



Meghalaya State Electricity Regulatory Commission

TARIFF ORDER

Case No. 27 of 2021

Aggregate Revenue Requirement

&

Generation Tariff for FY 2022-23

For

Meghalaya Power Generation Corporation Limited

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

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

Lower Lachumiere, **Shillong-793001**

East Khasi Hills District, Meghalaya

CONTENTS

ORDER	5
1. Introduction.....	8
1.1. Meghalaya Power Generation Corporation Limited	8
1.2. Meghalaya State Electricity Regulatory Commission	8
1.3. Filing of Tariff Petition	9
1.4. Multiyear Tariff Regulations.....	9
1.5. Admission of the Petition	9
1.6. Public hearing process.....	9
2. Company Profile and performance Overview	11
2.1. Existing Generating stations and Generation Capacity	11
2.2. Upcoming Projects	12
2.3. Historical Yearly Generation for Last Five Years.....	12
2.4. Operational Norms.....	13
2.5. Design Energy- Existing Generating Stations.....	15
2.6. Computation of Net Energy Generation- Existing Stations:	17
3. Summary of the Petition for ARR and Determination of Generation Tariff for FY 2022-23.....	18
3.1. Separate Petition for MePGCL’s Generating Plants	18
3.2. ARR filed for MLHEP for FY 2022-23.....	19
3.3. ARR filed for New Umtru for FY 2022-23.	19
3.4. ARR filed for Lakroh Mini HEP for FY 2022-23.....	20
3.5. ARR filed for MePGCL Old Projects including Sonapani for FY 2022-23.....	21
4. Public Hearing Process	22
5. Commission’s Approach	37
6. Analysis of ARR for MLHEP, New Umtru & Lakroh MHP and MePGCL Old Projects for FY 2022-23.....	38
6.0. Analysis of Project wise ARR and Consolidated Generation Tariff for FY 2022-23	38
6.1. ARR of MLHEP for FY 2022-23	38
6.2. ARR of NUHEP for FY 2022-23	41
6.3. ARR of 1.5 MW Lakroh MHP for FY 2022-23	44
6.4. ARR for FY 2022-23 for MePGCL old plants and Sonapani	47
6.5. Consolidated ARR for MePGCL Old Projects including Sonapani, MLHEP, New Umtru and Lakroh projects for FY 2022-23	54
7. Determination of Annual Fixed Charges for FY 2022-23	55
8. Directives.....	60
8.1 Earlier Directives	60
Annexure-I.....	62
Annexure-II.....	67

LIST OF TABLES

Table 1.1: Details of Public Notice	9
Table 2.1: Installed Capacity of MePGCL	11
Table 2.2 : Details of upcoming Stations	12
Table 2.3: Historical Energy Generation	12
Table 2.4: Normative Annual Plant Availability Factor	13
Table 2.5 : NAPAF's for all Generating stations for FY 2018-19 & FY 2019-20	13
Table 2.6 : Auxiliary Consumption and Transformation Loss	14
Table 2.7: Auxiliary Consumption and Transformation Loss approved by the Honourable Commission	14
Table 2.8: Auxiliary consumption and Transformation losses	14
Table 2.9: Design Energy as approved by MSERC in Tariff Order FY 2020-21	15
Table 2.10 : Net Generation approved and Actuals for FY 2019-20	17
Table 3. 1 : Annual Fixed Charges, Capacity Charge and Energy Charge for FY 2022-23.....	19
Table 3. 2 : Computation of Tariff for MLHEP for FY 2022-23	19
Table 3. 3 : Annual Fixed Charge for NUHEP for FY 2022-23	19
Table 3. 4 : Computation of Tariff for NUHEP for FY 2022-23	19
Table 3. 5 : Annual Fixed Charge for Lakroh MHP for FY 2022-23	20
Table 3. 6 : Computation of Tariff for Lakroh MHP for FY 2022-23	20
Table 3. 7 : Annual Fixed Charges for MePGCL Oldplants and Sonapani for FY 2022-23	21
Table 3. 8 : Annual Fixed Charges, Capacity Charge and Energy Charge for FY 2022-23.....	21
Table 6.1 : Annual Fixed Charges for FY 2022-23 – Myndtu Leshka HEP.....	39
Table 6.2 : Capacity and Energy Charges for Myndtu Leshka HEP for FY 2022-23	39
Table 6.3 : Approved ARR in MYT Order for MLHEP for FY 2022-23	39
Table 6.4 : Approved ARR for MLHEP for FY 2022-23.....	40
Table 6.5 : Annual Fixed Charges for FY 2022-23 – NUHEP	41
Table 6.6 : Capacity and Energy Charges for NUHEP for FY 2022-23 (Projected).....	41
Table 6.7 : Approved ARR in MYT Order for NUHEP for FY 2022-23	42
Table 6.8 : Approved ARR of NUHEP for FY 2022-23	43
Table 6.9 : Annual Fixed Charges for FY 2022-23 – Lakroh MHP	44
Table 6.10 : Capacity and Energy Charges for Lakroh for FY 2022-23 (Projected)	44
Table 6.11 : Approved ARR of Lakroh MHP in MYT Order for FY 2022-23	45
Table 6.12 : Approved ARR of Lakroh MHP for FY 2022-23	45
Table 6.13 : Annual Fixed Charges for FY 2022-23 for MePGCL old projects incl. sonapani	47
Table 6.14 : Capacity and Energy Charges for MePGCL Old plants including Sonapani for FY 2022-23 (Projected)	47
Table 6.15 : Approved ARR of MePGCL Old projects in MYT Order for FY 2022-23	48
Table 6.16 : Approved O&M expenses for FY 2022-23.....	51

Table 6.17 : Computation of Interest on Working Capital for MePGCL Old Plants including Sonapani for FY 2022-23	52
Table 6.18 : Approved ARR for MePGCL Old Projects including Sonapani for FY 2022-23	53
Table 6.19 : Consolidated Annual Revenue Requirement of MePGCL for FY 2022-23	54
Table 7. 1 : Consolidated Annual Fixed Charges for MePGCL as a whole for FY 2022-23	58
Table 7. 2 : Annual Fixed Charges for the FY 2022-23	59

ABBREVIATIONS

A&G	Administration & General
ARR	Aggregate Revenue Requirement
APTEL	Appellate Tribunal For Electricity
CAGR	Compound Annual Growth Rate
CD	Contract Demand
CoD	Commercial Operation Date
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
CoS	Cost of Supply
CWIP	Capital Work In Progress
DE	Debt Equity
EHT	Extra High Tension
FY	Financial Year
GOM	Government of Meghalaya
GFA	Gross Fixed Assets
HT	High Tension
KV	Kilo Volt
KVA	Kilo Volt Amps
KVAh	Kilo Volt Ampere hour
KW	Kilo Watt
kWh	kilo Watt hour
LT	Low Tension
MVA	Million Volt Amps
MU	Million Unit
MW	Mega Watt
MYT	Multi Year Tariff
MeECL	Meghalaya Energy Corporation Limited
MePGCL	Meghalaya Power Generation Corporation Limited
MePDCL	Meghalaya Power Distribution Corporation Limited
MePTCL	Meghalaya Power Transmission Corporation Limited
MSERC	Meghalaya State Electricity Regulatory Commission
ROE	Return on Equity
SLDC	State Load Despatch Centre
SBIMCLR	State Bank of India Marginal Cost Lending Rate

MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

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

Lower Lachumiere, Shillong-793001

East Khasi Hills District, Meghalaya

Case No. 27/2021

In the matter of,

Petition for Approval of Aggregate Revenue Requirement and Generation Tariff for FY 2022-23 for Meghalaya Power Generation Corporation Limited (MePGCL) for Old plants including Sonapani, MLHEP, New Umtru Project and Lakroh mini HEP under the MSERC (Multi Year Tariff) Regulations, 2014.

AND

Meghalaya Power Generation Corporation Limited the Petitioner
(herein after referred to as MePGCL)

Coram

Shri P W Ingty, IAS (Retd)

Chairman

Shri R. Keishing

Member

ORDER

(Date: 25.03.2022)

1. The Meghalaya Power Generation Corporation Limited (herein after referred to as MePGCL) is engaged in the business of power generation in the state of Meghalaya.
2. Regulation 6.3 of MSERC MYT Regulations 2014 specifies, the Generation Utility shall file an application before the Commission (here in after referred to MSERC) for determination of Tariff in such a manner as specified by the Commission along with required fees.

In compliance MePGCL has filed the Petition on 30.11.2021 under the MSERC (Multiyear Tariff) Regulations 2014 seeking approval of True up ARR for FY 2018-19 and FY 2019-20 and determination of ARR and generation Tariff for FY 2022-23.

Commission has provisionally admitted the petition on 06.12.2021.

3. MePGCL was asked to file the additional information/data gaps vide commission's letter dated 15.12.2021 and 28.01.2022. MePGCL has submitted the additional information/data on 12.01.2022 and 02.02.2022.
4. MePGCL has filed the petition separately for old projects, MLHEP, New Umtru and lakroh projects as per the Regulations.
5. Commission directed the petitioner to publish a notice in accordance with Tariff Regulations detailing the salient features of the ARR and Generation tariff for financial year 2022-23, inviting the objections/suggestions by stake holders and public in large.
6. MePGCL has published the public notice and sought for the objections/suggestions if any on the petition within 30 days from stakeholders and general public.
7. The petitioner was also directed to place the petition on its website and other offices in the Headquarters for inspection and to obtain relevant extracts by the stakeholders and public.

Commission received some objections from stake holders which have been sent to MePGCL for their response.

8. Commission in order to ensure transparency in the process of Tariff determination and for providing proper opportunity to all the stake holders and general public for making suggestions/objections on the Tariff petition and for convenience of the consumers and general public across the state, decided to hold a public hearing at head quarters of the state.

Accordingly the Commission held public hearing at Shillong as scheduled on 14.03.2022.

9. The Proposal of MePGCL was also placed before the State Advisory Committee in its meeting held on 17.03.2022 and various aspects of the Petition were discussed by the committee. Commission took into consideration the advice of the State advisory committee on the ARR and Tariff Petition.
10. The Commission took into consideration the facts presented by the MePGCL in its petition and subsequent various filings, the suggestions/objections received from stakeholders, consumer's organizations, general public and response of the MePGCL to those suggestions/objections and views of State Advisory Committee.

11. Commission after prudence check having deliberations with the utility staff on the basis of records submitted by the petitioner, taking into consideration of objections and suggestions filed by the stakeholders and the reply submitted by the petitioner and also the views of advisory committee meeting passed this order for determination of Aggregate Revenue Requirement and Generation Tariff for FY 2022-23 for all existing generating stations of MePGCL.
12. The Commission has reviewed the Directives issued earlier in the Tariff Orders for FY 2013-14 to FY 2020-21 and noted that some of the Directives are complied and some are partially attended. The Commission has dropped the Directives complied with and the remaining Directives are consolidated and fresh Directives are added.
13. For the sake of convenience and clarity, this Order has been divided into following chapters.

Chapter 1 - Introduction

Chapter 2 - Company Profile and performance Overview

Chapter 3 - Summary of ARR and determination of Generation Tariff for FY 2022-23

Chapter 4 - Public Hearing process

Chapter 5 - Commission's Approach

Chapter 6 - Analysis of project wise ARR for MePGCL old projects, MLHEP, New Umtru and Lakroh MHEP for FY 2022-23.

Chapter 7 - Determination of Annual Fixed Charges and Energy Charges for FY 2022-23.

Chapter 8 - Directives

14. The MePGCL shall ensure implementation of the Tariff order from the effective date and compliance of the same shall be submitted to the Commission within a week.

This order shall be effective from 1st April, 2022 and shall remain in force till 31st March, 2023 or till the next Tariff Orders of the Commission.

**Sd/-
Member
MSERC**

**Sd/-
Chairman
MSERC**

1. Introduction

1.1. Meghalaya Power Generation Corporation Limited

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

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

The Government of Meghalaya issued further notification on 29.04.2015 notifying the revised statement of assets and liabilities as on 1st April, 2012 to be vested in Meghalaya Energy Corporation Limited. As per the said notification issued by the Government of Meghalaya a separate corporation "Meghalaya Power Generation Corporation Limited" (MePGCL) was incorporated for undertaking Generation Business.

MePGCL has started its Commercial operations with effect from 01.04.2013.

1.2. Meghalaya State Electricity Regulatory Commission

Meghalaya State Electricity Regulatory Commission (herein after referred to as "MSERC" or the Commission) is an independent statutory body constituted under the provisions of the electricity Regulatory Commission (ERC) Act, 1998, which was superseded by Electricity Act (EA), 2003. The Commission is vested with the authority of regulating the power sector in the state inter alia including determination of tariff for electricity consumers. The MSERC has notified the terms and conditions for determination of tariff regulations on multiyear basis which gives the procedure and requirement of filing of the ARR for ensuing year. Similarly, the Commission has also notified, MSERC (Terms and Conditions for determination of Tariff for Generation from Renewable Energy Sources) Regulations, 2014.

1.3. Filing of Tariff Petition

Regulation 6.3 of MSERC MYT Regulations 2014 specifies, the Generation Utility shall file an application before the Commission (here in after referred to MSERC) for determination of Tariff in such a manner as specified by the Commission along with required fees.

1.4. Multiyear Tariff Regulations

Regulation 11 of the MSERC Tariff Regulations 2014, provides that the Commission shall undertake the true up of previous year's expenses and revenues approved by the Commission with audited accounts made available to the Commission subject to prudence check including pass through of impact of uncontrollable factors if any.

In compliance MePGCL has filed the Petition on 30.11.2021 under the MSERC (Multiyear Tariff) Regulations 2014 seeking approval of True up ARR for FY 2018-19 and FY 2019-20 and determination of ARR and generation Tariff for FY 2022-23.

True up of the previous year's business for FY 2018-19 and FY 2019-20 has been approved in separate orders on 22.02.2022.

1.5. Admission of the Petition

The petition filed for approval of ARR and generation tariff for FY 2022-23 on 30.11.2021 has been admitted provisionally on 06.12.2021.

1.6. Public hearing process

Regulation 19 of the Tariff Regulations, 2014 provides for giving adequate opportunity to all stake holders and general public for making suggestions/objections on the Tariff Petition.

Commission has directed the petitioner to publish a notice in leading newspapers widely circulated in the State and seek suggestions/objections from stake holders and general public.

Accordingly MePGCL has published the Notice in the following newspapers and sought suggestions/objections within 30 days as noted below.

Table 1.1: Details of Public Notice

Sl. No	Name of News paper	Language	Date of Publication
1	The Shillong Times	English	13.12.2021 & 14.12.2021
2	U Nongsain Hima	Khasi	13.12.2021 & 14.12.2021
3	Salantini Janera	Garo	13.12.2021 & 14.12.2021

The Petitioner has also placed the Petition in the website (www.meecl.nic.in) inviting objections and suggestions on their petition.

MePGCL/Commission received some objections/suggestions from Consumers/consumer organizations and sent them to MePGCL for their response

Communication has also been sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission and fixed the date for public hearing to be held on 14.03.2022.

The Public hearing was conducted at Shillong as scheduled on 14.03.2022.

A short note on the main issues raised by the objectors in the written submission and also in the public hearing along with response of MePGCL and the Commission's views on the response are briefed in the Chapter-4.

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

The Commission also held meeting with State Advisory committee on the petition on 17.03.2022.

Minutes of the SAC meeting are given in Annexure-I.

2. Company Profile and performance Overview

2.1. Existing Generating stations and Generation Capacity

The initial installed capacity when the erstwhile Meghalaya State Electricity Board (MeSEB) was bifurcated from the Assam State Electricity Board (ASEB) in 1975 was 65.2 MW. With the commissioning of Umiam Stage-III HEP (1979), Stage-IV HEP (1992), Sonapani Mini Hydel 1.5 MW (2009), upgrading of Umiam Stage- II (from 18MW to 20 MW in 2012) and commissioning of MLHEP 3 X 42 MW in 2013, the installed capacity increased to 314.20 MW and 40MW New Umtru in 2017. Commissioning of 1.15 MW Lakroh mini HEP project declared COD on 1.03.2019.

All the Generating Stations except Sonapani Mini Hydel Project and Lakroh, as indicated in the table below are hydel power stations with the main reservoir at Umiam for all the stages. Therefore, all these stages depend mainly on water availability at the Umiam reservoir. The total installed capacity of MePGCL projects as on 31.03.2019, was as shown in the table below.

Table 2.1: Installed Capacity of MePGCL

Sl. No	Name of the Station	No. of Units	Capacity (MW)	Total Capacity (MW)	Year of Commissioning
1	Umiam Stage	I	9	36	21.02.1965
		II	9		16.03.1965
		III	9		06.09.1965
		IV	9		09.11.1965
2	Umiam Stage- II	I	10	20	22.07.1970
		II	10		24.07.1970
3	Umiam Stage- III	I	30	60	06.01.1979
		II	30		30.03.1979
4	Umiam Stage- IV	I	30	60	16.09.1992
		II	30		11.08.1992
5	Umtru Power Station	I	2.8	11.2	01.04.1957
		II	2.8		01.04.1957
		III	2.8		01.04.1957
		IV	2.8		12.07.1968
6	Sonapani Mini Hydel	I	1.5	1.5	27.10.2009
7	MLHEP (Leshka)	I	42.	126	01.04.2012
		II	42		01.04.2012
		III	42		01.04.2013
8	New Umtru		40	40	01.07.2017
9	Lakroh		1.5	1.50	01.03.2019
	Total			356.20	

MePGCL had commissioned 356.2 MW by the end of FY 2018-19 and all 9(nine) stations were generating at full capacity in FY 2018-19 except Umtru Power Station.

The generating Units of Umtru Power Station could not generate power on account aging of Civil and E&M works and siltation of hydraulic works which prevented the project from generating power.

2.2. Upcoming Projects

In addition to the existing capacity, MePGCL is also currently executing works of Ganol SH Project and Riangdo SH Project which are proposed for commissioning in FY 2022-23.

Table 2.2 : Details of upcoming Stations

Sl. No	New Station	Design Energy (MU)	Capex Outlay (Rs. Cr)	Debt (Rs .Cr)	Equity (Rs. Cr)	Grant (Rs. Cr)	Year of Commissioning
1	Ganol SHP (3x7.5 MW)	67.00	507.71	223.11	54.62	229.98	May 2022
2	Riangdo SH Project (3 MW)	17.92	33.99	11.40	20.00	2.59	2022-23

2.3. Historical Yearly Generation for Last Five Years

All the Generating stations being hydro, the annual generation depends on the rainfall for the year. The yearly generation for last 5 years for the generating stations is shown in the table below:

Table 2.3: Historical Energy Generation

(MU)						
Sl.No	Station	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
1	UMIAM Stage-I	96.63	128.61	85.12	108.32	149.49
2	UMIAM Stage –II	50.23	63.92	43.31	55.25	76.09
3	UMIAM Stage-III	65.3	132.15	133.83	141.83	163.71
4	UMIAM Stage-IV	166.12	217.48	166.61	164.50	188.32
5	Sonapani HEP	7.63	7.47	7.12	3.59	6.08
6	Leshka HEP	443.85	502.57	363.06	421.65	420.61
7	New Umtru	-	167.79	179.82	181.43	229.80
8	Lakroh MHP	-	-	0.05	2.11	3.69
	Total	829.756	1219.99	978.92	1078.68	1237.80

Design Energy as approved by the Commission

(MU)					
Sl.No	Station	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	UMIAM Stage-I	116	116	116	116
2	UMIAM Stage –II	46	46	46	46
3	UMIAM Stage-III	139	139	139	139
4	UMIAM Stage-IV	207	20	20	20
5	Sonapani HEP	5	5	5	5
6	Leshka HEP	486	486	486	486
7	New Umtru	235	235	235	235
8	Lakroh MHP	11	11	11	11
9	Ganol SH (New)	-	-	67	67
	Total	1245.31	1245.31	1312	1312

2.4. Operational Norms

The following sections outline details of operational norms for computation of energy generation for FY 2022-23 based on MYT Regulations, 2014 or past trend as the case may be.

Table 2.4: Normative Annual Plant Availability Factor

Sl. No	Station Particular	Norm
a)	Storage and Pondage type plants : where plant availability is not affected by silt and	
i)	With lead variation between Full Reservoir Level(FRL) and Minimum Draw Down Level (MDDL) of up to 8 %	90 %
ii)	With head variation between FRL and MDDL of more than 8 %	$(\text{Head at MDDL} / \text{Rated Head}) \times 0.5 + 0.2$
b)	Pondage type plant	Where plant availability is significantly affected by silt- 85 %
c)	Run –of River type plant	NAPAF to be determined plant wise based on 10- day design energy data

Note:

- i) A further allowance may be made by the Honorable Commission under special circumstances, e.g. abnormal silt problem or other operating conditions, and known plant limitations.
- ii) A further 5 % may be allowed for difficulties in the north East Region
- iii) In case of new Hydroelectric project the developer shall have the option of approaching the Commission in advance for further to above norms.
- iv) The NAPAF's for all generating stations computed as per the MYT Regulations, 2014 are summarized below.

Table 2.5 : NAPAF's for all Generating stations for FY 2018-19 & FY 2019-20

Station	As per actual (%)
Umiam Stage- I	59.83
Umiam Stage-II	85.00
Umiam Stage-III	63.67
Umiam Stage-IV	61.79
New Umtru	62.60
Sonapani	45.00
MLHEP	39.00
Lakroh MHP	45.00

Table 2.6 : Auxiliary Consumption and Transformation Loss

Sl. No	Station Particular	Norm
a)	Surface hydroelectric power generating stations with rotating exciters mounted on the generator shaft	0.7 % of energy generated
b)	Surface hydroelectric power generating stations with static excitation system	1.0 % of energy generated
c)	Underground hydroelectric power generating stations with rotating exciters mounted on the generator shaft	0.9% of energy generated
d)	Underground hydroelectric power generating stations with static excitation systems	1.2% of energy generated

Transformation Loss as per norm is 0.5 % of energy generated.

The Commission in the MYT Tariff Order for FY 2018-19 had approved auxiliary Consumption and transformation losses as per the following Table.

Table 2.7: Auxiliary Consumption and Transformation Loss approved by the Honourable Commission

Name of the Plant	Auxiliary Consumption	Transformation Loss (%)	Total Loss (%)
Umiam Stage- I	0.7	0.5	1.2
Umiam Stage-II	0.7	0.5	1.2
Umiam Stage-III	0.7	0.5	1.2
Umiam Stage-IV	1.0	0.5	1.5
New Umtru	1.00	0.5	1.5
Sonapani	0.7	0.5	1.2
MLHEP	1.00	0.50	1.5
Lakroh	1.00	0.50	1.5

The Auxiliary consumption and Transformation Losses, as actual for MePGCL for for 3rd MYT Control Period are furnished below:

Table 2.8: Auxiliary consumption and Transformation losses

Name of the Plant	Auxiliary Consumption Transformation Losses (%)
Umiam Stage- I	1.2
Umiam Stage-II	1.2
Umiam Stage-III	1.2
Umiam Stage-IV	1.5
Sonapani	1.2
Leshka	1.5
New Umtru	1.5
Lakroh MHP	1.2

2.5. Design Energy- Existing Generating Stations

The design energy as approved by the Commission for MePGCL 's power stations for FY 2020-21 is provided in table below.

Table 2.9: Design Energy as approved by MSERC in Tariff Order FY 2020-21

Name of the Power station	Design Energy (MU)
Umiam Stage- I	116.00
Umiam Stage-II	46.00
Umiam Stage-III	139.00
Umiam Stage-IV	207.00
Umtru	0.00
New Umtru	235.00
Lakroh	11.01
Sonapani mini Hydrel	5.00
Leskha	486.00
Total	1245.01

The computation of Hydro power generation requires Design Energy, Capacity Index, Details of Reservoir levels, Head Details, Past Availability details, features of the hydro power plants in terms of type of plant, type of excitation, etc. which are provided in the table below.

Particulars	Umtru	Umiam-I	Umiam-II	Umiam-III	Umiam-IV	Mini Hydel Sonapani	Leshka HEP	New Umtru	Lakroh MHP
Type of Station									
Surface/ Under Ground	Surface	Surface	Surface	Surface	Surface	Surface	Surface	Deep set	Surface
Purely RoR/ Pondage/ storage	RoR	Storage	Power Channel (Pondage)	Pondage	Pondage	RoR	RoR	Pondage	RoR
Peaking/ Non Peaking	Non Peaking	Non Peaking	Non Peaking	Non Peaking	Non Peaking	Non Peaking	Non Peaking	Non Peaking	Non-Peaking
Noof Hours Peaking	NA	NA	NA	NA	NA	NA	NA	NA	NA
OverLoad Capacity (MW) and Peaking	NIL	NIL	NIL	NIL	NIL	NIL	NIL	10%	NIL
Type of Excitation									
Rotating exciters on Generator	Rotating exciters on Generator	Rotating exciters on Generator	Rotating exciters on Generator	Rotating exciters on Generator	NA	Rotating exciters on Generator	NA	NA	NA
Static Excitation	NA	NA	NA	NA	Static Excitation	NA	Static Excitation	Static Excitation	Static Excitation

2.6. Computation of Net Energy Generation- Existing Stations:

The station wise Net Generation approved for FY 2021-22 and actual of MePGCL for FY 2019-20 are provided in the table below:

Table 2.10 : Net Generation approved and Actuals for FY 2019-20

Sl No	Name of the Power station	Approved by Commission in Tariff Order FY 2021-22						MePGCL FY 2019-20			
		Gross Generation (MU)	Aux. Cons (%)	Transformation Loss (%)	Total Loss (Aux + Transformation) (%)	Aux Cons & Transformation Loss (MU)	Net Generation (MU)	Gross Generation (MU)	Total Loss (Aux + Transformation) (%)	Aux Cons & Transformation Loss (MU)	Net Generation (MU)
1	Umiam – I	116.29	0.70	0.50	1.20	1.40	114.89	108.31	1.2	1.01	107.30
2	Umiam –II	45.51	0.70	0.50	1.20	0.55	44.96	55.25	1.2	0.33	54.92
3	Umiam –III	139.4	0.70	0.50	1.20	1.67	137.73	141.83.	1.2	0.86	140.97
4	Umiam –IV	207.5	1.00	0.50	1.50	3.11	204.39	164.50	1.5	1.12	163.38
5	Umtru Power Station	39.01	0.70	0.50	1.20	0.47	38.54	0	1.2	0	0
6	Sonapani Mini Hydel	5.5	0.70	0.50	1.20	0.07	5.43	3.59	1.2	0.03	3.56
7	Leskha	486.23	1.00	0.50	1.5	7.29	478.94	421.65	1.5	3.67	417.98
8	Lakroh	11.01	1.00	0.50	1.5	0.16	10.85	2.11	1.5	0.03	2.08
9	New Umtru	0	0		0	0	0	181.43		1.30	180.13
	Total	1050.44				7.26	1035.74	1078.67		8.35	1070.32

3. Summary of the Petition for ARR and Determination of Generation Tariff for FY 2022-23

3.1. Separate Petition for MePGCL's Generating Plants

As per the recent tariff orders as well as applicable regulations MePGCL needs to file separate petitions for the different generating plants. In accordance with the directives of the Honorable Commission and MSERC MYT Regulations 2014, the utility is filing a separate petition for,

- 1) Myntdu Leshka Power Plant
- 2) New Umtru
- 3) Lakroh Mini HEP
- 4) MePGCL Old projects including Sonapani

Due to non- availability of segregated accounts for Old Plants and Sonapani, MePGCL has filed a separate ARR for MePGCL Old plants and sonapani, MLHEP, New Umtru and lakroh mini HEP in the tables below.

Accordingly MePGCL has filed separate ARR for determination of generation Tariff for FY 2022-23.

3.2. ARR filed for MLHEP for FY 2022-23.**Table 3. 1 : Annual Fixed Charges, Capacity Charge and Energy Charge for FY 2022-23**

Particulars	FY 2022-23
Annual Fixed Cost (AFC) Proposed for FY 2022-23 (a)	159.97
Add: Additional claim as per review petition for True up of FY 2018-19 (b)	(-) 2.28
Add: Additional claim as per review petition for True up of FY 2019-20 (c)	(-) 22.62
Less: Net Gap as per Review Order dated 05.10.2021 for FY 2017-18 (126MW/303.5*Rs. 8.67 Cr)	(-) 3.60
Net AFC for computation of Tariff for FY 2022-23 (d=a+c)	131.47

Table 3. 2 : Computation of Tariff for MLHEP for FY 2022-23

Particulars	FY 2022-23
Net AFC for Computation of Tariff (Rs. Cr)	131.47
Design Energy (MU)	486.00
Less: Auxiliary Consumption @ 1%	4.86
Less: Transformation Loss @ 0.5%	2.43
Net Energy (MU)	478.71
Capacity Charge (Rs. Cr.)	65.73
Energy Charge (Rs./kWh)	1.37

Based on all above submissions, the petitioner requested the Commission to kindly approve the tariff for MLHEP for FY 2022-23 as computed in the above table.

3.3. ARR filed for New Umtru for FY 2022-23.**Table 3. 3 : Annual Fixed Charge for NUHEP for FY 2022-23**

Particulars	FY 2022-23
Annual Fixed Cost (AFC) approved by MSERC for FY 2022-23 (a)	72.12
Add: Additional claim as per review petition for True up of FY 2018-19 (b)	(+) 94.08
Add: Additional claim as per review petition for True up of FY 2019-20 (c)	(+) 89.17
Net AFC for computation of Tariff (d=a+b+c)	255.37

Table 3. 4 : Computation of Tariff for NUHEP for FY 2022-23

Particulars	FY 2022-23
Net AFC for Computation of Tariff (Rs. Cr)	255.37
Design Energy (MU)	235
Less: Auxiliary Consumption @ 1%	2.35
Less: Transformation Loss @ 0.5%	1.17
Net Energy (MU)	231.48
Capacity Charge (Rs. Cr.)	127.69
Energy Charge (Rs./kWh)	5.52

Based on all above submissions, the petitioner requested the Commission to kindly approve the tariff for NUHEP for FY 2022-23 as computed in the above table.

3.4. **ARR filed for Lakroh Mini HEP for FY 2022-23.****Table 3. 5 : Annual Fixed Charge for Lakroh MHP for FY 2022-23**

Particulars	FY 2022-23
Annual Fixed Cost (AFC) approved by MSERC for FY 2022-23 (a)	2.03
Add: Additional claim as per review petition for True up of FY 2018-19 (b)	-
Add: Additional claim as per review petition for True up of FY 2019-20 (c)	3.00
Net AFC for computation of Tariff (d=a+b+c)	5.03

Table 3. 6 : Computation of Tariff for Lakroh MHP for FY 2022-23

Particulars	FY 2022-23
Net AFC for Computation of Tariff (Rs. Cr)	5.03
Design Energy (MU)	11.01
Less: Auxiliary Consumption @ 1%	0.11
Less: Transformation Loss @ 0.5%	0.05
Net Energy (MU)	10.85
Capacity Charge (Rs. Cr.)	2.52
Energy Charge (Rs./kWh)	2.32

Based on all the above submissions, the petitioner requested the Commission to approve the tariff for all the projects namely MePGCL Old Projects including sonapani, MLHEP, NUHEP and Lakroh MHP for FY 2022-23 and also Annual fixed costs.

3.5. ARR filed for MePGCL Old Projects including Sonapani for FY 2022-23.

Table 3. 7 : Annual Fixed Charges for MePGCL Oldplants and Sonapani for FY 2022-23

Particulars	FY 2022-23
Annual Fixed Cost (AFC) Proposed for FY 2022-23 (a)	65.36
Add: Additional claim as per review petition for True up of FY 2018-19 (b)	94.50
Add: Additional claim as per review petition for True up of FY 2019-20 (c)	96.44
Less: Net Gap as per Review Order dated 05.10.2021 for FY 2017-18 (177.5MW/303.5*Rs. 8.67 Cr)	(-) 5.07
Net AFC for computation of Tariff for FY 2022-23 (d=a+b+c)	251.23

Table 3. 8 : Annual Fixed Charges, Capacity Charge and Energy Charge for FY 2022-23

Sl.No	Name of the Power Station	Installed Capacity (MW)	Gross Generation (MU) as approved in Business Pan	Annual Fixed Charge (Rs. Cr)	Capacity Charge (Rs. Cr)	Energy Charge (Rs/Unit)
1	Umiam I	36.00	116.00	56.81	28.40	2.45
2	Umiam II	20.00	46.00	22.53	11.26	2.45
3	Umiam III	60.00	139.00	68.07	34.03	2.45
4	Umiam IV	60.00	207.00	101.37	50.69	2.45
5	Umtru	11.20	-	-	-	-
6	Sonapani (Mini Hydel)	1.50	5.00	2.45	1.23	2.45
	Total	177.50	513.00	251.23		2.45

Based on all above submissions, the petitioner humbly prays before the commission to approve the tariff of Old plants including Sonapani for FY 2022-23 as computed in the above table.

4. Public Hearing Process

4.1 General

Section 64 (2) of electricity act 2003 read with Regulation 19 of MSERC MYT Regulations 2014 mandates the Generation utility to publish the Tariff petition in an abridged format in the leading news papers inviting the objections/suggestions on the Tariff petition from the stakeholders.

In pursuance of the publication of the Tariff petition in the leading newspapers, M/s Byrnihat Industries Association (BIA) has filed written suggestions/objections on the petition filed by the MePDCL seeking approval of ARR and Determination of Retail Tariff for FY 2022-23. The objections/suggestions filed by M/s. Byrnihat Industries Association (BIA) and the response of the licensee and the Commission's views have been summarized for various ARR elements and claims included in the True up of FY 2018-19 and FY 2019-20.

4.2 Objections / Suggestions of Stakeholders

Byrnihat Industries Association (BIA)

- (1-6) BIA stated that they are filing this written suggestions for the deviations of petitioner MePGCL in filing the petitions in contravention of Regulations formulated by MSERC, which are violated in filing the petition.

MePGCL Reply

Paragraphs 1-5 of the objections of BIA are denied as incorrect except which is matter of record.

Para 6 need no reply.

Commission's Views

Commission noted the reply of the utility.

1. True up of FY 2018-19 and FY 2019-20

(7-9) BIA has pleaded that MePGCL has delayed the filing of True up petition for FY 2018-19 and FY 2019-20 beyond due dates in violations of Regulations.

BIA has requested that Hon'ble commission may take note of the delay.

MePGCL Reply

Clause 11.3 of the MSERC MYT Regulations, 2014 specifies that audited accounts including report by the CAG are to be submitted during training of annual revenue requirement. The MePGCL was constrained due to non availability of CAG audited reports from filing its true up petitions for FY 2018-19 and 2019-20 and the delay could not be attributed to the petitioner as CAG audit is beyond the control of the petitioner. It is only after the amendment notification dated 15.06.2021 by this Hon'ble Commission, the true up petitions have been filed. Immediately thereafter the petitioner also filed its petition for revision of generation tariff for FY 2022-2023.

Commission's Views

Commission noted the reply of the utility.

A. Capitalization and GFA

(10-14) BIA pleaded that MePGCL has adopted varying GFA figures for true up against MLHEP, NUHEP and MePGCL old projects for FY 2018-19 and FY 2019-20.

BIA suggested the GFA as approved by the Commission shall be considered for true up of FY 2018-19 & FY 2019-20.

MePGCL Reply

Capitalization of GFA: Opening GFA values of MLHEP, NUHEP, Old stations including Sonapani and Lakroh MHP for FY 2018-19 and 2019-20 are based on audited accounts of MePGCL for those financial years. For old stations, though this Hon'ble Commission had approved only the GFA old Umiam-Umtru Stage-IV and Sonapani (out of 6 power stations) at Rs. 49.39 Cr. MePGCL had contested this figure in APTEL and has claimed the GFA value appearing in the balance sheet as per regulation 33.1(a) of the MSERC AYT Regulations, 2014 (Ref. Appeal No.367/2017). Since the issue is subjudice, the petitioner is referring only to the statement of accounts for its

claims. The detailed breakup of capital cost of MLHEP, NUHEP and Lakroh was submitted along with the petition(Annexures-G) and the details of capitalization during the relevant financial years was submitted before this Hon'ble Commission vide letter dated 13.01.2022. The additional capitalization of NUHEP and Lakroh is still within the prescribed time.

Umiam Stage-I and II and Umiam-Umtru Stage-III Power stations have completed 35 years. The renovation and modernization of the first two stations were completed in 2003 and 2012 respectively. Renovation modernization of these power stations needs to be taken up as some parts/equipment including electrical and mechanical components have deteriorated/damaged which needs to be either repaired or replaced to extend the useful life of these stations for generation of power without any significant problem to avoid power shortage in the state. The renovation and modernization and up gradation of Umiam-Umtru Stage-III is still under process progress. In light of blubber facts it is submitted the objections raised by BIA has no merit whatsoever and deserves to be rejected at the threshold.

Commission's Views

Commission noted the reply of the MePGCL. Commission considers the closing GFA approved in the previous true up orders as opening balance for subsequent true up orders. The licensee shall adopt the approved closing GFA for future filings. The utility shall update the asset records with the approved figures.

B. Depreciation

(15-17) BIA suggested that computation of Depreciation has been claimed without considering correct grants figure which may not be allowed for true up for FY 2018-19 and FY 2019-20.

MePGCL Reply

Depreciation: As can be clearly seen from the statement of accounts of financial year 2012-13, the grants and subsidies of rupees 226.82 Cr. relates to renovation and modernization including up gradation of the power stations referred above with subsequent minor additions and deductions/amortization and the average amount of grants carried over from FY 2012-13 to 2018-19 was Rs.199.14 Cr. and to FY 2019-

20 was Rs. 189.69 Cr. It is seen that during the period from FY 2012-13 onwards the amount of grants and subsidies appearing in the subsequent statement of accounts is mainly the one carried over from that of Umiam Stage-I and II. the remaining amount belongs mostly to survey and investigation works of new projects, repairs and maintenance and other works which are not related to old stations and MLHEP with hardly any grant for these power stations. Since this Hon'ble Commission has not approved any GFA for these stations, it is not correct to use the grants and subsidies of these 2 stations to reduce the GFA of other stations and consequently the depreciation mainly from MLHEP. This approach has resulted in the loss of depreciation on Rs. 190.53 Cr. for FY 2017-18 for the petitioner, which has badly affected its annual revenue requirement and consequently its financial position.

The Power Department of Government of Meghalaya has converted all the grants of NUHEP into equity vide letter No. PE.73/97/Vol-IV/217 dated 13.12.2012 (Rs. 32.59 crore) and No. POWER.44/2011/659 dated 26.11.2021 (Rs. 132.00 crore). The total equity amount against NUHEP is therefore Rs. 164.59 crore (out of which 128.37 crore is part of this amount) and there is no more grant for NUHEP, also there is no grant for MLHEP. The Details of these grants and subsidies have already been submitted to this Hon'ble Commission on 10.01.2022. The Petitioner has adhered to the guidelines of CERC for calculation of depreciation of plant, property and equipment. The disclosures and notes to accounts relating to the same are followed as per Indian accounting standards.

It is pertinent to note that, the objection filed by BIA has not considered the fact that grants received includes amount pertaining to capital works in progress and survey investigation works. The notes to Accounts 3 relating to CWIP for FY 2018-19 and 2019-20 are as under

Particulars	As at 1st April, 2018	Debits during the year	Credits during the year	As at 31st March, 2019
Capital Work in Progress	1,74,99,44,105.55	75,98,62,685.50	32,47,70,512.50	2,18,50,36,278.55
Cost of Investigation, Research and Surveys	58,32,74,554.41	7,12,29,668.00	8,770.00	65,44,95,452.42

Particulars	As at 1 st April, 2019	Debits during the year	Credits during the year	As at 31 st March, 2020
Capital Work in Progress	2,18,50,36,278.55	35,01,87,067.00	1.76,656.60	2,53,50,46,688.95
Cost of Investigation, Research and Surveys	65,44,95,452.42	7,51,73,676.00	-	72,96,69,128.42

In view of above facts, the objections raised by the BIA deserve to be rejected.

Commission's Views

Commission noted the reply of the utility.

C. Interest and Finance Charges on loan Capital

(18-28) BIA has suggested that Interest and Finance charges claimed by MePGCL for True up of FY 2018-19 and FY 2019-20 may be limited to allowable sum as per the tables below.

MLHEP						
Particulars	Allowable for FY 2018-19 (in Rs. Cr)					
	Opening	Additions	Repayment	Closing	Average	Interest
11.98% Federal Bank	5.62	-	5.62	-	2.81	0.34
11.15% Central Bank of India	25.26	-	8.35	16.91	21.09	2.35
12.75% from PFC	169.10	-	16.10	153.00	161.05	20.53
11.40% from BSE II	50.00	-	50.00	-	50.00	5.70
11.07% from REC	183.46	-	25.30	158.15	170.80	18.91
Total	433.34	-	105.37	328.06	405.75	47.83
Less: Interest on grant and subsidies						22.19
Net Interest Charges						25.64

MLHEP						
Particulars	Allowable for FY 2019-20 (in Rs.Cr)					
	Opening	Additions	Repayment	Closing	Average	Interest
11.98% Federal Bank	-	-	-	-	-	-
11.15% Central Bank of India	16.91	-	8.33	16.91	16.91	1.89
12.75% from PFC	153.00	-	12.08	153.00	153.00	19.51
11.40% from BSE II	-	-	-	-	-	-
11.07% from REC	158.15	-	25.30	158.15	158.15	17.51
Total	328.06	-	105.37	328.06	405.75	38.90
Less: Interest on grant and subsidies						24.19
Net Interest Charges						13.99

(in Rs.Cr)

NUHEP				
Particulars	FY 2018-19		FY 2019-20	
	Claimed	Allowable	Claimed	Allowable
Opening Loan		293.07		261.62
Additions		-		-
Repayment		31.45		31.59
Closing Loan		261.62		230.03
Average Loan		277.35		245.83
Rate of Interest		12.65%		12.65%
Interest on Loan	54.76	35.08	49.72	31.10

Particulars	FY 2018-19 (in Rs.Cr)				
	MLHEP	NUHEP	Old plants + Sonapani	Lakroh	Total
Interest and Finance Charges	47.83	35.08	-	-	82.91

Particulars	FY 2019-20 (in Rs. Cr)				
	MLHEP	NUHEP	Old plants + Sonapani	Lakroh	Total
Interest and Finance	38.90	31.10	-	0.57	70.56

MePGCL Reply

In response to paragraphs 18 to 28 it is reiterated that the same lacks any merit and deserves rejection at the threshold. The point wise response is as under:

MLHEP: It is submitted that while the tariff regulations provide for recovery of interest from tariff, there is no provision for recovery of the annual principal repayment in the regulations. This requirement has to be met mainly from depreciation. Hence, clause 33.1 (f) of the MSERC MYT Regulations, 2014 Provides for depreciation for the first 12 years at the rates as specified in CERC (Terms and conditions of tariff) Regulations, 2009 Higher than for the remaining life of the project. This implies that the loan tenure for a project is 12 years. The depreciation accrued for MLHEP from FY 2013-14 (COD) to FY 2017-18 and 2018-19, When the power bonds become mature was not sufficient to repay the bonds as it would require 12 years to fully repay the loan capital from depreciation. Since the

petitioner was unable to meet the repayment of the bonds through depreciation, which might lead to default in payment and breach of agreement made by the petitioner with all stakeholders, the corporation was thus compelled to avail take out financing of Rs. 170 Cr. to redeem the bonds in the above financial years. This is permissible as per RBI guidelines dated 02.06.2016 for refinancing of project loans (Annexure-I). A copy of the resolution approved by the Board of Directors, MePGCL appended at Appendix-A.

This Hon'ble Commission has not given any direction in relation to the claim of the petitioner relating to the expenses incurred above. It may be reiterated that corporation could not redeem the bond of Rs. 170 Cr. due to insufficient fund availability from RoE and depreciation which is supposed to take care of payment of principal. Moreover the loan of Rs. 60 Cr. availed from REC to repay the pending bills of the contractors which have been booked on accrued basis in the account as well as in the final project cost but not paid at the time of the COD. However, considering the interest burden the corporation availed the same at the time of payment to the contractor to clear the outstanding dues of the project. It is therefore requested the take out loan as mentioned above and the interest accrued they are on are required to be approved by this Hon'ble Commission in the present proceedings.

It is further submitted that the reduction of interest on the amount of grants which has ultimately reduced the annual revenue requirement of the petitioner is also incorrect as the petitioner is not getting any interest on grant which it has invested in its project. Besides, there are no grants available against MLHEP as detailed above.

NUHEP: The total actual PFC loan amount for NUHEP is Rs. 440.30 Cr. since the average GFA for FY 2018-19 was Rs. 601.33 Cr., the average equity component was Rs. 161.03 Cr. only. For FY 2019-20 the closing GFA was 604.13 Cr. with a loan amount of Rs.440.30 Cr. and closing equity component of Rs. 163.83 Cr. The grant amount of Rs.164.59 Cr. against NUHEP has been converted into equity vide notifications dated 13.12.2012 and 28.11.2021 issued by the Government of Meghalaya. The claim of MePGCL of interest on the actual loan amount after making do adjustment for repayment during FY 2018-19 and FY-2019-20 ought to have been allowed. In light of the above stated that the objections raised by the BIA has no

merit at all and deserves rejection.

Old Stations including Sonapani : The holding company which is also the administrative setup of all the 3 subsidiaries, has no revenue of its own. Therefore, all expenses of the holding company are borne by the subsidiaries in equal proportions. Hence the interest of loan taken by MeECL, the holding company is also borne by the petitioner as shown in the accompanying petition. Therefore the claim of the petitioner against old stations including the interest on loan taken by the holding company or to have been approved by this Hon'ble Commission.

Commission's Views

Commission noted the reply of the utility.

D. Return on Equity (RoE)

(29-31) BIA has pleaded the RoE claimed for True up for FY 2018-19 and FY 2019-20 found excess of allowable amount and hence the claim may be limited as per tables below.

(Rs.Crore)

Particulars	FY 2018-19				
	MLHEP	NUHEP	Old plants + Sonapani	Lakroh	Total
Average Assets Base for the year	1,285.68	581.27	49.39		1,916.34
Less: Average Grants	201.72	129.12	0.19		331.03
Net Assets	1,083.96	452.15	49.20		1,585.30
Debt component (@70%)	758.77	316.50	34.44		1,109.71
Equity component (@30%)	325.19	135.64	14.76		475.59
RoE (%)	0.14	0.14	0.14		14%
Return on Equity	45.53	18.99	2.07	0	66.58

(Rs.Crore)

Particulars	FY 2019-20				
	MLHEP	NUHEP	Old plants + Sonapani	Lakroh	Total
Opening GFA for the Year	1,285.51	581.81	49.39	19.03	1,935.74
Additions	-	2.24	-	-	2.24
Closing GFA for the Year	1,285.51	584.05	49.39	19.03	1,937.98
Average Assets Base for the year	1,285.51	582.93	49.39	19.03	1,936.86
Less: Average Grants	226.41	129.87	0.72	11.75	368.75
Net Assets	1,059.10	453.06	48.67	7.28	1,568.11

Particulars	FY 2019-20				
	MLHEP	NUHEP	Old plants + Sonapani	Lakroh	Total
Debt component (@70%)	741.37	317.14	34.07	5.10	1,097.67
Equity component (@30%)	317.73	135.92	14.60	2.18	470.43
RoE (%)	0.14	0.14	0.14	0.14	14%
Return on Equity	44.48	19.03	2.04	0.31	65.86

MePGCL Reply

As submitted under the heading ‘depreciation’ in preceding paragraphs, the the grant amount of Rs. 210.67 crore belongs to Umiam Stage-I & II whose GFA values were considered as ‘NIL’ by the Hon’ble Commission. Therefore, using this grant amount to reduce the GFA of MLHEP and old stations (whereas only GFA’s of Stage-IV and Sonapani were considered) resulting in the reduction of their RoE, is erroneous. The Grant amount shown at Rs. 128.37 crore for NUHEP is part of the Government’s contribution of Rs. 164.59 crore which has been converted into equity vide Notification No. dated 13.12.2012 and 28.11.2021. Therefore, as far as NUHEP is concerned, there is no grant lying against the project.

The details of Grants and subsidies as on 31.03.2019 were submitted to the Hon’ble Commission vide letter no. MePGCL/D/GEN/Misc-43/Pt-XVII/66 dated 14.01.2022. The objection raised by BIA, therefore, have no merits and deserve to be rejected.

Commission’s Views

Commission has noted the reply of the utility.

E. Operation and Maintenance Expenses (O&M Expenses)

(32-33) BIA has pleaded that Holding company O&M expenses may not be considered for True up of FY 2018-19 and FY 2019-20.

BIA has also referred the decision of UPPCL disallowing the O&M expenses from FY 2014-15.

MePGCL Reply

The Holding company (i.e., MeECL) has no revenue of its own and depends on the contribution from its revenue-earning subsidiaries for meeting its day-to-day

expenses. MeECL is doing all the administrative works of the three subsidiaries. The Accounts wing, Materials Management Wing, etc. for all the subsidiaries fall under MeECL. These offices render vital services to each of the three subsidiaries. By not allowing the expenses of MeECL to be included in the ARR's of the subsidiaries will result in severe crippling of their performance.

The following are the common/shared assets:

- a) The office establishment and other buildings and land, not covered elsewhere in any subsidiaries which are predominantly occupied/used for the common activities as on the effective date of transfer.
- b) Head office building of the Board at Shillong including all independent and stand-alone rest houses, which are not part of any substations/installations of Board and not included in any subsidiaries.

The general assets like all Powerhouse, Office building, and their associated structures, surrounding and belonging to the Board, including other assets inherited by the Board from such department of the State Government and any un-utilized vacant land of the Board. Therefore 1/3rd of the O&M expenses of the holding company has to be borne by each subsidiary for their smooth functioning.

The Notification dated 31.03.2010, Govt. of Meghalaya, Power Department orders by the Governor on Meghalaya Power Sector Reforms Transfer Scheme 2010 stating that the State Government hereby makes the following Scheme for providing and giving effect to the transfer of assets, properties, rights, liabilities, obligations, proceedings and personnel of Meghalaya State Electricity Board to MeECL (holding company), MePDCL (Distribution Company), MePGCL (Generation Company) and MePTCL (Transmission Company).

The Employee Cost as reflecting in the Account of Generation Company is for those employees working in the division and technical wing. However, as per Notification dated 31st March 2012 the common service of Account, Corporate Affairs and HR, etc. is being provided by the Holding Company. It may be seen that due to the services availed from the Holding Company on the following areas the employee cost is understated in the Accounts. The apportionment of the expenditure of Holding

Company amongst three corporation is based on the principle that this is the reimbursement of the cost to the holding.

Factual position in Meghalaya:

The factual position in Meghalaya is that the Pension Trust was created and registered vide Trust Deed dated 17.06.1998 in the name of MSEB Pension Trust. Accordingly, saving bank a/c in the name of trust has been created which account takes care of not only of investments but also the day-to-day transactions of the Pension Section, viz. Payment of Monthly Pension, Commutation etc.

It is submitted that the last contribution made by the MeECL to the Pension Trust Fund was in March 2013. The amount invested earlier has already been redeemed for payment of pension and terminal benefits of the employees. It is pertinent to mention that no separate balance-sheet of the Pension Trust is being prepared and maintained for the Pension Trust and the Trust is functioning only as drawing and disbursing authority for payment of pension and terminal benefits to superannuated employees. As no corpus fund is available with the Pension Trust, the payment of pension and other terminal benefits to superannuated employees is being made by the MeECL only, which is being apportioned, as per the decision of the Board of MeECL, to all its three subsidiaries equally.

It is undisputed fact all the officer, officials and workers of the Petitioner- MePGCL are factually employees of MeECL and working on deputation to MePGCL, and after retirement they shall be claiming terminal benefits from MeECL and not from MePGCL directly, thus, the same has to be apportioned to MePGCL. It is also known that the MeECL is only the holding Company of MePGCL, MePTCL and MePDCL and does not carry any other business/revenue generation commercial activity to incur its expenses out of its own resources. Therefore, the actual expenses incurred by the Petitioner as apportioned share of payment made qua pension and other terminal benefits by the MeECL are required to be considered in law as O&M Expenses of the Petitioner for the purpose of determination of ARR and fixation of tariff.

It is not disputed that the O&M expenses of holding company is actually being shared by its subsidiaries and hence, the objection raised by BIA has no merit at all and deserves to be rejected

Commission's Views

Commission noted the reply of the utility. MeECL shall initiate immediate steps to functionalize the **Pension Trust** as provided in the Transfer Scheme 2010.

F. Interest on Working Capital (IWC)

(34-35) BIA has suggested that the Excess Interest on working capital may not be considered for true up of FY 2018-19 and FY 2019-20.

MePGCL Reply

As per Regulation 34.1 of the MSERC MYT Regulation, 2014, the interest on working capital is allowed as per the State Bank Advance Rate (SBAR) as on 1st April of the financial year in which the petition is filed. The Interest on Working Capital for true up petition for FY 2018-19 and FY 2019-20 is calculated as per the PLR of the SBI of the particular year (appended in Appendix). The SBAR as on 1st April 2021 mentioned by BIA (refer table as appendix) is applicable only if the petition is for determination of the tariff for future years and not for the true up petitions of past years where the actual interest prevailing that year has to be taken into consideration.

The Corporation as on date have no outstanding loan other than loans availed against Capital Expenditures. However, it is pertinent to mention here that the Meghalaya state electricity regulatory Commission (MSERC) has approved the working capital interest for the financial year 2019-20 by considering the rate of interest of 14.05% as assumed by the MSERC. Thus, the objections of BIA are misleading and may kindly be rejected.

Commission's Views

Commission noted the reply of the utility.

G. Non Tariff Income

(36-38) BIA pleaded that Non Tariff Income received has no documents and data to substantiate. MePGCL failed to give plant wise justification for its claim allowable non tariff income be apportioned to each plant based on the capacity for True up.

MePGCL Reply

Non-Tariff income of MLHEP, NUHEP and Lakroh for FY 2018-19 and FY 2019-20 is based on the segregated accounts appended at Annexure G of the petition. For old stations including Sonapani, the Non-tariff income is based as per SOA (which shows the total non-tariff income of MePGCL) for the particular year after deduction of Non-tariff income of MLHEP, NUHEP and Lakroh (i.e., Total Non-Tariff income of MePGCL as per SOA minus Non-Tariff income of MLHEP+NUHEP+Lakroh). The claim of MePGCL is clearly substantiated from the SOA's and segregated accounts of MLHEP, NUHEP and Lakroh which were appointed with the petitions. Any objection by BIA in this regard deserves to be rejected at the threshold.

Commission's Views

Commission noted the reply of the utility.

H. Holding Company Expenses

(39-40) BIA has pleaded that Holding Company expenses claimed for True up of FY 2018-19 and FY 2019-20 may not be considered since the Regulations do not provide for Holding company expenses.

MePGCL Reply

As already explained above and as detailed under the heading 'supplementary submissions' in preceding paragraphs, it is reiterated that the holding company (i.e., MeECL) has no revenue of its own. Therefore, O&M expense including Employee cost of the holding company has to be borne by each subsidiary @ 1/3rd of MeECL's Expenses. The apportionment of pension/ terminal benefits is also included in the O&M expenses.

It may be stated that MeECL and its Subsidiaries have common Key Managerial personnel and support Staff. As such, the expenses of the Holding Company are

incorporated in the Subsidiaries as well on pro-rata basis.

As per section 203(3) of the Companies Act, 2013, “ A whole-time key managerial shall not hold office in more than one company **except in its subsidiary company** at the same time”. **Since, the above mentioned Sections permits the KMPs of the Holding Company to hold office in the Subsidiaries as well, the cost involved are apportioned accordingly,**

It may be pointed out that the Hon’ble Commission in its submission before APTEL (in Byrnihat Industries Association vs. MSERC & MePDCL, Appeal No. 102 of 2015) had defended its decision to allow payment of pension made to the pensioner/family pensioners till such time the trust fund becomes operational. The Hon’ble APTEL had also upheld the decision of the Hon’ble Commission. Therefore, MePGCL’s claim for inclusion of apportionment of pension/terminal benefits in the O&M Expenses is well justified.

Commission’s Views

Commission noted the reply of the utility. MeECL shall expedite action to functionalize the Pension Trust.

I. Annual Revenue and Requirement and surplus

(41-42) BIA claims that ARR as analyzed works out to Revenue surplus for FY 2018-19 and FY 2019-20 at Rs.0.50 Crore and 31.89 Crore respectively.

MePGCL Reply

The ARR and surplus derived by BIA for true up of FY 2018-19 & 2019-20 are based on incorrect assumptions and therefore are erroneous. It is prayed that the same may kindly rejected and the claims submitted by MePGCL and objections of BIA deserves to be rejected.

Commission’s Views

Commission noted the reply of the utility.

J. Net AFC to be recovered in FY 2022-23

(43-44) BIA suggested that Net AFC filed by MePGCL is Rs.670.79 Crore where as it is Rs.239.61 Crore as per their assessment for ARR of FY 2022-23.

Particulars	MLHEP	NUHEP	Old plants incl Sonapani	Lakroh MHP	Total
Allowable ARR (MYT Order dated 25.03.2021)	159.97	72.12	65.36	2.03	299.48
True up for adjustment FY 2018-19	79.63	59.36	-2.88	-	(23.15)
True up gap adjustment FY 2019-20	-92.99	55.23	-0.33	1.36	(36.72)
Net AFC proposed to be recovered in Tariff for FY 2022-23					239.61

BIA has stated the aspects projected in the suggestions may be considered in the Truing up process of FY 2018-19, FY 2019-20 and for computation of ARR for FY 2022-23.

MePGCL Reply

The net AFC derived by BIA is based on erroneous assumptions as pointed out in the preceding paragraphs and therefore is erroneous. It is prayed that the same may kindly be rejected and the Net AFC claimed by MePGCL may kindly be considered.

Commission's Views

Commission noted the reply of the utility.

The list of Participants in the Public hearing held on 14.03.2022 on the petition filed by MePGCL for ARR and Generation Tariff is attached as Annexure II.

5. Commission's Approach

5.1 Introduction

Meghalaya State Electricity Regulatory Commission has approved the MYT Aggregate Revenue Requirement (ARR) for the control period FY 2021-22 to FY 2023-24 and Generation Tariff for FY 2021-22 in its order dated 25.03.2021.

MePGCL has now submitted the petition for revision of ARR and tariff for FY 2022-23 ie., 2nd year of MYT control period FY 2021-22 to FY 2023-24 for MLHEP, NUHEP, Lakroh HEP and MePGCL Old projects.

5.2 ARR and Generation Tariff for FY 2022-23

MePGCL proposed revision of ARR for MLHEP, NUHEP, Lakroh and MePGCL Old Projects and requested to include the Surplus/Gap claims in True up for FY 2017-18, FY 2018-19 and FY 2019-20 in the approved ARR for FY 2022-23 in the MYT order dated 25.03.2021 and requested to approve revised ARR and generation Tariff for FY 2022-23.

Commission has examined the issues in detail and re determined the ARR for FY 2022-23 for all the projects and accordingly approved the ARR, Capacity charges and Energy charges for FY 2022-23 in the subsequent chapter.

6. Analysis of ARR for MLHEP, New Umtru & Lakroh MHP and MePGCL Old Projects for FY 2022-23.

6.0. Analysis of Project wise ARR and Consolidated Generation Tariff for FY 2022-23

MePGCL has filed project wise approved ARR in the MYT order dated 25.03.2021 for FY 2022-23 including the True up Gap/(surplus) for FY 2017-18, FY 2018-19 and FY 2019-20 in the petition.

Commission considering the approved ARR in the MYT Order dated 25.03.2021 has computed project wise ARR for FY 2022-23, including True up Gap/(Surplus) of FY 2017-18, FY 2018-19 and FY 2019-20, consolidated for MePGCL as a whole and determined project wise Annual fixed charges in accordance with Regulations in the following paragraphs.

6.1. ARR of MLHEP for FY 2022-23

Annual Revenue Requirement for Myntdu Leshka HEP (MLHEP) for FY 2022-23

Petitioner's Submission

Capacity Charge and Energy Charge for Myntdu Leshka HEP

The Commission in its order dated 25th March, 2021 had approved the ARR for MYT control period for FY 2021-22 to FY 2023-24 and in which the ARR for FY 2022-23 was notified at **Rs. 159.97 Cr.** for MLHEP.

Commission has approved a net surplus of **Rs.(-) 8.67 Cr** (i.e 123.14-114.47) crore In the review true up order for FY 2017-18. The petitioner has proposed the surplus amount among the MePGCL old projects including Sonapani, & Myntdu Leshka project in proportion to their allocation.

The true up gap and additional claim as per true up petition will have an impact on the ARR for FY 2022-23, and the petitioner requested the Commission to allow the revised ARR for FY 2022-23 for MLHEP, which comes to Rs.131.47 crores as shown below:

Table 6.1 : Annual Fixed Charges for FY 2022-23 – Myndtu Leshka HEP

(Rs. Cr.)

Particulars	FY 2022-23
Annual Fixed Cost Approved by MSERC for FY 2022-23 (Rs. Cr.) (a)	159.97
Less: Surplus Claim as per review petition for True up of FY 2018-19 (b)	(-)2.28
Less: Surplus Claim as per review petition for True up of FY 2019-20 (c)	(-)22.62
Less: Net gap as per review order for FY 2017-18 (126MW/303.5 * Rs. 8.67Cr)	(-) 3.60
Net AFC for Computation of Tariff (d=a+b+c)	131.47

Now, based on the Regulations, 50% of the Annual Fixed Charge is to be recovered as Capacity charge and the balance is to be recovered as energy charge from the beneficiary. Therefore, the capacity and energy charges for MLHEP for FY 2022-23 are computed below:

Table 6.2 : Capacity and Energy Charges for Myndtu Leshka HEP for FY 2022-23

(Rs. Cr.)

Sl.no	Particulars	FY 2022-23
1	Net AFC for Computation of Tariff	131.47
2	Design Energy (MU)	486.00
3	Less: Auxiliary Consumption @ 1%	4.86
4	Less: Transformation Loss @ 0.5%	2.43
5	Net Energy (MU)	478.71
6	Capacity Charge (Rs. Cr.) (6=1/2)	65.73
7	Energy Charge (Rs./kWh) (7=5/6)	1.37

Commission's Analysis

The Commission in its MYT Order dated 25.03.2021 had approved the ARR for Rs.159.97 Crore for FY 2022-23 as given in the table below.

Table 6.3 : Approved ARR in MYT Order for MLHEP for FY 2022-23

(Rs Cr)

Sl. no	Particulars	FY 2022-23 (Approved)
1	Interest on Loan capital	34.71
2	Depreciation	38.10
3	O&M Expenses	43.46
4	Interest on working capital	4.44
5	Return on Equity	39.28
	Total Annual Fixed Cost	159.99
6	Less: Non-Tariff Income	0.014
	Net Annual Fixed Cost	159.97

MePGCL has projected ARR elements in the petition and considered Rs.159.97 Crore for FY 2022-23. In addition the surplus revenue notified in Review True up of FY 2017-18 is adjusted for Rs.3.60 Crore in the ARR vide table 6.1 above.

Commission had approved ARR for True up of FY 2018-19 and FY 2019-20 and determined Revenue Surplus of Rs. (56.59) Crore and Rs.(68.79) Crore respectively to be apportioned in the ARR of FY 2022-23.

Accordingly, the Revised ARR approved for FY 2022-23 for MLHEP is as given in the table below.

Table 6.4 : Approved ARR for MLHEP for FY 2022-23

(Rs Cr)			
Sl. no	Particulars	Filed by petitioner	FY 2022-23 (Approved)
1	Interest on Loan capital	34.71	34.71
2	Depreciation	38.10	38.10
3	O&M Expenses	43.46	43.46
4	Interest on working capital	4.43	4.44
5	Return on Equity	39.28	39.28
	Total Annual Fixed Cost	159.98	159.99
6	Less: Non-Tariff Income	0.014	0.014
	Net Annual Fixed Cost	159.97	159.97
7	Less: Revenue Surplus as per True up order of FY 2018-19	-2.28	-56.59
8	Less: Revenue Surplus as per True up order of FY 2019-20	-22.62	-68.79
9	Less: Revenue Surplus as per the Review Order for FY 2017-18	-3.60	-3.60
	Net ARR	131.47	30.99

Commission considers ARR of MLHEP at Rs.30.99 Crore for FY 2022-23.

As per Regulation 57 “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”.

The capacity and Energy charges are determined as per the Regulation in the consolidated table for MePGCL as a whole in the subsequent chapter 7.

6.2. ARR of NUHEP for FY 2022-23

Annual Revenue Requirement for FY 2022-23

Petitioner's Submission

Capacity Charge and Energy Charge for NUHEP

The Commission in its order dated 25th March, 2021 had approved the ARR for MYT control period for FY 2021-22 to FY 2023-24 and in which the ARR for FY 2022-23 was notified at **Rs. 72.12 Cr.** for NUHEP.

The true up gap and additional claim as per true up petition will have an impact on the ARR for FY 2022-23, and the petitioner requested the Commission to allow the revised ARR for FY 2022-23 for NUHEP, which comes to Rs.255.37 crores as shown below:

Table 6.5 : Annual Fixed Charges for FY 2022-23 – NUHEP

(Rs. Cr.)

Particulars	FY 2022-23
Annual Fixed Cost Approved by MSERC for FY 2022-23 (Rs. Cr.) (a)	72.12
Add: Additional Claim as per review petition for True up of FY 2018-19 (b)	94.08
Add: Additional Claim as per review petition for True up of FY 2019-20 (c)	89.17
Net AFC for Computation of Tariff (d=a+b+c)	255.37

Now, based on the Regulations, 50% of the Annual Fixed Charge is to be recovered as Capacity charge and the balance is to be recovered as energy charge from the beneficiary. Therefore, the capacity and energy charges for NUHEP for FY 2022-23 are computed below:

Table 6.6 : Capacity and Energy Charges for NUHEP for FY 2022-23 (Projected)

(Rs. Cr.)

Particulars	FY 2022-23
Net AFC for Computation of Tariff	255.37
Design Energy (MU)	235
Less: Auxiliary Consumption @ 1%	2.35
Less: Transformation Loss @ 0.5%	1.17
Net Energy (MU)	231.48
Capacity Charge (Rs. Cr.)	127.69
Energy Charge (Rs./kWh)	5.52

Commission's Analysis

The Commission in its MYT Order dated 25.03.2021 had approved the ARR of Rs.72.12 Crore for FY 2022-23 as given in the table below.

Table 6.7 : Approved ARR in MYT Order for NUHEP for FY 2022-23

(Rs. Cr.)

Sl.no	Particulars	FY 2022-23 (Approved)
1	Interest on Loan capital	18.73
2	Depreciation	16.33
3	O&M Expenses	18.63
4	Interest on working capital	1.97
5	Return on Equity	16.52
	Total Annual Fixed Cost	72.18
6	Less: Non-Tariff Income	0.06
	Net ARR	72.12

MePGCL has projected ARR elements approved in the MYT Order and considered Rs.72.12 Crore for FY 2022-23. MePGCL has claimed the True up Revenue gap for FY 2018-19 and FY 2019-20 at Rs.94.08 Crore and Rs.89.17 Crore respectively as shown in the Table 50 of petition.

Commission had approved ARR for True up of FY 2018-19 and FY 2019-20 and determined Revenue Gap of Rs. 73.83 Crore and Rs.73.17 Crore respectively to be apportioned in the ARR of FY 2022-23.

Accordingly, the Revised ARR approved for FY 2022-23 for NUHEP as given in the table below.

Table 6.8 : Approved ARR of NUHEP for FY 2022-23

(Rs Cr)			
Sl.no	Particulars	Filed by Petitioner	FY 2022-23 (Approved)
1	Interest on Loan capital	18.73	18.73
2	Depreciation	16.33	16.33
3	O&M Expenses	18.63	18.63
4	Interest on working capital	1.97	1.97
5	Return on Equity	16.52	16.52
	Total Annual Fixed Cost	72.18	72.18
6	Less: Non-Tariff Income	0.06	0.06
	Net ARR	72.12	72.12
7	Add: Revenue Gap as per True up of FY 2018-19	94.08	73.83
8	Add: Revenue Gap as per True up of FY 2019-20	89.17	73.17
	Total ARR	255.37	219.12

Commission considers ARR for NUHEP at Rs.219.12 Crore for FY 2022-23.

As per Regulation 57 "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".

The capacity and Energy charges are determined as per the Regulation in the consolidated table for MePGCL as a whole in the subsequent chapter 7.

6.3. ARR of 1.5 MW Lakroh MHP for FY 2022-23**Annual Revenue Requirement for FY 2022-23****Petitioner's Submission****Capacity Charge and Energy Charge for Lakroh**

The Commission in its order dated 25th March, 2021 had approved the ARR for MYT control period for FY 2021-22 to FY 2023-24 in which the ARR for FY 2022-23 was notified at **Rs. 2.03 Cr.** for Lakroh MHP.

The true up gap and additional claim as per true up petition will have an impact on the ARR for FY 2022-23, and the petitioner requested the Commission to allow the revised ARR for FY 2022-23 for Lakroh, which comes to Rs.5.03 crores as shown below:

Table 6.9 : Annual Fixed Charges for FY 2022-23 – Lakroh MHP

(Rs. Cr.)	
Particulars	FY 2022-23
Annual Fixed Cost Approved by MSERC for FY 2022-23 (Rs. Cr.) (a)	2.03
Add: Additional Claim as per review petition for True up of FY 2018-19 (b)	
Add: Additional Claim as per review petition for True up of FY 2019-20 (c)	3.00
Net AFC for Computation of Tariff (d=a+b+c)	5.03

Now, based on the Regulations, 50% of the Annual Fixed Charge is to be recovered as Capacity charge and the balance is to be recovered as energy charge from the beneficiary. Therefore, the capacity and energy charges for Lakroh MHP for FY 2022-23 are computed below:

Table 6.10 : Capacity and Energy Charges for Lakroh for FY 2022-23 (Projected)

(Rs. Cr.)	
Particulars	FY 2022-23
Net AFC for Computation of Tariff	5.03
Design Energy (MU)	11.01
Less: Auxiliary Consumption @ 1%	0.11
Less: Transformation Loss @ 0.5%	0.05
Net Energy (MU)	10.85
Capacity Charge (Rs. Cr.)	2.52
Energy Charge (Rs./kWh)	2.32

Commission's Analysis

The Commission in its MYT Order dated 25.03.2021 had approved the ARR for Lakroh MHP at Rs.2.03 Crore for FY 2022-23 as given in the table below.

Table 6.11 : Approved ARR of Lakroh MHP in MYT Order for FY 2022-23

(Rs. Cr.)

Particulars	FY 2022-23
Interest on Loan capital	0.65
Depreciation	0.37
O&M Expenses	0.60
Interest on working capital	0.06
Return on Equity	0.35
Gross ARR	2.03
Less: Non Tariff Income	0.00
Net ARR	2.03

MePGCL has projected ARR elements approved in the MYT Order and claimed Rs.2.03 Crore for FY 2022-23. MePGCL has claimed the Revenue gap for FY 2019-20 for Rs.3.00 Crore as shown in the Table no.58 of petition.

Commission had approved ARR for True up of FY 2019-20 and determined Revenue Gap of Rs. 1.48 Crore to be apportioned in the ARR of FY 2022-23.

Accordingly, the Revised ARR approved for Lakroh MHP for FY 2022-23 as given in the table below.

Table 6.12 : Approved ARR of Lakroh MHP for FY 2022-23

(Rs. Cr.)

Particulars	Filed by petitioner	Approved FY 2022-23
Interest on Loan capital	0.65	0.65
Depreciation	0.37	0.37
O&M Expenses	0.60	0.60
Interest on working capital	0.06	0.06
Return on Equity	0.35	0.35
Gross ARR	2.03	2.03
Less: Non Tariff Income	0.00	0.00
Net ARR	2.03	2.03
Add: Revenue Gap of True up of FY 2019-20	3.00	1.48
Total ARR	5.03	3.51

Commission considers ARR of Lakroh MHP at Rs.3.51 Crore for FY 2022-23.

As per Regulation 57 “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”.

The capacity and Energy charges are determined as per the Regulation in the consolidated table for MePGCL as a whole in the subsequent chapter 7.

6.4. ARR for FY 2022-23 for MePGCL old plants and Sonapani

Annual Revenue Requirement for FY 2022-23

Petitioner's Submission

Capacity Charge and Energy Charge for MePGCL old plants and Sonapani

The Commission in its order dated 25th March, 2021 had approved the ARR for MYT control period for FY 2021-22 to FY 2023-24 in which the ARR for FY 2022-23 was notified at **Rs. 65.36 Cr.** for MePGCL old plants and Sonapani.

The true up gap and additional claim as per true up petition will have an impact on the ARR for FY 2022-23, and the petitioner requested the Commission to allow the revised ARR for FY 2022-23 for MePGCL old plants and Sonapani, which comes to Rs.251.23 crores as shown below:

Table 6.13 : Annual Fixed Charges for FY 2022-23 for MePGCL old projects incl. sonapani

(Rs. Cr.)

Particulars	FY 2022-23
Annual Fixed Cost Approved by MSERC for FY 2022-23 (a)	65.36
Add: Additional Claim as per review petition for True up of FY 2018-19 (b)	94.50
Add: Additional Claim as per review petition for True up of FY 2019-20 (c)	96.44
Less: Net Gap as per Review Order for FY 2017-18 (177.5 MW/303.5*Rs.8.67 Cr) (d)	(-) 5.07
Net AFC for Computation of Tariff (d=a+b+c)	251.23

Now, based on the Regulations, 50% of the Annual Fixed Charge is to be recovered as Capacity charge and the balance is to be recovered as energy charge from the beneficiary. Therefore, the capacity and energy charges for MePGCL old plants including Sonapani for FY 2022-23 are computed below:

Table 6.14 : Capacity and Energy Charges for MePGCL Old plants including Sonapani for FY 2022-23 (Projected)

(Rs. Cr.)

Sl. No	Name of the Power Station	Installed Capacity (MW)	Gross Generation (MU) as approved in Business Plan	Annual Fixed Charge (Rs. Cr)	Capacity Charge (Rs. Cr)	Energy Charge (Rs/Unit)
1	Umiam I	36.00	116.00	56.81	28.40	2.45
2	Umiam II	20.00	46.00	22.53	11.26	2.45
3	Umiam III	60.00	139.00	68.07	34.03	2.45
4	Umiam IV	60.00	207.00	101.37	50.69	2.45
5	Umtru	11.20	-	-	-	-
6	Sonapani (Mini Hydel)	1.50	5.00	2.45	1.23	2.45
	Total	177.50	513.00	251.23		2.45

Commission's Analysis**Annual Revenue Requirement (ARR) of MYT Order**

Commission in its MYT Order dated 25.03.2021 had approved the ARR of Rs.65.36 Crore for FY 2022-23 for MePGCL old projects including sonapani as given in the table below.

Table 6.15 : Approved ARR of MePGCL Old projects in MYT Order for FY 2022-23

		(Rs.Cr)
Sl.no	Particulars	FY 2022-23
1	Interest & Finance Charges	9.70
2	Depreciation	6.87
3	O&M Expenses	46.97
4	Interest on working capital	2.77
5	Return on Equity	7.19
6	SLDC Charges	1.94
7	Net Prior Period Items/ Provision for bad debts	0.00
	Total Annual Fixed Cost	75.44
8	Less: Non-Tariff Income	10.08
	Net Annual Fixed Cost for FY 2022-23	65.36
9	Less: Revenue Surplus as per the Review Order for FY 2017-18	0.00
	Net ARR	65.36

MePGCL has projected adjustment of Revenue Surplus for Rs.5.07 Crore approved in the review True up Order for FY 2017-18. The petitioner has also projected True up Gap for FY 2018-19 and FY 2019-20 at Rs.94.50 Crore and Rs.96.44 Crore respectively as shown in the Table 82 of petition.

Commission had approved Review True up orders for FY 2017-18 in which the surplus revenue notified for Rs.5.07 Crore is adjusted in the ARR for FY 2022-23.

Commission had approved True Up for FY 2018-19 and FY 2019-20 and determined Revenue Gap/(Surplus) at Rs.(79.40) Crore and Rs.2.75 Crore respectively to be appropriated in the ARR of FY 2022-23.

Operation and Maintenance Expense

As per Regulation 56.7 *“in case of the hydro generating stations declared under commercial operation on or after 1/04/2009, O&M expenses shall be fixed at 2% of the original project cost(excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years.”*

Commission had categorized MePGCL old generating stations into category A and C considering the COD of the projects.

A) Generating stations declared COD upto 31.03.2009

C) Generating Stations Declared COD on or after 01.04.2009 (1.5 MW sonapani)

Commission had fixed O&M expenses as per Regulation 56.7 of MSERC MYT Regulations 2014 and escalated at 5.72% year on year for subsequent years.

The Leshka Project has been declared COD on 01.04.2013 and lakroh project declared COD on 01.03.2019.

Thus the O&M expenses determined as per Regulation shall be segregated for MePGCL Old projects including sonapani and MLHEP (Leshka) and Lakroh projects.

The Segregation of O&M expenses taken effect for Leshka project from 01.04.2013 excluded from the O&M expenses of MePGCL old projects.

As also the O&M expenses for Lakroh project shall be segregated and regulated w.e.f 01.03.2019 out of O&M expenses from MePGCL old projects.

a) Employee Expenses

Commission had approved employee expenses for FY 2022-23 at Rs.46.97 Crore including 1/3rd employee cost of MeECL for Rs.6.71 Crore. Whereas MePGCL has claimed apportionment of Employee expenses from Holding company projected in the MYT petition for Rs.71.29 Crore, was not considered for FY 2022-23.

Commission had held discussions in connection with the True up petitions submitted by the power utilities. The following are the observations of the discussions.

“The Meghalaya Power Sector Reforms and Transfer Scheme,2010, in its provisions laid down in clause 9, state that the Holding company, MeECL will be responsible for setting up a pension Trust Fund and it will also take necessary action to operate it, maintain it and ensure progressive funding of the pension Trust Fund. All benefits of retired MeECL employees relating to pension and all other terminal benefits of retired employees are to be met from this Trust Fund. This is a statutory provision.

The basic principle of any trust fund is that it will have multiple sources of funding, such as a percentage which will come from the salary of the employee, the employer/holding company will contribute a matching share and the contribution from Government will come in as gap funding. Keeping this principle in view, the holding company, MeECL should have initiated progressive funding of the pension Trust Fund, without waiting for the Government contribution.

The state commission must keep in mind the Consumer’s interests and is therefore of the firm view that the entire burden for the pension and other terminal benefits cannot be passed on to tariff. MeECL must initiate operationalizing of the Pension Trust Fund and progressive funding of the pension Trust Fund must be done without further delay. The state commission on its part and in keeping with existing regulatory provisions will be willing to allow not the entire amount but some part of the claimed amount in the true up petition to be included in the ARR. This will be strictly subject to immediate action on progressive funding of the Pension Trust Fund.”

MePGCL was asked to submit the breakup of liability for serving Employees and retired employees for the apportionable employee expenses from Holding company for Rs.71.29 Crore vide commission’s letter dated 14.12.2021.

MePGCL has submitted the required information on 12.01.2022. The breakup figures reads as follows

Sl. No	Particulars	FY 2018-19	FY 2019-20	FY 2022-23 ARR
1	Monthly Pension	-	-	46.10
2	Terminal Benefits	-	-	4.09
	Total (A)			50.19
3	Monthly salary of Serving Employees	11.87	14.05	20.47
4	Contribution to Pension Trust	33.52	34.45	
5	Contribution to NPS	0.07	0.08	0.11
	Total (B)	45.46	48.60	20.58

Commission considers that the liability towards pension and terminal benefits at Rs.50.19 Crore shall be met from the **Trust funds** as notified by the Govt. of Meghalaya in the Transfer Scheme 2010.

MeECL shall henceforth initiate action to functionalise pension Trust with the available funds in the account and ensure progressive funding into the Trust account, in order to discharge the liability of retired personnel from time to time.

The salaries and contribution to NPS of serving employees amounted at Rs.20.58 Crore however shall be considered for O&M expenses of MePGCL for determination of ARR for FY 2022-23.

Commission considers the O&M expenses of MePGCL Old projects including sonapani for ARR of FY 2022-23 as depicted in the table below.

Table 6.16 : Approved O&M expenses for FY 2022-23

(Rs.Cr)

Particulars	FY 2022-23
O&M expenses for MePGCL including 1/3 rd MeECL employee	46.97
Add: Apportion able Employee expenses of Holding company	20.58
Approved O&M Exp. For MePGCL old plants incl. Sonapani	67.55

Commission considers O&M expenses including apportionment of holding company serving employees expenses for Rs.67.55 crore for FY 2022-23.

Interest on Working Capital

Consequent to absorption of apportionment of MeECL serving employee expenses into MePGCL O&M expenses, there has been increase in the receivables element for computation of working capital.

Therefore the interest on working capital is recalculated for ARR of FY 2022-23 as depicted in the table below.

Table 6.17 : Computation of Interest on Working Capital for MePGCL Old Plants including Sonapani for FY 2022-23

(Rs.Cr)

Sl. no	Particulars	FY 2022-23
1	O&M Expenses for 1 Month (40.26/12)	3.35
2	Maintenance Spares (40.26*15%+6%)	6.40
3	Receivables for 2 months	13.86
4	Working Capital Requirement (Sl.no.1+2+3)	23.61
5	Interest on Working Capital @12.20%	2.88

Commission considers Interest on working capital at Rs. 2.88 Crore for FY 2022-23.

Annual Revenue Requirement (ARR)

Accordingly, the Revised ARR approved for FY 2022-23 for MePGCL Old Projects including Sonapani as given in the table below.

Table 6.18 : Approved ARR for MePGCL Old Projects including Sonapani for FY 2022-23

(Rs.Cr)			
Sl.no	Particulars	Filed by petitioner	Approved FY 2022-23
1	Interest & Finance Charges	9.70	9.70
2	Depreciation	6.87	6.87
3	O&M Expenses	46.97	67.55
4	Interest on working capital	2.77	2.88
5	Return on Equity	7.19	7.19
6	SLDC Charges	1.94	1.94
7	Net Prior Period Items/ Provision for bad debts	0.00	0.00
	Gross Annual Revenue Requirement	75.44	96.13
8	Less: Non-Tariff Income	10.08	10.08
	Net Annual Revenue Requirement for FY 2022-23	65.36	86.05
9	Add: Revenue Gap/(Surplus) as per the Review Order for FY 2017-18	(-) 5.07	(-) 5.07
10	Add: Revenue Gap/(Surplus) as per True up FY 2018-19	94.50	(-) 79.33
11	Add: Revenue Gap as per True up FY 2019-20	96.44	2.83
	Total Annual Revenue Requirement	251.23	4.48

Commission considers ARR for MePGCL old projects including sonapani at Rs.4.48 Crore for FY 2022-23.

As per Regulation 57 *“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”.*

The capacity and Energy charges are determined as per the Regulation in the consolidated table for MePGCL as a whole in the subsequent chapter 7.

6.5. Consolidated ARR for MePGCL Old Projects including Sonapani, MLHEP, New Umtru and Lakroh projects for FY 2022-23

Commission after Prudence check of the petitions, the additional information subsequently filed on 02.02.2022, taking into account, the objections raised by the stakeholders, the response of the MePGCL for the objections, the minutes of the Public hearing process and views of the State advisory committee, has considered the Annual Revenue Requirement for FY 2022-23 as depicted in the table below.

Table 6.19 : Consolidated Annual Revenue Requirement of MePGCL for FY 2022-23

(Rs.Cr)

Sl. No.	Particulars	MLHEP	NUHEP	Lakroh	MePGCL Old Projects	Total for MePGCL
1	Interest & Finance Charges	34.71	18.73	0.65	9.70	63.79
2	Depreciation	38.10	16.33	0.37	6.87	61.67
3	O&M Expenses	43.46	18.63	0.60	67.55	130.24
4	Interest on working capital	4.44	1.97	0.06	2.88	9.35
5	Return on Equity	39.28	16.52	0.35	7.19	63.34
6	SLDC Charges	0.00	0.00	0.00	1.94	1.94
	Gross ARR	159.99	72.18	2.03	96.13	330.33
7	Less: Non-Tariff Income	0.01	0.06	0.00	10.08	10.15
	Net ARR	159.97	72.12	2.03	86.05	320.17
8	Add: Revenue (Surplus) as per the Review Order for FY 2017-18	(-) 3.60	0.00	0.00	(-) 5.07	(-) 8.67
9	Add: Revenue Gap/(Surplus) in True Up for FY 2018-19	(-) 56.59	73.83	-	(-) 79.33	(-) 62.09
10	Add: Revenue Gap/(Surplus) in True Up for FY 2019-20	(-) 68.79	73.17	1.48	2.83	8.69
	Total ARR	30.99	219.12	3.51	4.48	258.10

Commission approves ARR for MePGCL as a whole at Rs.258.10 Crore for FY 2022-23.

7. Determination of Annual Fixed Charges for FY 2022-23

7.1 Annual Fixed charges for the FY 2022-23 for MePGCL Old Projects including Sonapani, MLHEP, New Umtru and Lakroh Projects

As per Regulation 57

“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:

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

$i=1$

Where,

AUX = Normative auxiliary energy consumption in percentage

DC_i = 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 sub clause (2) above, exceeds eighty paise per kWh, and the actual saleable energy in a year exceeds $\{ DE \times (100 - AUX) \times (100 - FEHS) / 10000\}$ 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.

(5) The concerned Load Dispatch Centre shall finalize 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.”

In accordance with Regulation 57, commission considers project wise annual fixed charges for FY 2022-23 as depicted in the table 7.1 and 7.2 below.

Table 7.1 : Consolidated Annual Fixed Charges for MePGCL as a whole for FY 2022-23

Sl. No	Name of the Power Station	Filed by MePGCL						Approved by the Commission					
		Installed Capacity (MW)	Gross Generation (MU) as approved in Business Pan	Net Generation (MU) as approved in Business plan	Annual Fixed Charge (Rs. Cr)	Capacity Charge (Rs. Cr)	Energy Charge (Rs/Unit)	Installed Capacity (MW)	Gross Generation (MU) as approved in Business Pan	Net Generation (MU) as approved in Business plan	Annual Fixed Charges (AFC)	50% Capacity Charge (Rs. Cr)	Energy Charge (Rs/Unit)
		1	2	3	4	5	6	7	8	9	10	11	12=(10/9)
1	Umiam I	36.00	116.00	114.61	15.91	7.96	0.69	36.00	116.00	114.61	26.94	13.47	2.35/kWh
2	Umiam II	20.00	46.00	45.45	8.84	4.42	0.97	20.00	46.00	45.45	14.96	7.48	3.29/kWh
3	Umiam III	60.00	139.00	137.33	68.07	34.03	2.45	60.00	139.00	137.33	44.89	22.45	3.27/Kwh
4	Umiam IV	60.00	207.00	203.90	26.52	13.26	0.65	60.00	207.00	203.90	44.89	22.45	2.21/kWh
5	Sonapani (Mini Hydel)	1.50	5.00	4.94	0.66	0.33	0.67	1.50	5.00	4.94	1.12	0.56	2.27/kWh
	Total	177.50	513.00	506.23	78.4	39.20	0.77	177.50	513.00	506.23	132.80	66.40	2.62/kwh
6	MLHEP	126.00	486.00	478.71	89.85	45.00	1.88	126	486.00	478.71	94.26	47.13	1.97/kwh
7	NUHEP	40.00	235.00	231.48	51.62	25.81	2.23	40	235.00	231.48	29.92	14.96	1.29/kwh
8	Lakroh MHP	1.50	11.00	10.87	2.10	1.05	1.94	1.50	11.00	10.87	1.12	0.56	1.03/kwh
	Total	345.00	1245.00	1227.29	221.97	110.98	1.80	345.00	1245.00	1227.29	258.10	129.05	2.10/kwh

Table 7. 2 : Annual Fixed Charges for the FY 2022-23

Sl. No	Name of the Plant	Installed Capacity (MW)	Designed Energy (MU)	Net Energy (MU)	AFC Allocation (Rs. Cr)	50 % as capacity charges (Rs. Cr)	Average Tariff Rs. Ps/ kWh
1	Umiam Stage I	36	116.00	114.61	26.94	13.47	2.35/kWh
2	Umiam Stage II	20	46.00	45.45	14.96	7.48	3.29/kWh
3	Umiam Stage III	60	139.00	137.33	44.89	22.45	3.27/kWh
4	Umiam Stage IV	60	207.00	203.90	44.89	22.45	2.21/kWh
6	Sonapani	1.5	5.00	4.94	1.12	0.56	2.27/kWh
7	Total Old Stations	177.50	513.00	506.23	132.80	66.40	2.62/kWh
8	MLHEP	126	486.00	478.71	94.26	47.13	1.97/kWh
9	New Umtru	40	235.00	231.48	29.92	14.96	1.29/kWh
10	Lakroh	1.5	11.00	10.87	1.12	0.56	1.03/kWh
11	Total	345.00	1245.00	1227.29	258.10	129.05	2.10/kWh

- (i) MePGCL shall claim 50 % of the annual fixed charges in 12 monthly installments from the beneficiary MePDCL.
- (ii) Energy charges shall be claimed for actual generation during the month as per Average tariff in the above table.

8. Directives

8.1 Earlier Directives

- 1) Commission has dropped the Directive no. 1 to 3 of Tariff Order FY 2021-22 complied by the MePGCL.

- 2) **Assets Records and Project wise Breakup**

The Licensee was directed to maintain Assets records for each project, since all the Old plants have served their life, allowing RoE and depreciation on those assets would result in excess recovery of costs and tariffs. The asset records shall be duly verified as per the Regulations and ensure to delete the value of assets from the asset base in the Regulatory books for the purpose of calculation of RoE and Depreciation. MePGCL has not complied with the Directive. The Licensee shall submit a report by June 2020.

MePGCL is directed to maintain separate asset records of MLHEP and submit to the Commission by June 2020.

Status:

MePGCL has a consolidated Statement of Accounts for the corporation as a whole. However, individual asset records of old plants (including sonapani), MLHEP, NUHEP and lakroh can be segregated from this consolidated SOA. The asset records of MLHEP, NUHEP and lakroh MHP were submitted to the Commission vide letter no. MePGCL/D/GEN/M-43/2008/Pt-XIV/19 Dt.30.06.2020 in compliance with this directive.

Commission Views

MePGCL shall file breakup of approved capital cost of the old projects including sonapani for future applications.

- 3) Commission has dropped the directives no.7.2 of Tariff order dated 25.03.2020 excepting the true up petition for FY 2020-21 to be filed by the MePGCL which is over delayed .

4) Regulatory Accounts

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

Status:

The Regulatory Accounts shall be maintained as per guidelines/formats once issued by the Commission.

Commission's View:

The licensee has been claiming the ARR elements higher side than admissible as per the Regulations in every Tariff and True up petitions.

Commission has been limiting the claims based on either Audited accounts or the actual admissible as per the Regulatory implications.

In the above process, the regulatory accounts approved in the true up exercise only prevails for computation of subsequent years ARR and True up.

Thus the licensee shall maintain Regulatory books with reference to the trued up figures for future filings with the commission.

The licensee shall file a compliance report of maintaining Regulatory books by 30.06.2022.

RECORD NOTE OF THE STATE ADVISORY COMMITTEE MEETING HELD ON 17.03.2022 at

State Convention Centre, Shillong.

Time: 13:00 Hours

Members Present in the Meeting

- 1 **Shri. P W Ingty, IAS (Retd.),**
Chairman Meghalaya State Electricity Regulatory Commission Shillong.
- 2 **Shri. Roland Keishing,**
Member (Law) Meghalaya State Electricity Regulatory Commission Shillong.
- 3 **Smti. M.S.N.Marak, Joint. Secretary,**
Civil Supplies and Consumer Affairs, Government of Meghalaya.
- 4 **Mr. Ronald Rikman Sangma,**
Circular Road, Tura Bazar, Tura- 794001, West Garo Hills, Meghalaya.
- 5 **Dr. Vanessa Kharmawphlang,**
'Vanee Villa', Lumbasuk, Upper Nongthymmai, Shillong 793014..
- 6 **Shri. Shyam Sunder Agarwal,**
CMD (Pioneer Carbide Pvt. Ltd.), Byrnihat, Ri-Bhoi District, Meghalaya.
- 7 **Shri. O.R. Challam, (Rtd. Professor, Kiang Nongbah Government College), ,**
Panaliar, Jowai-793150, West Jaintia Hills District, Meghalaya.
- 8 **Mr. Gaurav Pal, IEX,**
4th Floor, TDI Centre, Jasela, IEX, New Delhi-110025.
- 9 **Shri. Eswoll Slong,**
Secretary MSERC, Convenor

Minutes

The Hon'ble Chairman MSERC, welcomed all members to the 24th meeting of State Advisory Committee meeting and thanked all members for their presence. Thereafter, Hon'ble Chairperson has briefly explained the purpose of the meeting as envisaged in the Electricity Act 2003.

Agenda: Power Point Presentation on the tariff proposal for FY 2022-23 by MePDCL.

A Power Point Presentation was made by SE (Regulatory Affairs) MePDCL, Shri. Synran Kharmih on the Tariff Petition filed by MePDCL for FY 2022-23.

Views and suggestions of the Members.

The Chairman invited suggestions from the participants on the ARR. Members of the SAC raised the following issues:

1. Mr. Ronald Rikman Sangma

The Member stated that the objective of SAUBHAGYA scheme is to provide electricity connections to all un-electrified households but till date some of the villages in Garo Hills namely Sanjanpara, Wadagre, Arakgitim, Naronggre Songgitcham of South West Garo Hills were not electrified. It was also raised that whether temporary connections may be given or not to the household till such time the new connection is being provided by the DISCOM.

The member further raised the issue regarding functioning of CGRF cell in Garo Hills, as most of the consumers had to go through the concerned SDO to file a complaint. In this regard it is suggested an Ombudsman may be appointed for a particular area in Garo Hills.

The Chairman briefed that as per the Regulations every state has to appoint only one Ombudsman. As far as CGRF is concerned till date there is only one CGRF cell in Shillong. Commission will take up the matter for setting up of CGRF cell in every region.

The member also raised that, online bill payment should be made functional for prepaid meter.

The member also suggests that MeECL should maintain the clearance of overhead HT lines from the residential area and also accurate meter is to be provided to the consumers.

It was also advised that MeECL should look into the regular transfer of officers as per the Meghalaya Service Rules.

2. Shri. Shyam Sunder Agarwal, CMD (Pioneer Carbide Pvt. Ltd.), Byrnihat, Ri-Bhoi District, Meghalaya.

The Member raised that audited account filed by MePDCL reveal that the revenue from sale of Surplus power is on a declining trend. The average sale price per unit during FY 2018-19, FY 2019-20 and FY 2020-21 was at Rs. 2.74/kWh, Rs. 1.66/kWh and Rs. 1.52/kWh respectively which is a matter of grave concern. In this regard, it is suggested that surplus power may be offered to the industries in Meghalaya well in advance to the highest bidder or can be sold in IEX at the market rates.

Further, the member suggested that monitoring of energy swapping should be done by the energy management department, along with details of the swapping arrangement to be made available to MSERC and on MeECL website. The surplus energy can be carried over to the next year swapping transactions and cost of surplus power should not be below average power purchase cost. The details of which should be provided at the time of truing up.

It is also suggested that Load Factor based Industrial consumers should be made compulsory to be equipped with ABT meters, as in case of Open Access Consumers for the purpose of proper monitoring of Load Factor based tariffs.

The Member also objected that the T&D losses of DISCOM is to a tune of 36.20%, 29.88% and 29.04% during FY 2018-19, FY 2019-20 and FY 2020-21 respectively instead of 16.56%, 12.19% and 12% as approved by the Commission in the respective tariff order. The MePDCL must come forward with a comprehensive execution plan to reduce the T&D losses. It is advised to publish in the local newspapers and MeECL website, area wise and substation wise losses data to increase awareness among the people of Meghalaya. It is also suggested that load shedding should be done only in those areas where T&D losses are high.

3. Dr. Vanessa Kharmawphlang.

The member raised an issue regarding ways and means of DISCOM to lighten the financial burden on the domestic consumers as most of the electricity bills received by domestic consumers keeps on increasing.

MePDCL informed the Committee that in Shillong area billing is done through SAP which is not a problem. The variation in the electricity bills depends on the consumption of electricity by the consumers.

4. Shri. O.R. Challam.

The member suggested that consumers should be informed in writing regarding increase of tariff. Also, an awareness should be given to the consumers on smart meter and prepaid meter before installing in their premises.

The member also proposed to submit a written comments to the Commission on the tariff proposed by MePDCL.

The Commission informed that once the tariff is notified by the Commission, DISCOM should find ways and means to reach the information to the consumers. MePDCL suggest that a direction may be given from the Commission for issuing a tariff leaflet to the consumers through meter readers.

5. Smti. M. S. N. Marak, Joint. Secretary Food Civil Supplies and Consumer Affairs, Government of Meghalaya.

The member raised whether the tariff hike will affect the BPL consumers. MePDCL informed that BPL consumers falls under the category of Kurtir Jyoti (KJ) which is being charged at the lowest tariff compared to other categories of consumers.

6. Mr. Gaurav Pal.

The member informed the Committee that a written comments/ suggestion on the Petition filed by MePDCL and MePTCL will be submitted to the Commission for consideration while computing the ARR. The Commission took note of the submission.

7. Shri. Roland Keishing, Member (Law) Meghalaya State Electricity Regulatory Commission Shillong.

The Member deliberated that all the suggestions and advices proposed by the Members/participants will be shared in the Tariff Orders. The Member also welcomed the corporation and good advices suggested for best welfare of the licensee and consumers at large.

The Member MSERC has conveyed thanks to the members/participants for their views and suggestions and declared State Advisory committee meeting concluded.

**Sd/-
Secretary
MSERC**

**List of Participants in the Public Hearing on Generation Petition for FY 2022-23 filed by
MePGCL**

Date: 14.03.2022 | Venue: State Convention Centre, Shillong| Time: 13:00 Hours

Present :

1. Mr. P. W, Ingty, IAS (Retd), Chairman, MSERC.
2. Mr. R. Keishing, Member (Law) MSERC.
3. Mr. E. Slong, Secretary, MSERC.

MePGCL

1. Shri. M. Shangpliang, Director, MePGCL
2. Smti. M. Lyngdoh, Superintending Engineer (PM i/c)
3. Smti. B. Lyngdoh Mawphlang, AEE (Civil)
4. Shri. R. Laloo, Senior Accountant Officer, MePGCL
5. Smti. L .Kharpran, AAO, MePGCL
6. Shri. G.S Mukharjee, Company Secretary
7. Shri. Adhitya Pandey, Advocate, MePGCL
8. Smti. Rekha Bakshi, Advocate, MePGCL

Meghalaya Pensioners Association (MPA)

1. Shri. O.L. Warjri, Vice President.
2. Shri. Robin Diengdoh, Joint Secretary.
3. Shri. Elias Lyngdoh, MPA

Byrnihat Industries Association (BIA)

1. Shri. Shyam Sunder Agarwal, Secretary BIA
2. Shri. S. Asati, Consultant BIA

Others

1. Shri. Utkarsh Agarwal, ED, Pioneer Carbide