

BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG

PETITION
FOR
**REVISION OF TRANSMISSION
TARIFF FOR FY 2023-24**

FILED BY



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

BEFORE THE HONORABLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

At its office at Lower Lachumiere, Shillong – 793001

File/Petition No.: _____

IN THE MATTER OF:

REVISION OF TARIFF FOR FY 2023-24 UNDER THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF) REGULATIONS, 2014 AND UNDER SECTIONS 62 & 64 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

AND IN THE MATTER OF:

MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED, LUMJINGSHAI, SHILLONG – 793001, MEGHALAYA PETITIONER

The Petitioner respectfully submits as under:

1. In exercising its powers conferred under the section 131 and 133 of the Electricity Act 2003, the State Government of Meghalaya notified “The Meghalaya Power Sector Reforms Transfer Scheme 2010” on 31st March 2010 leading to restructuring and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities namely,
 - a. **Meghalaya Energy Corporation Limited (MeECL)**: the Holding Company;
 - b. **Meghalaya Power Generation Corporation Limited (MePGCL)**: the Generation Utility;
 - c. **Meghalaya Power Transmission Corporation Limited (MePTCL)**: the Transmission Utility;
 - d. **Meghalaya Power Distribution Corporation Limited (MePDCL)**: the Distribution Utility.
2. However, the holding company - MeECL carried out the functions of distribution, generation and transmission utilities from 1st April 2010 onwards, even after restructuring. Therefore, through Notification dated 31st March 2012, State Government notified an amendment to The Power Sector Reforms Transfer Scheme leading to effective unbundling of MeECL into MeECL (Holding Company), MePGCL (Generation utility), MePTCL (Transmission Utility) and MePDCL (Distribution Utility) from 1st April 2012.
3. On 23rd December 2013, the Government of Meghalaya issued the latest transfer scheme notification, thereby notifying the Assets and Liabilities as on 1st April 2010 to be vested in MeECL. Subsequently, the Government of Meghalaya has notified the 4th Amendment to the Notified Transfer Scheme dated 31st March 2010 on 29th April 2015, wherein the opening balances of all the four entities namely, MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 have been notified.
4. MePTCL has begun segregated commercial operations as an independent entity from 1st April 2013.
5. The **Meghalaya State Electricity Regulatory Commission** (hereinafter referred to as “MSERC” or “the Hon’ble Commission”) is an independent statutory body constituted under the provisions of Part – X (Sections 76 to 109) of the Electricity Act (EA), 2003. The Hon’ble Commission is vested with the authority of regulating the power sector in the State inter alia including determination of

tariff for electricity consumers.

6. The Licensee filed the petition for approval of Business Plan for the third control period FY 2021-22 to FY 2023-24 vide letter No. MePTCL/DT/T-21(Pt-VI)/2020-21/135 dated 09.09.2020. The Hon'ble Commission approved the Business Plan on 28.09.2020.
7. Under Meghalaya State Electricity Regulatory Commission i.e. MSERC (Multi Year Tariff) Regulations, 2014, MePTCL filed MYT petition for Annual Revenue Requirement for the period of FY2021-22 to FY 2023-24. In respect to the said petition MYT order was issued by Hon'ble Commission on 25th March 2021.
8. In exercise of its powers, MSERC had determined the Aggregate Revenue Requirement (ARR) for MePTCL and tariff for FY 2022-23 in its tariff order dated 25th March 2022, in accordance with the MSERC Tariff Regulations, 2014. The accounts for FY 2020-21 have been audited and the statutory audit report is available with the Licensee. The provisional statement of Accounts for FY 2021-22 is also ready with the petitioner. However, the statutory audit is under process. Keeping in mind the amended MYT Regulations, 2021 which state the requirement of audited accounts including audit report of the Statutory Auditor appointed by C&AG, the Licensee has filed the true up for FY 2020-21.
9. The Licensee filed the review petition for revision of tariff for FY 2021-22 and the ARR for the MYT control period for FY 2021-22 to FY 2023-24 and the Commission has given its order on 18.08.2021.
10. The Licensee files this petition for revision of tariff for FY 2023-24 based on (i) the approved ARR of MYT of FY 2021-22 to FY 2023-24 in order dated 25th March 2021, (ii) the order on the review petition dated 18.08.2021, (iii) pending adjustment of true up of previous year filed by the utility. Before the issue of next tariff order, any further orders from Hon'ble Commission on the gaps/surplus of past years for MePTCL may be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2023-24.
11. The Board of Directors of MePTCL have accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. The copy of the Board's Resolution is hereby enclosed as **Annexure-A**.
12. The applicant, therefore, humbly prays before the Hon'ble Commission to pass appropriate order on the following:
 - a) Revision of Tariff for FY 2023-24 based on approved ARR of MYT of FY 2021-22 to FY 2023-24, gaps/(surplus) of previous year and amendment arising due to true up of FY 2017-18 in the ARR of FY 2021-22 and 2022-23.
 - b) To pass such orders, as Hon'ble Commission may deem fit and proper and necessary in view of the facts and circumstances of the case.
 - c) To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

(P.Sun)

Superintending Engineer (Elect – II)

O/O the Director (Transmission),

Meghalaya Power Transmission Corporation Limited, MePTCL

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1. Introduction

The Licensee is filing the petition for revision of tariff for FY 2023-24 based on the approved ARR of MYT of FY 2021-22 to FY 2023-24 in order dated 25th March 2021 and pending adjustment of true up of previous years.

1.1.1 Provisions of Law for Revision of Tariff

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

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

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

"6 Accounting statement and filing under MYT

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

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

1.2 Submissions before the Hon'ble Commission

MePTCL hereby submits the petition under section 61, 62 of the Electricity Act, 2003, MSERC Terms and MSERC (Multi Year Tariff) Regulations, 2014 for approval of Revision of tariff for FY 2023-24.

2 Revision of Tariff for FY 2023-24

2.1.1 Background

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

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

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

2.1.4 The Hon'ble Commission has approved ARR of **Rs 92.38 Cr** for FY 2023-24 in its MYT order dated 25th March 2021. The Commission has not considered review of ARR. Therefore, the petition for review of Net ARR for FY 2023-24 for determination of transmission tariff will be based on the approved ARR of FY 2023-24 and gaps of the previous years till trueing up of the same.

- 2.1.5** The Licensee however submits that the issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC) is pending adjudication before the Hon'ble APTEL bearing Case no 46 of 2016. In case of a favourable order to the licensee with respect to the methodology adopted for return on equity, the licensee will reclaim/adjust the additional claim of return on equity in the subsequent tariff petitions. However, the petitioner in its Tariff petition has claimed return based on the methodology adopted by the Commission in its past orders to avoid ambiguities in figures/calculation resulting in variation in calculation and lower amount of RoE being approved by the Commission.
- 2.1.6** On the matter of apportionment of employee cost of holding company in the truing up for FY 2021-22, the Commission has stated that appropriate decision shall be taken considering the outcome of the appeal pending before the Hon'ble APTEL on the issue.
- 2.1.7** The apportionment of employee cost of holding company for FY 2023-24 to be borne by MePTCL was estimated to be Rs.73.92 Crores in the MYT petition as well as the review petition of MYT. This expense was disallowed in totality by the Commission in its order dated 25th March 2021. In the review petition order dated 18th August 2021, the Commission has stated that it shall consider the other components/items of employee cost while truing up and accordingly the variation in the employee cost/O&M expenses shall be allowed.

It is respectfully submitted that the expenses to be incurred in connection with the Employee cost are projected as per the actual expense incurred in this regard and therefore, are liable to be included as part of the reviewing exercise. It is also respectfully submitted that as per the statutory mandate for tariff determination, it is the requirement of law for the Hon'ble Commission to necessarily include in this process, the costs which have been incurred by the corporation in respect of the employee costs. Even otherwise, it is also necessary to point out that the present petition is also necessitated in view of the fact that the expense which has been not included are expenses which have been actually incurred by the Corporation.

It is submitted that non-inclusion of these costs shall result in depriving the Corporation of much needed revenue. Therefore, on the one hand the expense towards employee costs would continue to be incurred as per actuals, without the expense being reflected in the tariff. Based on this the estimated apportionment of the Holding company expenses is as depicted below :

Table 1 : Apportionment of employee cost of Holding Company for FY 2023-24 (projected)

(in Rs Cr)

Particulars	MePTCL
Pay & Allowances expenses	50.44
Staff Welfare expenses	0.02
Corporation Contribution to CPS Fund	1.06
Ex-Gratia payment	0.00
Pension & pension related expenses	58.57
TOTAL	110.08

It is requested that the Commission consider the apportionment of employee cost of the Holding Company for FY 2023-24 amounting to Rs.110.08Cr as claimed above in addition to the approved O&M expenses.

- 2.18 Four new Grid Substations at Mawphlang, New Shillong, Mynkre and Phulbari are to be commissioned very soon. The Government and the Board of Directors has approved recruitment of fresh technical staff for these new substations on contractual basis at present. The annual financial involvement against this recruitment is Rs.3.22 Cr. The Hon'ble Commission has approved recruitment against these new substations in the approved Business Plan for the third control period FY 2021-22 to FY 2023-24. It is requested that the Commission allows this expenditure as claimed in the O&M expenses.

2.2 Total Gap to be recovered through Tariff in FY 2023-24

- 2.2.1 It may be noted that the approved ARR as well as the gaps/(surplus) of previous years due to true up and amendment on true up order is to be cumulatively recovered through the tariff of FY 2023-24. The Licensee has filed the True Up petition for FY 2020-21 to the Hon'ble Commission on 02.11.2022 for which the order is still awaited.

That, since the MePTCL has filed a petition on True Up for FY 2020-21, this will have an impact on the ARR requirement for FY 2023-24 and thereby the utility requests the Hon'ble Commission to allow the gap in the True up of the Transmission ARR for FY 2020-21 which amounts to Rs 159.07 crores respectively as shown below:

Table 2: True Up Gap claimed by MePTCL for FY 2020-21

(Rs in Crores)

Particulars	Approved for FY 2020-21 in Tariff Order	Claimed by MePTCL in Trueing up of FY2020-21	Revenue Gap/ (Surplus)
Aggregate Revenue Requirement	52.45	211.52	159.07

2.3 Net ARR for FY 2023-24

Based on the above submissions for approved ARR and gaps/(surplus) of past years, the net Revenue Requirement for FY 2023-24 would be as shown below:

Table 4 : Net ARR for FY 2023-24

Sl. No.	Particulars	Approved by MSERC dated 28.03.2020	Review presently Filed by MePTCL
1	Return on Equity (RoE)	15.67	15.67
2	Interest and Other Finance Charges	5.15	5.15
3(a)	Operation and Maintenance expenses incl. of MeECL Cost	60.04	60.04
3(b)	Apportionment of Employee Benefit Expenses (from Holding Company)		110.10
3(c)	Recruitment for four new grid sub stations on contractual basis		3.22
	Total O&M Expenditure		173.36
4	Interest on working Capital	3.28	10.27
5	Depreciation as may be allowed	28.86	28.86
6	SLDC Charges	1.54	1.54
7	Prior Period Expenses		
8	Total Annual Expenditure	114.54	234.85
9	Less:SLDC ARR	3.08	3.08
10	Net Annual Expenditure	111.46	231.77
11	Less: Other Income	19.08	19.08
12	Net Annual Revenue Requirement	92.38	212.69
13	Add: Gap of Revenue in the True up for FY 2020-21 (petitioned)		159.07
14	Add: Amendment as requested arising due to True up for FY 2017-18 and ARR of FY 2021-22 and 2022-23		29.83
15	Net Revenue Requirement for FY 2023-24	92.38	401.59

***Before the issue of next tariff order, any further orders from Hon'ble Commission on the above gap against the True-up of FY 2020-21 for MePTCL shall be considered as applicable for adjustment in the Net ARR and determination of tariff for FY 2023-24.**

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

The Transmission charges for Short Term Open Access consumers is to be considered on the ALST in Rs/MW for the concerned year. The State Load Despatch Centre (SLDC) has computed the projected average load of MePTCL for the period from FY 2019-20 to FY 2021-22 based on the actual State Energy Accounts, estimation for FY 2022-23 and projected for FY 2023-24 is shown as follows:

Table 5 : Average Load (MW)

Average Load (MW)	FY 2019-20 (Actuals)	FY 2020-21 (Actuals)	FY 2021-22 (Actuals)	FY 2022-23 (Estimated)	FY 2023-24 (Projected)
	236.05	230.90	237.48	267	283

2.5 Transmission Tariff for 2023-24

Based on the above, the petitioner requests the Hon'ble Commission to allow the transmission tariff for FY 2023-24 as given below:

Table 6 : Transmission Tariff for FY 2023-24

Sl. No.	Particulars	FY 2023-24
1	Annual Transmission Charges (Rs .Crores)	401.59
2	Average Load (MW)	283
3	Energy Transfer (MU) *	1627.37
4	Transmission Tariff (1/3) Rs per unit	Rs.2.47 per unit
5	Open Access Charge (1/2/365)	Rs.38878/MW per day

* Energy Transfer (MU): As per the approved Energy Balance in the DISCOM MYT for FY 2021-22 to FY 2023-24 vide Order dated 25.03.2021, the net power to be sold to consumers within the state (including ASEB) is 1627.37 MU.

2.6 Prayer before the Honorable Commission

The Meghalaya Power Transmission Corporation Limited (MePTCL) humbly prays before the Honorable Commission to kindly approve the proposed tariff for implementation from 01.04.2023, based on the facts and circumstances as submitted above.