102.27	116.67	140.04	150.88	162.27	174.19

Commission considers Employee expenses at Rs.150.88 Crore, Rs.162.27 Crore and Rs.174.19 Crore for 3rd MYT Control period FY 2021-22, FY 2022-23 and FY 2023-24 respectively.

Unquote

While approving the Employee Expense of MePDCL, the Hon'ble Commission has disallowed the apportionment of holding expenses of MeECL stating:

Quote

MePDCL has projected apportionment of holding expenses of MeECL in the table no.8 of the petition for employee expenses at Rs.48.60 Crore for FY 2019-20.

It is to be stated that any transaction related to the employee benefits made under provisions schedule (note) shall not be considered for determination of Tariff.

*The Licensee is further informed that commission had notified in the Tariff Order for FY 2011-12 and FY 2012-13 that as per the Govt. of Meghalaya notification in connection with the reforms and re organisation of MeSEB, directed the MeECL to get completed the exercise of actuary and start funding the **pension trust** so that the liabilities towards pension etc., shall be discharged from the Trust fund and not from the Tariffs.*

Unquote.

(a) The amount Rs.48.60 Crore for FY 2019-20 mentioned by the Hon'ble Commission, includes not only terminal benefits but also salary of the current employees etc. The break-up of this amount is shown below:

Table 4: Apportionment of Employee Benefit Expenses (from Holding Company)

FY 2019-20 (INR Crore)

Particulars	
(a) Salaries and wages	14.05
(b) Staff welfare expenses, insurance etc.	0.01
(c) Contribution to CPS (Corporation Contribution)	0.08
(d) DCRG, Pension, Pension contribution to Deputations	34.46
Total	48.60

Apportionment of Employee Benefit Expenses (from Holding Company) of Rs. 48.60 Cr in Note 27 of SOA is to be read with Note 27.1 and subsequently the splitting is made as per entry.

The observation made by Hon'ble Commission therefore, relates only with the Sl (d) above. In this context, MePDCL requests the Hon'ble Commission to allow the cost of Sl (a), (b) and (c) above as these are legitimate cost of the existing employees.

(b) The projection of Apportionment of MeECL is shown below:

Table 5 : Proposed Employee Expense (Apportionment of MeECL) for Control period

(Rs. Crore)

Particulars	FY 2018-19 (Actual)	FY 2019-20 (Provisional)	FY 2020-21 (Estimated)	FY 2021-22 (Estimated)	FY 2022-23 (Estimated)	FY 2023-24 (Estimated)
(a) Salaries and wages	11.87	14.05	19.29	19.87	20.47	21.08
(b) Staff welfare expenses, insurance etc.	0.01	0.01	0.01	0.01	0.01	0.01
(c) Contribution to CPS (Corporation Contribution)	0.07	0.08	0.11	0.11	0.11	0.11
(d) DCRG, Pension, Pension contribution to Deputations	33.52	34.46	47.31	48.73	50.19	51.70
Total	45.47	48.60	66.73	68.73	70.79	72.92

(c) Based on the above, the proposed Employee Expense for FY 2022-23

Table 6 : Proposed Net Employee Expense of MePDCL for FY 2022-23**(Rs. Crore)**

Particulars	FY 2022-23 (Estimated)
MePDCL Employee Costs	155.91
Employee Expenses of MeECL Apportioned(1/3 rd)	6.36
Net Total	162.27
Add Apportionment of MeECL	
(a) Salaries and wages	20.47
(b) Staff welfare expenses, insurance etc.	0.01
(c) Contribution to CPS (Corporation Contribution)	0.11
Sub Total	20.59
Total	182.86

MePDCL requests the Hon'ble Commission to allow Rs 182.86 Cr as Employee Expense for FY 2022-23.

2.1.3 Based on the above, the proposed revised ARR for FY 2022-23 is given below:

Table 7: Revised ARR proposed for FY 2022-23

Particulars	In Rs Cr
Power Purchase cost	1250.92
Transmission Charges (PGCIL)	63.38
Transmission Charges (MePTCL)	55.06
Employee Expenses	182.86
Repair & Maintenance Expenses	6.46
Administration & General Expenses	12.63
Depreciation	0.00
Interest and Finance charges	10.14
Interest on working capital	22.49
Return on Equity	0.00
Bad & Doubtful Debt	0.00
Gross Annual Revenue Requirement (ARR)	1608.94
Less: Non-Tariff Income and Other Income	104.71
Less: Sale of Surplus Power	461.10
Net ARR	1043.13

MePDCL requests the Hon'ble Commission to allow Rs 1043.13 Cr as revised Net ARR for FY 2022-23.

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

2.2.1 It may be noted that the approved ARR as well as the gaps of previous year due to true up and review petition on true up order is to be cumulatively recovered through the tariff of FY 2022-23. The Licensee

had filed the petition for truing up for FY 2018-19 and FY 2019-20 for MePDCL.

Table 8: Gaps to be passed on in Tariff of FY 2022-23

Sl No	Particulars	Amount (in Rs Cr)
1	Gap from True up of FY 2018-19 of MePDCL	435.84
2	Gap from True up of FY 2019-20 of MePDCL	611.88
9	Total Gap (1+2)	1047.72

2.2.2 The petition for truing up for FY 2018-19 and FY 2019-20 by both MePGCL and MePTCL may be/ have been filed with the Hon'ble Commission. MePDCL requests the Hon'ble Commission to also include the Gap/ surplus from the other subsidiaries namely MePTCL and MePGCL as and when the Hon'ble Commission passes the order(s).

2.2.3 Over and above the gap/surplus that may arise due to the truing up of business of MePDCL, MePTCL and MePGCL, MePDCL also requests the Hon'ble Commission to allow appropriate carrying cost due to late recovery of cost.

2.3 Net ARR for FY 2022-23

2.3.1 Based on the above submissions in Section 2.1 and 2.2 for approved ARR and gaps of past years, the net Revenue Requirement for FY 2022-23 would be as shown below:

Table 9: Total Revenue for FY 2022-23

Sl No	Particulars	Amount (In Rs Cr)
1	Approved ARR of FY 2022-23	1043.13
2	Gap from True up of FY 2018-19 of MePDCL	435.84
3	Gap from True up of FY 2019-20 of MePDCL	611.88
	Total Revenue Requirement for FY 2022-23	2090.85

*** Before the issue of next tariff order, any further orders from Hon'ble Commission on the above gaps of past years for subsidiaries of MeECL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2022-23.**

2.3.2 Thus, the retail supply tariff for FY 2022-23 would be determined based on the net Revenue Requirement as computed above.

2.4 Approved Sales and Connected Load

2.4.1 The energy sales and connected load for FY 2022-23 have been taken MYT for FY 2021-22 to FY 2023-24 approved by the Hon'ble Commission in its order dated 25.03.2021. The same has been used to compute revenue estimates for FY 2022-23 in the subsequent sections.

Table 10: Energy Sale and Connected Load approved for FY 2022-23

Sl.No	Consumer category	Connected load (MVA)	Energy Consumption (MU)
A	LT CATEGORY		
1	Domestic (DLT)	507.00	404.70
2	Commercial (CLT)	83.00	77.28
3	Industrial (ILT)	11.00	6.21
4	Agriculture (Ape)	0.00	0.78
5	Public Lighting (PL)	0.00	0.12
6	Water Supply (WSLT)	7.00	12.76
7	General Purpose (GP)	19.00	17.52
8	Kutir Jyoti (KJT)	89.93	86.55
9	Crematorium (CRM)	0.16	0.22
	Sub Total	717.09	606.14
B	HT CATEGORY		
1	Domestic HT	20.00	25.15
2	Water Supply (WSHT)	10.00	33.35
3	Bulk Supply (BS)	46.00	103.64
4	Commercial (CHT)	33.00	27.87
5	Industrial (IHT)	131.00	150.58
6	Ferro Alloy	11.00	36.28
7	Special Tariff	53.20	98.57
	Sub Total	304.20	475.44
C	EHT CATEGORY		
1	Industrial	10.70	53.41
2	Ferro Alloy	56.00	347.54
3	Special Tariff	35.00	64.85
	Sub Total	101.70	465.80
D	Grand Total	1122.99	1547.38

3 Tariff Proposal & Revenue Recovery from Tariff

The methodology used here is in line with the methodology used in petition for revision of tariff for FY 2021-22 for estimating the revenue recovery at approved and proposed tariff. The methodology is explained in the subsequent sections.

3.1 Slab Wise Consumption for Consumer Categories: MSERC

Table 5.81 of the discom order for ARR FY 2021-22 and the detailed slab wise calculation of revenue of the same Tariff order for Domestic LT and Commercial LT are used to arrive at the existing revenue.

3.2 Revenue for FY 2022-23 at Existing Tariff

Based on the above slab wise estimates, Licensee is estimating the revenue for FY 2022-23 at existing tariff as per Commission's approach.

MePDCL has served a Notice for termination of MOU dated 7th October, 2020 for sale of power to Industrial Consumers at Special rates on 26th October 2021. As discontinuance of MOU needs a minimum of 3 months notice, MePDCL has not considered any change in sale of energy etc. The existing approved sale of energy as approved in MYT order dated 25.03.2021 is being followed.

For **Domestic LT**, revenue from energy charges at existing tariff:

Table 11: Revenue FY 2022-23 from Energy Charges for Domestic LT at existing tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2021-22 (Rs/Unit)	Revenue from Energy Charge FY 2022-23 at existing Tariff (In Rs Cr)
First 100 Units	20.00%	80.94	4.00	32.38
Next 100 Units	13.30%	53.83	4.40	23.69
Above 200 Units	66.70%	269.93	6.00	161.96
Total	100.00%	404.70		218.03

For **Commercial LT**, revenue from energy charges at existing tariff:

Table 12: Revenue FY 2022-23 from Energy Charges for Commercial LT at existing tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2021-22 (Rs/Unit)	Revenue from Energy Charge FY 2022-23 at existing Tariff (In Rs Cr)
First 100 Units	14.60%	11.28	6.30	7.11
Above 100 Units	85.40%	66.00	7.30	48.18
Total	100.00%	77.28		55.29

Table 13: Revenue for FY 2022-23 at Existing Tariff

Sl.	Category	Load(MVA)	Tariff Fixed Charges (Rs/KW/Month)	Fixed Charges Revenue (In Rs Cr)	Energy Tariff (Rs/KWh)	MUs Approved	Avg Tariff	Revenue from Energy Charge (In Rs Cr)	Total Revenue
		1	2	3=1*2	4	5	6	7=4*5	*8=(7+3) or 6*5
	LT Category								
1	Domestic	507.00	60	32.85		404.70		218.03	250.88
2	Commercial	83.00	120	10.76		77.28		55.29	66.05
3	Agriculture	0.00	110	0	3.00	0.78		0.23	0.23
4	Public Lighting	0.00	120	0	6.50	0.12		0.08	0.08
5	Water supply	7.00	120	0.91	6.80	12.76		8.68	9.59
6	General Purpose	19.00	120	2.46	7.10	17.52		12.44	14.9
7	Kutir jyoti	89.93			3.65	86.55	4.13	35.72	35.72
			Rs/Con/Month						
9	Crematorium	0.16	7000	0.01	4.1	0.22		0.09	0.1
			Rs./kVA/month		Rs./kVAh				
10	Industrial LT	11.00	120	1.58	6.20	6.21		3.85	5.43
	HT Category								
1	Domestic (HT)	20.00	230	5.52	6.50	25.15		16.35	21.87
2	Public water supply	10.00	230	2.76	6.70	33.35		22.34	25.1
3	General Purpose / BS	46.00	230	12.7	6.50	103.64		67.37	80.07
4	Commercial (HT)	33.00	230	9.11	6.90	27.87		19.23	28.34
5	Industrial (HT)								
	(a) All industrial	131.00	230	36.16	6.80	150.58		102.39	138.55
	(b) Special Tariff	53.20		0	4.90	98.57		48.3	48.3
6	Ferro Alloy ***	11.00	200	2.64	4.50	36.28		16.33	18.97
	EHT Category								
1	Industrial (EHT)								
	(a) All industrial	10.70	230	2.95	6.50	53.41		34.72	37.67
	(b) Special Tariff	35.00			4.90	64.85		31.78	31.78
2	Ferro Alloy ***	56.00	200	13.44	4.40	347.54		152.92	166.36
	Total	1122.99				1547.38		846.14	979.99

3.3 Revenue Gap for FY 2022-23

Based on the above submissions, the revenue gap for FY 2022-23 at existing tariff has been arrived at as follows:

Table 14: Revenue Gap at existing tariff of FY 2022-23

Particulars	Amount in Rs Cr
Total Revenue Requirement in FY 2022-23	2090.85
Less: Projected Revenue at Existing Tariff Rates (As per Section 3.2)	979.99
Revenue Gap for FY 2022-23 at Existing Tariff	1,110.86

3.4 Determination of Retail Supply Tariff Rates for FY 2022-23

- 3.4.1.1 From the previous section, it is evident that in order to meet the projected revenue gap of Rs.1110.86 Crore, the existing tariff rates need to be enhanced by around 113%
- 3.4.1.2 Since this would be a huge tariff shock to the consumers, MePDCL proposes that there may be a tariff hike of only 30% and the remaining amount may be treated as regulatory asset to be liquidated over the future years.
- 3.4.1.3 The tariff rates for different category of consumers with the 30% tariff hike is given below:

Table 15: Proposed Tariff for FY 2022-23

Sl. No	Category	Existing Tariff		Proposed Tariff	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
		Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
	Low Tension	Rs./KW/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
1	Kutir Jyoti				
	Unmetered (Per Connection)	170	-	220	
	Metered	-	3.65		4.75
2	Domestic	-	-		
	First 100Units	60	4.00	80	5.20
	Next 100Units	60	4.40	80	5.70
	Above 200Units	60	6.00	80	7.80
3	Commercial				
	First 100Units	120	6.30	155	8.20
	Above 100Units	120	7.30	155	9.50
4	Public Lighting(Metered)	120	6.50	155	8.45
5	Public Water Supply	120	6.80	155	8.85
6	General Purpose	120	6.90	155	9.25
7	Agriculture	110	3.00	145	3.90
8	Electric Vehicle Charging Station	120	9.70	155	9.70
		Rs./Conn/Month	Rs./kWh	Rs./KW/Month	Rs./kWh
9	Crematorium	7000	4.10	9100	5.35
		Rs./kVA/month	Rs./kVAh	Rs./kVA/month	Rs./kVAh
10	LT Industrial	120	6.20	155	8.05
	High Tension	Rs./kVA/month	Rs./kVAh	Rs./kVA/month	Rs./kVAh

Sl. No	Category	Existing Tariff		Proposed Tariff	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
11	Domestic	230	6.50	300	8.45
12	General Purpose/Bulk Supply	230	6.50	300	8.45
13	Commercial	230	6.90	300	8.95
14	Industrial				
	(a) All industrial	230	6.80	300	8.85
	(b) Special Tariff	0.00	4.90		No change
15	Ferro Alloy	200	4.50	Merged with (a) All industrial of Sl 14 above.	
16	Public Water Supply	230	6.70	300	8.70
17	Electric Vehicle Charging Station	230	9.90	300	9.90
	Extra High Tension	Rs./kVA/month	Rs./kVAh	Rs./kVA/month	Rs./kVAh
19	Industrial				
	(a) All industrial	230	6.50	300	8.45
	(b) Special Tariff	0.00	4.90		No change
20	Ferro Alloy	200	4.40	Merged with (a) All industrial of Sl 19 above.	

Table 16 : Proposed Time of Day Tariff for FY 2022-23

Time Slot	Existing Energy Charges (Rs./kVAh)		Existing Energy Charges (Rs./kVAh)	
	HT Industrial	EHT Industrial	HT Industrial	EHT Industrial
0600 hrs to 1700 hrs (normal)	6.80	6.50	8.85	8.45
1700-2300 hrs (peak)	+20% of Normal	+20% of Normal	+20% of Normal	+20% of Normal
2300-0600 hrs (night off-peak)	-15% of Normal	-15% of Normal	-15% of Normal	-15% of Normal

a) Temporary Supply: MeECL has proposed to continue their existing arrangement where the fixed and energy charges shall continue to be double of the normal applicable rates for all categories.

b) Unmetered Public Lighting: The licensee is requesting for an extension till 31/03/2023 for replacement of existing fittings with LEDs. The licensee also requests the Hon'ble Commission to allow it to bill the existing fixtures at the prevailing rates of the old lamps & LEDs till all are metered.

c) Tariff for Ferro Alloy Consumers:

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

Table 17: Ferro Alloy Approved Tariff for 2018-19

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

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

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

MePDCL had proposed in the tariff proposal for the FY 2020-21, that if the annual load factor is less than 85% for ferro alloy consumers in FY 2020-21, the deemed consumption charges amounting to the shortfall would be paid to the DISCOM by the Ferro Alloy Consumers in 3 installments in the 1st Quarter of FY 2021-22. This proposal was rejected by the Hon'ble commission in its order dated 25.03.2020 stating:

Quote

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

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

Unquote

MePDCL in its petition for determination of Tariff order for FY 2021-22 has proposed to the Hon'ble Commission as indicated below:-

Based on the commercial data, the Licensee has found out that many of the consumers have a load factor of less than 80% in the last 12 months (April 2019 – March 2020). In fact, the combined average load factor is less than 75% for FY 2019-20 for the Ferro Alloy consumer categories. This is contrary to the claim of these industries in the past, when they have stated they maintain a load factor of approx. 85%. The lower than expected load factor maintained by these industries is causing huge revenue shortfall to the already ailing Licensee leading to widening of ARR gap to higher levels.

In the view of the above submissions, to avoid the revenue burden to other category of consumers because of subsidized tariff to Ferro Alloy consumers, the licensee is proposing tariff for Ferro Alloy in HT and EHT category similar to the one proposed for industries in HT and EHT category respectively.

However the Hon'ble Commission has rejected this proposal in the Tariff Order dated 25.03.2021, stating:

Quote

Commission vide Order dated 10/09/2018 passed in Case No.9A/2017 of 2018, directed Ferro Alloy consumers to make an effort to ensure load factor of 85%. Whereas, the Licensee stated that the Ferro Alloys consumers load factor is less than 75% during the FY 2019-20.

The Special Tariff order dated 19.10.2020 passed in Case No. 10/2020 as per MoU dated 07.10.2020 does not provide for consideration of subsequent application.

The licensee is directed to file a factual note in comparison of Ferro Alloys consumers and BIA industrial consumers for appropriate decision. Regarding MYT tariff, Load factor rebate, penalty, etc for Ferro alloy, the same may be taken up under separate hearing.

Unquote

Subsequently, BIA had filed a petition with MSERC to have a separate CSS rates for Ferro alloy consumers. The Hon'ble Commission vide order dated 05.10.2021 has fixed the CSS rates for Ferro alloy consumers as below:

Table 18: Approved CSS for F FY 2021-22

Sr. No.	Particulars	CSS Rate (INR/unit)
1	HT Ferro alloys	0.82
2	EHT Ferro alloys	0.43

During the course of Hearing, it was admitted by the Secretary BIA that some domestic Ferro alloy consumers intend to opt for open access.

It may be noted here, that, the main point considered by the Hon'ble Commission in granting subsidized rates to the Ferro alloy Consumers was to attract consumers to come within the purview of the discom, and to provide stimulus for higher consumption which would reduce the sale of surplus power. However, it is clear that BIA has taken advantage of the system by pleading to get separate category and at reduced tariffs so that they will in turn get the benefit of reduced CSS to opt for open access.

Further, the lower than expected load factor maintained by these industries is causing huge revenue shortfall. This has created a revenue burden to other category of consumers because of subsidized tariff to Ferro Alloy consumers.

MePDCL, therefore, proposes that the tariff for Ferro alloy industries be merged with that of other industries as applicable prior to the Tariff Order dated 10 Sept 2018. This will also lessen the revenue burden to other category of consumers due to low LF.

3.5 Revenue Estimates for FY 2022-23 at Proposed Tariff

Based on the above slab wise estimates, Licensee is estimating the revenue for FY 2022-23 at proposed tariff as per Commission's approach.

MePDCL has served a Notice for termination of MOU dated 7th October, 2020 for sale of power to Industrial Consumers at Special rates on 26th October 2021. As discontinuance of MOU needs a minimum of 3 months notice, MePDCL has not considered any change in sale of energy etc. The existing approved sale of energy as approved in MYT order dated 25.03.2021 is being followed.

For **Domestic LT**, revenue at proposed tariff:

Table 19: Revenue FY 2022-23 from Energy Charges for Domestic LT at proposed tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2022-23 (Rs/Unit)	Revenue from Energy Charge FY 2022-23 at existing Tariff (In Rs Cr)
First 100 Units	20.00%	80.94	5.20	42.09
Next 100 Units	13.30%	53.83	5.70	30.68
Above 200 Units	66.70%	269.93	7.80	210.55
Total	100.00%	404.70		283.32

For **Commercial LT**, revenue at proposed tariff:

Table 20: Revenue FY 2022-23 from Energy Charges for Commercial LT at proposed tariff

	Slab-Wise Consumption	MUs Slab Wise	Energy Tariff FY 2022-23 (Rs/Unit)	Revenue from Energy Charge FY 2022-23 at existing Tariff (In Rs Cr)
First 100 Units	14.60%	11.28	8.20	9.25
Above 100 Units	85.40%	66.00	9.50	62.70
Total	100.00%	77.28		71.95

Table 21: Revenue for FY 2022-23 at Proposed Tariff

Sl.	Category	Load(MVA)	Tariff Fixed Charges (Rs/KW/Month)	Fixed Charges Revenue (In Rs Cr)	Energy Tariff (Rs/KWh)	MUs Approved	Avg Tariff	Revenue from Energy Charge (In Rs Cr)	Total Revenue
		1	2	3=1*2	4	5	6	7=4*5	*8=(7+3) or 6*5
	LT Category								
1	Domestic	507.00	80	43.80		404.70		283.32	327.12
2	Commercial	83.00	155	13.89		77.28		71.95	85.84
3	Agriculture	0.00	145	0.00	3.90	0.78		0.3	0.3
4	Public Lighting	0.00	155	0.00	8.45	0.12		0.1	0.1
5	Water supply	7.00	155	1.17	8.85	12.76		11.29	12.46
6	General Purpose	19.00	155	3.18	9.25	17.52		16.21	19.39
7	Kutir jyoti	89.93				86.55	5.37	46.45	46.45
			Rs/Con/Month						
9	Crematorium	0.16	9100	0.01	5.35	0.22		0.12	0.13
			Rs./kVA/month		Rs./kVAh				
10	Industrial LT	11.00	155	2.05	8.05	6.21		5.00	7.05
	HT Category								
1	Domestic (HT)	20.00	300	7.2	8.45	25.15		21.25	28.45
2	Public water supply	10.00	300	3.6	8.70	33.35		29.01	32.61
3	General Purpose / BS	46.00	300	16.56	8.45	103.64		87.58	104.14
4	Commercial (HT)	33.00	300	11.88	8.95	27.87		24.94	36.82
5	Industrial (HT)								
	(a) All industrial	142.00	300	51.12	8.85	186.86		165.37	216.49
	(b) Ferro Alloy ***								
	(c) Special Tariff	53.20		0.00	4.90	98.57		48.3	48.3
	EHT Category								
1	Industrial (EHT)								
	(a) All industrial	66.70	300	24.01	8.45	400.95		338.80	362.81
	(b) Ferro Alloy ***								
	(c) Special Tariff	35.00		0.00	4.90	64.85		31.78	31.78
	Total	1122.99				1547.38		1181.77	1360.24

3.6 Revenue Gap with Proposed Tariff

The projected revenue gap with a 30% tariff hike is estimated as shown below:

Table 22: Revenue Gap at 30% hike in tariff

Particulars	Amount
Total Revenue Requirement in FY 2022-23	2,090.85
Less: Projected Revenue with 30% Tariff Hike (As per Section 3.5)	1,360.24
Projected Revenue Gap for FY 2022-23	730.61

The remaining amount of Rs **730.61** Cr may be treated as regulatory asset to be liquidated over the future years.

3.7 Wheeling Charges, Cross Subsidy surcharge for FY 2022-23

3.7.1 Wheeling Charges:

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

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

Wheeling Charges = (ARR – PPC – TC) / (ALSD X365) (in Rs. /MW-Day)

Where,

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

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

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

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

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

Wheeling Charges has been determined from the ARR FY 2022-23 of the Distribution Wires Business, as determined in the below table:

Table 23: Wheeling Charges for FY 2022-23

Particulars		Amount
Gross ARR of Distribution Business (In INR Cr)	A	1,608.94
Power Purchase Cost(In INR Cr)	B	1,250.92
Inter and Intra State Transmission Charges(In INR Cr)	C	123.44
Net ARR of Wire Business (In INR Cr)	D=A-B-C	234.58
Estimated Load for FY 2022-23 (MW)	E	261.00
Wheeling Charges (Rs/MW-Day)	F=D/(E*365)	24,623.94
Total Sale within State for FY 2022-23 (MUs)	G	1,547.38
Wheeling Charges (Rs/Unit)	H=D*10/G	1.52

The Licensee humbly requests the Commission to review the wheeling charges as per the calculations shown above.

3.7.2 Cross Subsidy Surcharge

The National Tariff Policy notified by Ministry of Power Resolution dated 28th January 2016 has prescribed the formula for computing the Cross subsidy Surcharge as indicated below:-

Surcharge Formula:

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

Where

S is the surcharge

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

Obligation

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

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

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

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

Using the above formula, the computation of cross subsidy surcharge is shown below:

Table 24 : Computation of Cross Subsidy Surcharge for FY 2022-23

V= Voltage Level	T= Tariff (Rs./Kvah)	C= Average Cost of Power Incl. PGCIL Cost	L= Losses (%)	D= Wheeling Charges	R= Regulatory Assets	S= Surcharge	Limited to 20% of Tariff (Rs./KVah)
	1	2	3	4	5	6	7
HT Level	13.80*	4.19	6%	1.52	4.62	0.99	2.32
EHT Level	10.58*	4.19	4%	1.52	4.62	-1.45	1.81

It may be noted that while The National Tariff policy notified by Ministry of Power Resolution dated 28th January 2016 has prescribed the formula as indicated above, it also accepts the fact that this formula is not perfect stating :

Quote

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

Unquote

Therefore, the Commission has the discretionary power not to strictly follow the above formula but to devise any other means provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

In light of this, MePDCL proposes that the surcharge be limited to 20% of the tariff applicable to the category of the consumers seeking open access as indicated below:.

Table 25: Proposed Cross Subsidy Surcharge for FY 2022-23

Sr. No.	Particulars	Existing (INR/kWh)	Proposed (INR/kWh)
1	Cross Subsidy Surcharge for HT consumers	1.90	2.32
2	Cross Subsidy Surcharge for EHT consumers	1.41	1.81

Further, since MePDCL has proposed merger of the Ferro alloy consumers with that of other industries, It, therefore, deems it not necessary to propose separate CSS for Ferro alloy consumers.

3.8 Prayer before the Honorable Commission

MePDCL humbly prays before the Honorable Commission to kindly approve the proposed tariff rates for implementation from 01.04.2022 based on the facts and circumstances submitted above and also allow a Regulatory Asset for the unrecovered amount of **Rs 730.61 Cr**