



Meghalaya State Electricity Regulatory Commission

TARIFF ORDER

Case No. 27 of 2022

Aggregate Revenue Requirement

&

Generation Tariff for FY 2023-24

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 2023-24.....	18
3.1. Separate Petition for MePGCL’s Generating Projects	18
3.2. ARR filed for MLHEP for FY 2023-24.....	19
3.3. ARR filed for New Umtru for FY 2023-24.	20
3.4. ARR filed for Lakroh Mini HEP for FY 2023-24.....	21
3.5. ARR filed for MePGCL Old Projects including Sonapani for FY 2023-24.....	22
4. Public Hearing Process	23
5. Commission’s Approach	58
6. Analysis of Project wise ARR for MLHEP, New Umtru, Lakroh MHP and MePGCL Old Projects for FY 2023-24.....	60
6.0. Analysis of Project wise ARR and Consolidated Generation Tariff for FY 2023-24	60
6.1. ARR of MLHEP for FY 2023-24	60
6.2. ARR of NUHEP for FY 2023-24	62
6.3. ARR of 1.5 MW Lakroh MHP for FY 2023-24	65
6.4. ARR for FY 2023-24 for MePGCL old plants and Sonapani.....	67
6.5. Consolidated ARR for MePGCL Old Projects including Sonapani, MLHEP, New Umtru and Lakroh projects for FY 2023-24	71
7. Determination of Annual Fixed Charges for FY 2023-24	72
8. Directives.....	77
Annexure-I.....	81
Annexure-II.....	86
Annexure-III.....	87

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.....	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 Actual for FY 2020-21.....	17
Table 3.1 : Annual Fixed Charges for FY 2023-24 - MLHEP.....	19
Table 3.2 : Capacity Charge and Energy Charges for MLHEP for FY 2023-24.....	19
Table 3.3 : Annual Fixed Charge for NUHEP for FY 2023-24.....	20
Table 3.4 : Computation of Tariff for NUHEP for FY 2023-24.....	20
Table 3.5 : Annual Fixed Charge for Lakroh MHP for FY 2023-24.....	21
Table 3.6 : Computation of Tariff for Lakroh MHP for FY 2023-24.....	21
Table 3.7 : Annual Fixed Charges for MePGCL Old plants and Sonapani for FY 2023-24.....	22
Table 3.8 : Annual Fixed Charges, Capacity Charge and Energy Charge for FY 2023-24.....	22
Table 6.1 : Annual Fixed Charges for FY 2023-24 – Myndtu Leshka HEP.....	60
Table 6.2 : Capacity and Energy Charges for Myndtu Leshka HEP for FY 2023-24.....	61
Table 6.3 : Approved ARR in MYT Order for MLHEP for FY 2023-24.....	61
Table 6.4 : Approved ARR for MLHEP for FY 2023-24.....	62
Table 6.5 : Annual Fixed Charges for FY 2023-24 – NUHEP.....	62
Table 6.6 : Capacity and Energy Charges for NUHEP for FY 2023-24 (Projected).....	63
Table 6.7 : Approved ARR in MYT Order for NUHEP for FY 2023-24.....	63
Table 6.8 : Approved ARR of NUHEP for FY 2023-24.....	64
Table 6.9 : Annual Fixed Charges for FY 2023-24 – Lakroh MHP.....	65
Table 6.10 : Capacity and Energy Charges for Lakroh for FY 2023-24 (Projected).....	65
Table 6.11 : Approved ARR of Lakroh MHP in MYT Order for FY 2023-24.....	66
Table 6.12 : Approved ARR of Lakroh MHP for FY 2023-24.....	66
Table 6.13 : Annual Fixed Charges for FY 2023-24 for MePGCL old projects incl. sonapani.....	67
Table 6.14 : Capacity and Energy Charges for MePGCL Old plants including Sonapani for FY 2023-24 (Projected) ..	67
Table 6.15 : Approved ARR of MePGCL Old projects in MYT Order for FY 2023-24.....	68
Table 6.16 : Computation of Interest on Working Capital for ARR of FY 2023-24.....	69
Table 6.17 : Approved ARR for MePGCL Old Projects including Sonapani for FY 2023-24.....	70
Table 6.18 : Consolidated Annual Revenue Requirement of MePGCL for FY 2023-24.....	71
Table 7. 1 : Consolidated Annual Fixed Charges for MePGCL as a whole for FY 2023-24.....	75
Table 7. 2 : Annual Fixed Charges for the FY 2023-24.....	76

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. 27/2022

In the matter of,

Petition for Approval of Aggregate Revenue Requirement and Generation Tariff for MePGCL Old projects including Sonapani, MLHEP, New Umtru and Lakroh mini HEP for FY 2023-24.

AND

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

Coram

P W Ingty, IAS (Retd)

Chairman

ORDER

(Date:30.03.2023)

1. The Meghalaya Power Generation Corporation Limited (herein after referred to as Petitioner) is engaged in the business of power generation in the state of Meghalaya.
2. Regulation 6 of MSERC MYT Regulations 2014 specifies that Generation Utility shall file an application before the Commission (here in after referred to as MSERC) for approval of ARR and determination of Annual Fixed Charges for the generating stations in the state of Meghalaya for FY 2023-24.

Accordingly MePGCL has filed the Petition on 30.11.2022 under the MSERC (Multiyear Tariff) Regulations 2014 for approval of ARR and Determination of Generation Tariff for FY 2023-24.

Commission has provisionally admitted the petition on 30.11.2022

3. MePGCL was asked to file the additional information/data gaps vide commission's letter dated 21.12.2022. MePGCL has submitted the additional information/data on 20.01.2023.

4. Petitioner has filed the application separately for MePGCL old projects, MLHEP, New Umtru and lakroh projects as per the Regulations.
5. Commission directed MePGCL to publish the ARR and Tariff Petition for FY 2023-24 in an abridged form as public notice in the news papers having wide circulation in the state inviting suggestions/objections on the Tariff Petition.
6. MePGCL has published the notice and sought for the objections/suggestions from stakeholders and general public if any on the petition within 30 days from the date of publication.
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 of the objections from stake holders which have been sent to MePGCL for their response.

8. Commission in order to ensure transparency and for convenience of the stakeholders and general public across the state, decided to hold a public hearing at head quarters of the state on 14.03.2023.

Accordingly the Commission held public hearing at Shillong as scheduled.

9. The Proposal of MePGCL was also placed before the State Advisory Committee in its meeting held on 21.03.2023 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. Commission took into consideration the facts presented by the MePGCL in its petition and additional information/data gaps, 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 state advisory committee, passed this order for determination of Aggregate

Revenue Requirement and Generation Tariff for FY 2023-24 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 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 Proposal for Generation Tariff (AFC) for FY 2023-24

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 2023-24.

Chapter 7 - Determination of Annual Fixed Charges and Energy Charges for FY 2023-24.

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, 2023 and shall remain in force till 31st March, 2024 or till the next Tariff Orders of the Commission.

Sd/-

Shri. P W Ingty, IAS (Retd)
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 ARR and Generation Tariff.

In compliance MePGCL has filed the Petition on 30.11.2022 under the MSERC (Multiyear Tariff) Regulations 2014 for determination of ARR and generation Tariff for FY 2023-24.

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.

1.5. Admission of the Petition

The petition filed on 30.11.2022 for approval of ARR and generation tariff for FY 2023-24 has been admitted provisionally on 30.11.2022.

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 as noted below and sought for suggestions/objections within 30 days.

Table 1.1: Details of Public Notice

Sl. No	Name of News paper	Language	Date of Publication
1	The Shillong Times	English	8.12.2022 & 13.12.2022
2	U Nongsain Hima	Khasi	8.12.2022 & 13.12.2022
3	Salantini Janera	Garo	8.12.2022 & 13.12.2022

The Petitioner has also placed the Petition in the website (www.meecl.nic.in) inviting objections and suggestions on the 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 14.03.2023.

The Public hearing was conducted at Shillong as scheduled on 14.03.2023.

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 III.

Commission also held meeting with State Advisory committee on the petition filed by MePGCL on 21.03.2023.

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. After commissioning of Umiam Stage-III HEP (1979), Stage-IV HEP (1992), Sonapani Mini Hydrel 1.5 MW (2009), upgrading of Umiam Stage- II (from 18MW to 20 MW in 2012) ,MLHEP 3 X 42 MW in 2013, 40 MW New Umtru in 2017 and 1.5 MW Lakroh mini HEP declared COD on 1.03.2019 the installed capacity increased to 356.20 MW

All the Generating Stations except Sonapani Mini Hydrel 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, is 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 Hydrel	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	1.5	01.03.2019
	Total			356.20	

MePGCL had commissioned 356.20 MW projects by the end of FY 2018-19 and all the projects except Umtru Power station are generating to full capacity for FY 2023-

24. The generating Units of Umtru Power Station could not generate power on account of 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	207	207	207
5	Sonapani HEP	5	5	5	5
6	Leshka HEP	486	486	486	486
7	New Umtru	235	235	235	235
8	Lakroh MHP	11.01	11.01	11.01	11.01
9	Umtru Power	39	39	39	39
	Total	1284.01	1284.01	1284.01	1284.01

2.4. Operational Norms

The following sections outline details of operational norms for computation of energy generation for FY 2023-24 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

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 2021-22 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 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	39.00
New Umtru	235.00
Lakroh	11.01
Sonapani mini Hydel	5.00
Leskha	486.00
Total	1284.01

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 Actual for FY 2020-21

Sl No	Name of the Power station	Approved by Commission in Tariff Order FY 2021-22						MePGCL FY 2020-21			
		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	149.54	1.2	1.01	148.53
2	Umiam –II	45.51	0.70	0.50	1.20	0.55	44.96	76.01	1.2	0.33	75.68
3	Umiam –III	139.4	0.70	0.50	1.20	1.67	137.73	163.65	1.2	0.86	162.79
4	Umiam –IV	207.5	1.00	0.50	1.50	3.11	204.39	188.26	1.5	1.12	187.14
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	6.05	1.2	0.03	6.02
7	Leskha	486.23	1.00	0.50	1.5	7.29	478.94	420.66	1.5	3.67	416.99
8	Lakroh	11.01	1.00	0.50	1.5	0.16	10.85	3.67	1.5	0.03	3.64
9	New Umtru	0	0		0	0	0	229.62		1.30	228.32
	Total	1050.44				7.26	1035.74	1237.46		8.35	1229.11

3. Summary of the Petition for ARR and Determination of Generation Tariff for FY 2023-24

3.1. Separate Petition for MePGCL's Generating Projects

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 2023-24.

3.2. ARR filed for MLHEP for FY 2023-24.

The Commission in its order dated 25th March, 2021(page 198)had approved the AFC for Generation Tariff for FY 2023-24 as Rs.156.12 Cr. for MLHEP.

In the review order of the true up order for FY 2018-19 dated 30.09.2022 & FY 2019-20 dated 3.10.2022, the Commission has approved a revenue gap of Rs.(+)24.95 Cr and Rs. (+)13.85 Cr., respectively.

The true up gap and additional claim as per true up petition will have an impact on the ARR for FY 2023-24, and the Company prays before the Commission to allow the revised ARR for FY 2023-24 for MLHEP, which comes to Rs. 327.09 Crore as shown below:

Table 3.1 : Annual Fixed Charges for FY 2023-24 - MLHEP

Particulars	FY 2023-24
Annual Fixed Cost (AFC) Proposed for FY 2023-24 (a)	156.12
Add: Gap claim as per review petition for True up of FY 2018-19 (b)	(+) 24.95
Add: Gap claim as per review petition for True up of FY 2019-20 (c)	(+) 13.85
Add: Gap claim as per review petition for True up of FY 2020-21 (d)	(+) 147.83
AFC for computation of Tariff for FY 2023-24 (e=a+b+c+d)	342.75

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 2023-24 are computed below.

Table 3.2 : Capacity Charge and Energy Charges for MLHEP for FY 2023-24

Particulars	FY 2023-24
Net AFC for Computation of Tariff (Rs. Cr)	342.75
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.)	171.375
Energy Charge (Rs./kWh)	3.57

Based on all above submissions, the petitioner requested the Commission to kindly approve the tariff for MLHEP for FY 2023-24 as computed in the above table.

3.3. ARR filed for New Umtru for FY 2023-24.

Commission in its MYT order dated 25th March, 2021 had approved the ARR for FY 2023-24 as Rs. 69.46 Cr. for NUHEP.

The true up gaps and additional claims as per true up petition will have an impact on the ARR requirement for FY 2023-24, and, therefore, MePGCL requests the Commission to allow the revised ARR for FY 2023-24 for NUHEP as shown below.

Table 3.3 : Annual Fixed Charge for NUHEP for FY 2023-24

Particulars	(Rs.Cr)
	FY 2023-24
Annual Fixed Cost (AFC) approved by MSERC for FY 2023-24 (a)	69.46
Add: Additional claim as per review petition for True up of FY 2018-19 (b)	(+) 74.40
Add: Additional claim as per review petition for True up of FY 2019-20 (c)	(+) 73.77
Add: Additional claim as per review petition for True up of FY 2020-21 (d)	(+) 81.25
AFC for computation of Tariff (d=a+b+c+d)	298.88

Now, based on the Regulations, 50% of the Annual Fixed Cost 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 2023-24 are computed below:

Table 3.4 : Computation of Tariff for NUHEP for FY 2023-24

Particulars	FY 2023-24
Net AFC for Computation of Tariff (Rs. Cr)	298.88
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.)	149.44
Energy Charge (Rs./kWh)	6.45

Based on all above submissions, the petitioner requested the Commission to kindly approve the tariff for NUHEP for FY 2023-24 as computed in the above table.

3.4. ARR filed for Lakroh Mini HEP for FY 2023-24.

Commission in its order dated 25th March, 2021 had approved the ARR for FY 2023-24 as Rs.2.08 Cr. for Lakroh MHP.

The true up gap and additional claim as per the true up petition will have an impact on the ARR for FY 2023-24, and, therefore, the MePGCL requests the Commission to allow the revised ARR for FY 2023-24 for Lakroh MHP as shown below.

Table 3.5 : Annual Fixed Charge for Lakroh MHP for FY 2023-24

Particulars	(Rs.Cr)
	FY 2023-24
Annual Fixed Cost (AFC) approved by MSERC for FY 2023-24 (a)	2.08
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)	1.53
Add: Additional claim as per review petition for True up of FY 2020-21 (d)	2.857
AFC for computation of Tariff (d=a+b+c+d)	6.467

Now, based on the Regulations, 50% of the Annual Fixed Cost 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 2023-24 are computed below.

Table 3.6 : Computation of Tariff for Lakroh MHP for FY 2023-24

Particulars	FY 2023-24
Net AFC for Computation of Tariff (Rs. Cr)	6.467
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.)	3.233
Energy Charge (Rs./kWh)	2.98

Based on all the above submissions, the petitioner requested the Commission to approve the tariff for Lakroh MHP for FY 2023-24 as computed in the above table.

3.5. ARR filed for MePGCL Old Projects including Sonapani for FY 2023-24.

Commission in its order dated 25th March, 2021 had approved the ARR for MYT of FY 2021-22 to FY 2023-24 and Generation Tariff for FY 2023-24 at Rs. 84.41 Cr. for Old Station including Sonapani.

The true up gap and additional claim as per the true up petitions will have an impact on the ARR requirement for FY 2023-24, and, therefore, the utility requests the Commission to allow the revised ARR for FY 2023-24 for Old Stations including Sonapani, which comes to Rs.140.42 crores as shown below:

Table 3.7 : Annual Fixed Charges for MePGCL Old plants and Sonapani for FY 2023-24

Particulars	FY 2023-24
Annual Fixed Cost (AFC) approved by MSERC for FY 2023-24 (a)	84.41
Add: Additional claim as per review petition for True up of FY 2018-19 (b)	3.08
Add: Additional claim as per review petition for True up of FY 2019-20 (c)	2.83
Add: Additional claim as per review petition for True up of FY 2020-21 (d)	52.00
AFC for computation of Tariff for FY 2023-24 (d=a+b+c+d)	142.32

Now, based on the Regulations, 50% of the Annual Fixed Cost 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 Old Stations including Sonapani for FY 2023-24 are computed below:

Table 3.8 : Annual Fixed Charges, Capacity Charge and Energy Charge for FY 2023-24

Sl.No	Name of the Power Station	Installed Capacity (MW)	Gross Generation (MU) as approved in Business Pan	AFC for FY 2023-24 (Rs. Cr)	50% Capacity Charge (Rs. Cr)	Energy Charge (Rs/Unit)
1	Umiam I	36.00	116.00	32.18	16.09	1.38
2	Umiam II	20.00	46.00	12.76	6.38	1.38
3	Umiam III	60.00	139.00	38.56	19.28	1.38
4	Umiam IV	60.00	207.00	54.43	28.71	1.38
5	Umtru	11.20	-	-	-	-
6	Sonapani	1.50	5.00	1.38	0.39	1.38
	Total	177.50	513.00	142.32		1.38

Based on all above submissions, the petitioner humbly prays before the commission to approve the tariff of Old plants including Sonapani for FY 2023-24 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 2023-24.

4.2 Objections / Suggestions of Stakeholders

I. Byrnihat Industries Association (BIA)

- (1-2) 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

That the corresponding paragraphs are a matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

Commission's Views

Commission noted the Submission of the Petitioner.

True up of FY 2020-21

- (3-7) BIA stated that MePGCL has filed the petition seeking true-up of FY 2020-21 without any Public Notice inviting suggestions/ comments issued by the Petitioner for True up.

Suggestions/comments were invited qua a public notice for the Revision of Tariff for FY 2023-24. However, no public notice was issued by the Petitioner for True Up of FY 2020-21.

MePGCL Reply

- (3-5) The objections of BIA are denied as misconceived and incorrect in law as well as on the facts. It is submitted that MePGCL had filed a single petition for true up of FY 2020-21 and revision of tariff for FY 2023-24 as per MSERC MYT Regulations, 2014 and the petition was to be uploaded on the website for public notice and as per instruction (through telephonic) from the Hon'ble Commission, the revision of tariff for FY 2023-24 and the True up for FY 2020-21 had to be filed separately. Thus, it is submitted that the true up and revision of tariff petition was separated and the petition for revision of tariff for FY 2023-24 was uploaded on the website of MeECL. That it is submitted that Suggestions/comments were invited qua a public notice for the Revision of Tariff for FY 2023-24.
- (6-7) It is a matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

Commission's Views

Commission noted the Submission of the Petitioner.

Annual Audited Accounts

- (8) It is respectfully submitted that Annual Accounts for FY 2020-21 of the Petitioner's company have been audited on 17.02.2022. However, as in the past years, this year also, the Petitioner has filed the true-up year after substantial delay. The Objector prays that this Hon'ble Commission must take strict action against the Petitioner for making tariff filings in deliberate violation of the MYT Regulations, 2014 which mandates that true-up petitions are to be filed in a timely manner. The above practice is against the principles of the Act and the MYT Regulations, 2014. It is surprising to note that the Petitioner has not even sought the condonation of delay.

MePGCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. The True up Petition for FY 2020-21 was filed on 30th November, 2022. The reason for delay in filing the True up petition is that MePGCL was supposed to file the revision of tariff petition for the FY 2023-24 along with True Up Petition by

30th November, 2022. This is as per MYT Regulations, 2014. But in November, 2022, it was informed by the Hon'ble Commission that the True up petition has to be filled separately and not along with revision of tariff for FY 2023-24. Therefore, the True up petition was filed in November, 2022 instead of earlier, though the audit was completed in February, 2022.

Commission's Views

Commission noted the Submission of the Petitioner.

BIA's Rejoinder to the Reply filed by MePGCL for True up of FY 2020-21

The petitioner was supposed to file the True up of FY 2020-21 by 30.11.2021 which it did not do owing to non-availability Annual Audited Accounts.

Capitalization and GFA

- (9-16) BIA pleaded that MePGCL has adopted varying GFA figures for true up against MLHEP, NUHEP and MePGCL old projects for FY 2020-21.

It is respectfully submitted that the GFA balances considered by the Petitioner for NUHEP, Lakroh and Old plants (incl. Sonapani) is not in line with the closing balances approved by the Hon'ble Commission in the True up Order (for FY 2019-20) dated 22.02.2022 read with Review Order dated 03.10.2022.

In view of the above approved numbers as per this Hon'ble Commission's Order, the closing GFA for the FY 2019-20 must be considered as the opening GFA for the True up of FY 2020-21.

Further, it is respectfully submitted that for Old stations (incl. Sonapani), the Petitioner vide Table 36 of the instant Petition has not proposed any addition to the GFA, and yet there exists a difference between opening and closing GFA. In the absence of any verifiable and substantiating documents, such erroneous claims must not be admitted for Truing up of ARR for the FY 2020-21.

The Petitioner, as mentioned above, has proposed additions to GFA for FY 2020-21 for some plants. However, it is pointed out that as per the Regulation 29 of the MYT Regulations, 2014, Additional Capitalization after the date of Commercial operation is admissible in selected cases only.

In view of the above Regulations and in the absence of any necessitating document put forth by the Petitioner in context of NUHEP and Lakroh HEP, the Additional Capitalization claim is not admissible as NUHEP has attained COD (on Nov 2017) and have already past their Cut-off date. Further, allowing the claim for such plants would be in contravention to the MYT Regulations, 2014.

In view of the above arguments, the allowable GFA for the FY 2020-21 for all 4 set of plants is summarized in the table shown below:

Particulars	FY 2020-21				
	MLHEP	NUHEP	Old plants + Sonapani	Lakroh	Total
Opening GFA	1285.51	584.37	51.38	21.05	1942.31
Addition during the Year	0.00	0.00	0.00	0.00	0.00
Retirement during the Year	0.00	0.00	0.00	0.00	0.00
Closing GFA	1285.51	584.37	51.38	21.05	1942.31
Average GFA	1,285.51	584.37	51.38	21.05	1,942.31

MePGCL Reply

(9-14) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that the GFA of each power station under MePGCL was calculated as per the Statement of Accounts. That it is submitted that the GFA of MLHEP, NUHEP and Lakroh MHP is as per the segregated statement of account annexed in the petition. That the GFA of old stations including Sonapani is the total GFA of MePGCL minus GFA of MLHEP, NUHEP and Lakroh MHP. That is submitted that the Hon'ble Commission to consider the GFA of the old stations including Sonapani as submitted in the True Up Petition.

(15-16) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that as per the segregated of account, the opening and closing GFA of NUHEP for FY 2020-21 is Rs. 604.12 crore and Rs.605.37 crore, respectively with addition of Rs.1.25 crore, as stated in the accounts.

Commission's Views

Commission noted the Submission of the Petitioner.

BIA's Rejoinder to the Reply filed by MePGCL

Petitioner has not adopted Regulatory balances in deviation of MSERC's approach resorting to audited balances which is incorrect.

Depreciation

(17-22) MePGCL has claimed Depreciation for all the projects as a whole at Rs.107.18 Crore for True up of FY 2020-21.

BIA suggested that the Amortization of grants must also be considered for the computation of allowable depreciation for true up for 2020-21 as depicted in the table below.

Particulars	FY 2020-21				
	MLHEP	NUHEP	Old plants +Sonapani	Lakroh	Total
Opening GFA	1,285.50	584.37	51.38	21.05	1,942.30
Less: land	23.90	0.48	-	-	24.38
Addition during the Year	-	1.25	-	-	1.25
Retirement during theYear	-	-	-	-	-
Closing GFA	1,285.50	585.62	51.38	21.05	1,943.55
Average GFA	1,285.50	584.99	51.38	21.05	1,942.92
Rate of Depreciation	4.30%	4.39%	5.28%	4.43 %	
Depreciation	55.27	25.66	2.44	0.93	84.31
Less: Amortization of Grant	192.25		2.05	11.75	206.05
Depreciation on Grants	8.27		0.11	0.52	8.89
Net Depreciation	47.00	25.66	2.33	0.41	75.41

MePGCL Reply

(17-19) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that the matter pertaining to the valuation of Old Stations is sub judice before APTEL. It is submitted that the Old Stations of the MePGCL were commissioned from the years 1957 to 1992. It is submitted that the completion cost of these projects is unfeasible. However, the GFA of the Old Stations is available from the Transfer Scheme Notification dated 31.03.2010 and MePGCL has based their assets value as per this notification. Depreciation of assets in True up petition for FY 2020-21 is calculated as per the straight-line method of CERC Regulations, 2009. The objections of BIA are without merits and are incorrect and liable to be rejected at the outset.

(20-22) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that grants of MePGCL assets are for survey and investigation works and old plants and there is no grant for MLHEP, as all the grants were converted into equity by the State Government. Thus, it is submitted that the objection of grant amount of Rs. 192.25 Cr. booked against MLHEP is completely incorrect and liable to be rejected at the outset. That it is submitted that the

calculation of Depreciation is as per the Regulations the same is true and correct information.

Commission's Views

Commission noted the Submission of the Petitioner.

BIA's Rejoinder to the Reply filed by MePGCL

Petitioner has been claiming capital cost of old plants including sonapani without adopting previous values approved by the Commission.

Interest and Finance charges

(23-33) MePGCL has claimed Interest and Finance charges for all the projects as a whole at Rs.90.44 Crore for True up of FY 2020-21.

BIA has suggested that Interest and Finance charges allowable for FY 2020-21 at Rs. 64.82 Crore as depicted in the table below.

Particulars	FY 2020-21				
	MLHEP	NUHEP	Old plants + Sonapani	Lakroh	Total
Interest and Finance Charges	32.07	32.32	0	0.43	64.82

MePGCL Reply

(23) It is a matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

(24-27) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That 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 and this repayment has to be met mainly from depreciation. The Regulation 33.1(f) provides for depreciation for the first 12 years at the rates as specified in CERC (Terms and conditions of Tariff) Regulations, 2009 which are much higher than for the remaining life of the project. Regulation 33.1(f) is quoted herein under for ready reference:

"f) The remaining depreciable value as on 31st March of the year closing after a period of 12 years from the date of commercial operation shall be spread over the balance useful life of the asset."

This implies that the loan tenure for a project is 12 years. That the depreciation accrued for MLHEP from FY 2013-14 (year of COD) to FY 2017-18 and FY 2018-19 (5/6 years after COD) when the Power Bonds become matured, was not sufficient to repay the bonds as it would require 12 years to fully repay the loan capital from depreciation. That it is submitted since MePGCL was unable to meet the repayment of the bonds through depreciation, which might lead to default in payment and breach of agreement made by MePGCL with all the stakeholders, the corporation was thus compelled to avail take-out financing of Rs. 170 Crore to redeem the bonds in FY 2017-18 & FY 2018-19. That it is submitted that the interest on this loan of Rs. 170 Crore could have been allowed up to 12 years from COD. Take out financing is permissible as per RBI Guidelines dated 2nd June 2016 for refinancing of project loans (A copy has been attached in the petition as Annexure E). The same has been approved by the Board of Directors, MePGCL. That it is submitted that there are no specific directions on claim of MePGCL relating to the Rs. 120 Cr. and Rs. 50 Cr. that is Rs. 170 Cr. and Rs. 60 Cr. loans. That is submitted that the Corporation could not redeem the bonds of Rs. 170 Crore due to insufficient fund available from ROE & Depreciation which is supposed to take care for payment of principal, moreover Rs. 60 Cr. loan availed from REC to repay the pending bills of the Contractors which has 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 the payment to the contractor to clear the outstanding dues of the project. In light of the averments made in the above paragraphs it is submitted that the allowable Interest and Finance Charges for the FY 2020-21 as submitted by the objector are frivolous and devoid of any material basis thus ought to be rejected by the Hon'ble Commission.

- (28-33) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that the 1/3rd of the interest of MeECL is borne by MePGCL as submitted in the petition as the MeECL is the holding company which is also the administrative setup of all the three subsidiaries, MeECL has no revenue of its own and the expenses of the holding company are borne by the subsidiaries in equal proportions. It is submitted that the interests on loan for old projects are as

per the statement of accounts at Note 16.7 Serial No. 11, 19, 20, 22 and 33 and the interests on loan amounts to Rs. 1.39 Cr. Thus, it is submitted that the objection of BIA that the interests on loan for the old plants is NIL is factually incorrect and should be rejected at the outset.

Commission’s Views

Commission noted the Submission of the Petitioner.

BIA’s Rejoinder to the Reply filed by MePGCL

Petitioner’s claim for Interest on takeout finance shall not be admitted as per MSERC Regulations.

Petitioner’s claim of Interest expenses of holding company are not admissible as per the Tariff Regulations.

Return on Equity

(34-36) MePGCL has claimed Return on Equity for all the projects as a whole at Rs.110.43 Crore for True up of FY 2020-21.

BIA has suggested that In line with the grants considered in the Depreciation section and in line with the methodology of the Hon’ble Commission in its previous Orders, the Objector prays that the Hon’ble Commission trues up the RoE for FY 2020-21 as Rs. 71.42 Crore as depicted in the table below.

Particulars	FY 2020-21				Particulars	NUHEP	Total
	MLHEP	Old plants + Sonapani	Lakroh				
Opening GFA for the Year	1,285.5	51.38	21.05		Opening Equity	164.59	
Additions	-	-	-		Additions	-	
Closing GFA for the Year	1,285.5	51.38	21.05		Closing Equity	164.59	
Average Assets Base for the year	1,285.5	51.38	21.05		Average Equity	164.59	
Less: Average Grants	192.25	2.05	11.75		RoE (%)	0.14	
Net Assets	1,093.3	49.33	9.30		Return on Equity	23.04	
Debt component (@70%)	765.28	34.53	6.51				
Equity component(@30%)	327.98	14.80	2.79				
RoE (%)	14.00%	14.00%	14.00%				
Return on Equity	45.92	2.07	0.39		Return on Equity	23.04	71.42

MePGCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that the equity-debt ratio is determined as per MSERC MYT

Regulations, 2014 and as already stated in the paragraphs above, on Depreciation, the grant amounting to Rs. 192.25 Cr. attributed to MLHEP belongs to survey & investigation of new projects and old stations as per the statement of accounts. It is submitted that there is no grant for MLHEP since all grants were converted into equity by the state government and therefore, the grant amount of Rs. 192.25 Cr. booked against MLHEP is incorrect and should be rejected at the outset.

Commission’s Views

Commission noted the Submission of the Petitioner.

BIA’s Rejoinder to the Reply filed by MePGCL

Return on Equity shall be allowed after deducting the Capital Grants.

Operation and Maintenance Expenses

(37-47) MePGCL has claimed O&M Expense at Rs.90.52 Crore for old projects incl. sonapani for True up of FY 2020-21. The claim includes Holding company expenses for Rs.66.39 Crore for True up of FY 2020-21.

The O&M expenses for MLHEP and Lakroh Projects claimed at Rs.33.49 Crore and Rs.0.42 Crore respectively for True up of FY 2020-21.

BIA has pleaded that the claim of O&M expenses of holding company is unjust and does not merit any consideration.

The R&M and A&G expenses claimed amounted at Rs.2.80 Crore which is part of O&M expenses shall not be separately considered.

MePGCL has projected capitalization of O&M expenses for Rs.4.96 Crore.

Therefore the allowable O&M expenses shall be considered as depicted in the table below.

Particulars	FY 2020-21	
	Claimed	Allowable
O&M claimed by MePGCL towards Old plants (incl. Sonapani)	90.52	90.52
Add: O&M claimed by MePGCL towards MLHEP	33.49	33.49
Add: O&M claimed by MePGCL towards Lakroh MHP	0.42	0.42
Sub Total	124.43	124.43
Less: Employee expenses capitalized	-	4.96
Less: Employee expenses towards holding company	-	66.39
Less: Excess R&M and A&G expenses claimed	-	2.8
Allowable O&M Expenses	124.43	50.28

MePGCL Reply

(37-40) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the operation and maintenance expenses for MePGCL as a whole is as per statement of accounts and therefore, the operation and maintenance expenses of MLHEP & Lakroh is determined as per the approved Order by MSERC for FY 2020-21 including 27% of ROP.

(41-44) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the holding company 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 and other wings for all the subsidiaries fall under MeECL. These offices render vital services to each of the three subsidiaries. It is submitted that 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 assets among others are shared as common with the holding company MeECL:

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

It is submitted in light of the above averments that 1/3rd of the O&M expenses of the holding company has to be borne by each subsidiary for their smooth functioning. The Employee Cost as reflected in the accounts of Generation Company is for those employees working in the Technical wings. However, as per Notification dated 31st March, 2012 the common service of Accounts, Corporate Affairs and HR, and other departments is being provided by the Holding Company. It may be seen by the Hon'ble Commission that due to the services availed from the Holding Company on the above areas, the employee cost is understated in the Accounts of the

generating company. It is submitted that the apportionment of the expenditure of Holding Company amongst the three subsidiary Corporations is based on the principle that this is the reimbursement of the cost to the holding company. In light of the facts stated in the above paragraphs it is submitted that the averments made by the objector are without any material basis whatsoever and should be rejected.

(45-47) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the R&M and A&G expenses are determined as per statement of accounts. It is submitted that as per True Up petition the R&M expenses and A&G expenses is Rs. 7.52 crore and Rs. 5.33 crore respectively, totalling to Rs. 12.85 crore. This is including 33.33% of the holding company's expenses, i.e., MeECL. The remaining amount of Rs.2.80 crore pointed out by BIA as excess actually is the 33% of holding company (MeECL)'s expenses. Thus, the objection raised by BIA has no merit at all and deserves to be rejected.

Commission's Views

Commission noted the Submission of the Petitioner.

BIA's Rejoinder to the Reply filed by MePGCL

BIA submitted that O&M expenses shall be admitted based on the O&M norms as per the Regulations. Further Submitted that the O&M expenses of holding company are not admissible under the ambit of Tariff Regulations without reasoning put forth by the petitioner.

On a similar note ever in a state like Uttar Pradesh, O&M expenses of UPPCL are not allowed. It is urged that responsibility of O&M claim pertaining to Holding company is not admissible in Meghalaya as well.

The O&M expenses of erstwhile MeSEB which is claimed by the subsidiaries of MeECL (MePGCL, MePTCL and MePDCL) is also not admissible under the Tariff Regulations.

Interest on Working Capital

(48-49) MePGCL has claimed Interest on Working capital for all the projects as a whole at Rs.14.58 Crore for True up of FY 2020-21.

BIA has suggested that the allowable Interest on Working Capital for all 4 set of plants shall be considered as depicted in the table below.

Particulars	FY 2020 21				
	MLHEP	NUHEP	Old plants + Sonapani	Lakroh	Total
O&M for 1 Month	2.79	1.14	1.36	0.04	5.33
Maintenance Spare @ 15% of O&M expenses, escalated by 6%	5.33	2.18	2.60	0.07	10.18
Receivable for 2 Month	27.16	16.20	1.36	0.28	45.01
Total	35.28	19.53	5.32	0.39	60.52
Interest Rate (%)	12.75%	12.75%	12.75%	12.75%	
Interest on Working Capital	4.50	2.49	0.68	0.05	7.72

MePGCL Reply

(48) It is a matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

(49) The objections of BIA is denied as misconceived and incorrect in law as well as on facts. That in light of the averments made in the above paragraphs it is submitted that the table produced, and the calculations therein made by the objector BIA are without any material basis and deserve to be rejected as being incorrect and contrary to the Regulations.

Commission’s Views

Commission noted the Submission of the Petitioner.

BIA’s Rejoinder to the Reply filed by MePGCL

Interest on Working Capital shall be admissible as per MSERC MYT Regulations 2014

Revenue from Operations

(50-51) The Petitioner has claimed Revenue from Operations based on the Audited Accounts at Rs. 257.13 Crore and has further deducted Rs. 82.26 Crore from the same. Accordingly, the Petitioner has considered Revenue at Rs. 174.87 Crore. Reference may be drawn to Note 24 .1 of the Audited Accounts for the FY 2020-21 indicates that Rs. 82.27 Crore had been recognized as Revenue during the FY 2020-21.

BIA pleaded that Revenue is booked on accrual basis therefore, the entire Revenue is deemed to pertain towards Tariff Revenue and Revenue billed in accordance with the MSERC Orders issued from time to time. Further, based on the approach of the Hon'ble Commission to compute Revenue pertaining to Generating business while conducting the True up of previous year, the Hon'ble Commission has relied on the Audited Accounts for the consideration of the Revenue from Operations hence, Accounting of Revenue based on realization is **an imprudent practice** and does not warrant consideration of Revenue at Rs. 174.87 Crore. The Hon'ble Commission is respectfully submitted to consider Revenue Rs. 257.13 Crore for determination of Revenue Gap/ Surplus for the True up of FY 2020-21.

MePGCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that the revenue of MePGCL as per statement of accounts is Rs. 257.13 Crore, this is including Rs. 82.26 Crore revenue of FY 2017-18 which was recognized in FY 2020-21. The Hon'ble Commission had already adjusted the amount of Rs. 82.26 Crore in the revenue of FY 2017-18.

As per Note 24.1 & 24.2 of the statement of accounts for FY2020-21, in the year 2017-18, the company had not recognized the income amounting to Rs. 164.78 Cr in absence of certainty of their realization. Out of Rs. 164.78 Cr., Rs. 82.52 Cr has been recognized by the Company during FY 2018-19. The balance amount of Rs. 82.26 Cr has been recognized in FY 2020-21.

It may be pointed out that the Hon'ble Commission had considered the full amount of Rs. 164.78 Cr (352.65-191.35) in the review order of Truing up for FY 2017-18. Out of Rs. 164.78 Cr, an amount of Rs. 82.52 Cr has been considered and approved by the Hon'ble Commission in the Review of True up order for FY 2018-19. Therefore, the remaining amount of Rs. 82.26 Cr which has is recognized in FY 2020-21 have to be deducted from the revenue from operation for FY2020-21. Therefore, it is submitted that the revenue from operation for FY 2020-21 is Rs. 174.87 crore, reference to Note 24.1 and 24.2 of the statement of accounts.

Net Gap/(Surplus) for FY 2020-21

Sl No	Particulars	MLHEP	NUHEP	Lakroh	Old stations (Sonapani)	Revenue recognized	Total
1	Net AFC	206.51	101.03	3.357	147.88	82.26	458.77
2	Revenue from operation	58.68	19.78	0.50	95.88		172.84
3	Net Revenue GAP	147.83	81.25	2.857	52.00		283.93

MePGCL prayed the Hon'ble Commission to approve the Net Gap of Rs.283.93 Cr for Truing up of FY 2020-21.

Commission's Views

Commission noted the Submission of the Petitioner.

BIA's Rejoinder to the Reply filed by MePGCL

As per Accounting Standards prevalent in India, Revenue/Expenses are booked on accrual basis.

The petitioner's submission indicates that Revenue is booked based on realization basis, since Rs.82.52 Crore is booked by the petitioner during FY 2018-19 based on realization. Such an approach is grossly incorrect.

Based on prevailing accounting standards and the fact that Rs.82.26 Crore is accrued during the FY 2020-21 implies that the same is billed by petitioner during the year. Whether or not such amount is realized during the year is the responsibility of the Petitioner. Therefore, the petitioner's approach of misleading the Hon'ble Commission using inappropriate accounting practice should be dealt with strict iron hand.

Holding Company Expenses

(52-55) MePGCL has claimed Holding Company expenses for Rs.79.82 Crore towards O&M expenses and Interest expenses to be allowed for True up of FY 2020-21.

BIA pleaded that various SERCs have adopted such approach of not allowing such claims over and above the expenses permissible within their respective State Tariff Regulations to safeguard the interest of the consumers of the state. It may also be relevant to point out that such expenses being claimed on actuals over and above the Petitioner's claim defies the very purpose of the MYT Regulations, 2014 as O&M Expenses and Interest Expenses are to be admitted on normative basis which provide

sufficient coverage to the interests of the generation business.

MePGCL Reply

The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the holding company's expenses are genuine expenses for the common services and other expenses of offices under the holding company such as the accounting wing, materials management wing and other wings which provide essential service to the generating company. Therefore, it is prayed that the Hon'ble Commission reject the objections raised by the BIA as being without merit.

Commission's Views

Commission noted the Submission of the Petitioner.

Annual Revenue Requirement and Surplus/Gap

(56-60) MePGCL has claimed Net ARR for Rs.458.78 Crore for all the projects for True up of FY 2020-21.

BIA pleaded the True up ARR shall not be considered as claimed by the Utility in view of the submissions made in the preceding sections. Hon'ble commission shall approve the True up ARR without considering the exaggerated claim of the petitioner in the True up process for FY 2020-21.

The allowable ARR for the True up of FY 2020-21 is shown in the table below.

Particulars	Approved in the Tariff Order dt.25.03.2020				Claimed by Petitioner for True up of FY 2020-21				Allowable as per Objector's assessment			
	NUHEP	MLHEP	Old plants incl. Sonapani	Lakroh	MLHEP	NUHEP	Old plants incl. Sonapani	Lakroh	MLHEP	NUHEP	Old plants incl. Sonapani	Lakroh
Interest on Loan capital	25.69	47.45			42.87	32.32	14.82	0.43	32.07	32.32	-	0.43
Depreciation	17.99	45.03			61.41	29.39	15.14	1.25	47.00	25.66	2.33	0.41
O&M Expenses	13.72	67.18			42.53	13.72	90.52	0.54	33.49	13.72	16.37	0.42
Interest on working capital	1.94	6.7			5.70	2.57	6.22	0.09	4.50	2.49	0.68	0.05
Return on Equity	19.13	48.7			54.00	23.04	34.49	1.05	45.92	23.04	2.07	0.39
SLDC Charges	0.15	1.33			-	-	1.48	-	-	-	1.48	-
Net prior period income / provisions for bad debts	-	-			-	-	-	-	-	-	-	-
Total Annual Fixed Cost	78.67	216.39			206.51	101.04	162.67	3.36	162.98	97.24	22.93	1.70

Less: Non Tariff Income	0.12	15.92		-	0.01	14.79	-	-	0.01	14.79	-
Net Annual Fixed Cost	77.80	200.7	0.75*	206.51	101.03	147.88	3.36	162.98	97.23	8.14	1.70
Total Annual Fixed Cost	279.02			458.78			270.05				

Surplus/Gap

BIA respectively prayed before the Hon'ble commission to approve Revenue Gap of Rs.12.94 Crore against the exaggerated claim made by the Petitioner for the True up of FY 2020-21.

MePGCL Reply

(56-57) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted the correct AFC is as follows, which has also been submitted before the Hon'ble Commission in the Petition:

Particulars	MLHEP	NUHEP	Old plant + Sonapani	Lakroh	TOTAL
Interest on loan	42.87	32.32	14.82	0.43	90.44
Depreciation	61.41	29.39	15.14	1.25	107.19
O&M expenses	42.53	13.72	90.52	0.54	147.31
Interest on working capital	5.70	2.57	6.22	0.087	14.58
Return on equity	54.00	23.04	34.49	1.05	112.58
SLDC charges	-	-	1.48	-	1.48
Total AFC	206.51	101.04	162.67	3.357	473.58
Non-Tariff income	-	0.01	14.79	-	14.80
Net AFC	206.51	101.03	147.88	3.357	458.78

Surplus/Gap

(58-60) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. It is submitted that the revenue from operation of Old plants and Sonapani is Rs. 95.88 Cr. as per statement of accounts, reference to Note 24.1 and 24.2, Rs. 82.27 Cr. that is Rs. 178.15 Cr. minus Rs. 95.88 Cr. is the revenue of FY 2017-18 which is recognized in FY 2020-21 and has already been adjusted by the Hon'ble Commission for FY 2017-18. Therefore, it is submitted that the revenue from operation of old plants and Sonapani is Rs. 95.88 Cr. The objection of BIA pertaining to Revenue surplus/gap against old plants and Sonapani is devoid of merit and is wrong as explained in the preceding paragraphs. Therefore, MePGCL prays before the Hon'ble Commission to kindly consider the correct revenue of Rs. 95.88 Cr. for old plants and Sonapani and the revenue gap as filed by MePGCL in the True Up Petition.

MePGCL is a subsidiary of the MeECL which was incorporated for the benefit of the general public as a whole. A better tariff will ensure that the generating stations and substations are well maintained to meet the rigid standards of the Central Electricity Authority (CEA). With the present tariff, it is very difficult to meet the basic requirement of operation and maintenance of the generating stations network. In view of the same, the Hon'ble Commission is requested to ensure that adequate generation tariff is given instead of one that is detrimental to the very existence of the corporation.

That in light of the submissions made above and that made in the accompanying petition for Truing up of tariff for FY 2020-21, The Meghalaya Power Generation Corporation Limited (MePGCL) humbly prays before the Honorable Commission to kindly allow the True-up Petition filed by the Petitioner-MePGCL.

Commission's Views

Commission noted the Submission of the Petitioner.

Generation Tariff for FY 2023-24

- (1-4) The Objector M/S BIA is an association of Industrial Consumers in the State of Meghalaya. In pursuance of the public notice, BIA submits the objections/suggestions on the petition filed by the MePGCL for revision of ARR and generation Tariff for FY 2023-24 as narrated herein in the Subsequent chapters.

MePGCL Reply

- (1) It is a matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.
- (2) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That the revision of generation tariff for FY 2023-24 is based on the ARR for FY 2023-24 as approved by the Hon'ble Commission in the MYT Order dated 25.03.2021 and thereafter considered the impact of the Revenue Gap / Surplus approved by the Hon'ble Commission in the Review Order pertaining to True up of FY 2018-19 and FY 2019-20. The True up Gap / Surplus also forms an integral part of the tariff determination exercise for the current year, this is in accordance with the Regulations 11.2 and 11.8 of Multi Year Tariff Regulations, both Regulations read as under for ready reference:

MSERC (MYT) Regulations, 2014:

"11.2 The Generating Company or Transmission Licensee or Distribution Licensee shall file an Application for Truing up of the previous year and determination of tariff for the ensuing year, within the time limit specified in these Regulations"

11.8 Upon completion of the Truing Up, the Commission shall pass an order recording:

a) the approved aggregate gain or loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of controllable factors, and the amount of such gains or such losses that may be shared in accordance with Regulation 14 of these Regulations;

b) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous year, shall be pass through as per Regulation 13 of these Regulations;

c) Tariff determined for the ensuing year."

- (3) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That the Petition for Revision of Generation Tariff for FY 2023-24 including

the annexures was uploaded in the MeECL and MSERC websites. That the Petitioner has been timely uploading all the Tariff Petitions in compliance with all the provisions of the MYT Regulations. That all the Petitions are submitted in compliance of the Regulation 11.3 of the MYT Regulations,

“11.3 Provided that the Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be prescribed by the Commission, together with the Audited Accounts including audit report by CA&G, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges:”

That the finalization of the Statement of Accounts for FY 2021-22 is in progress and the same will be shared with the Hon’ble Commission while filing the True Up petition for FY 2021-22.

It is not clear why the objector is referring to CAG Audit when the Hon’ble Commission has done away with the need of GAG’s report for filing of tariff /true up petitions.

The claim of exaggerated figures by BIA is devoid of merit and may kindly be rejected.

- (4) It is matter of record and as such need no specific reply. However, anything stated therein contrary to record is denied as incorrect.

Commission’s views

Commission noted the Submission of the Petitioner.

BIA’s Rejoinder to the Reply filed by MePGCL

BIA has pleaded that petitioner has filed claiming the ARR approved in the MYT Order dated 25.03.2021 instead of complete application duly estimating the actual capitalization during FY 2021-22 and FY 2022-23 for the ARR components as per Regulation 54.

- (5-14) Instead of filing a revised petition based on updated costs, the Petitioner in the instant Petition has considered the same ARR as approved by the Hon’ble Commission for the FY 2023-24. Based on the submissions made in the Objections

submitted by BIA in the Petitioner's True up petition for FY 2020-21, the Objector submits that the allowable Revenue Gap is Rs. 12.94 Crore as against the Petitioner's claim amounting to Rs.283.97 Crore. Further, going by the past instances of True up exercise conducted by this Hon'ble Commission, it is safe to say that such Gap of Rs.283.97 is highly exaggerated and needs serious examination of expenses claimed in respect of prevailing Regulatory framework and guiding principles adopted by this Hon'ble Commission. The instant Objection statement has made out an attempt to point out the deficiencies for the kind consideration of this Hon'ble Commission.

It is further submitted that the Hon'ble Commission vide Order on Review of the True up Order of FY 2018-19 dated 30.09.2022 and Order on Review of the True up of FY 2019-20 dated 03.10.2022 (Review Orders) has Revised the Revenue Gap of MePGCL to Rs. 102.43 Crore and Rs. 91.98 Crore respectively. It is respectfully pointed out that such Review proceedings of true-up of tariff were conducted without any stakeholder's consultation. Such action is in flagrant violation of Section 64 (3) and 86 (3) of the Electricity Act, 2003 which mandates public consultation and transparency.

It is pertinent to note that the True up/review of true-up of earlier tariff forms an integral part of Tariff determination exercise for the current year. Therefore, the True up proceedings demands similar procedure as that of Tariff determination exercise. The adjustment of tariff for the past period, post a true-up exercise is usually recovered as retail tariff of current year. Any increase in such retail tariff due to true-up of tariff for the past period invariably burdens the consumers. Accordingly, as per Regulation 11.2 and 11.8 of the MYT Tariff Regulations, 2014, the true-up exercise for the past period and determination of tariff for the ensuing period is to be conducted together. Therefore, both true-up for the past period and determination of ARR for future period are inextricably linked as the impact of past year losses/gains are passed onto the ARR for the ensuing year. Section 64 (3) of the Electricity Act, 2003 mandates that the Ld. Commission has to necessarily consider the submissions of the public before determining the ARR (which contains the impact of the true-up of the past period). It is respectfully submitted that trueing up of tariff for the past period sans a public consultation process would be in violation of the

principles of natural justice and the provisions of the Electricity Act 2003. Therefore, it is prayed that this Hon'ble Commission may not pass through and adjust the alleged impact of review of true-up of for FY 2018- 19 & 2019-20 in the present tariff period. It is also requested that this Hon'ble Commission undertake the review of the true-up orders afresh post issuance of public notice in accordance with Section 64 (3) of the Act.

MePGCL has projected ARR and AFC recoverable for FY 2023-24 for Rs.790.43 Crore which includes True up Gap for FY 2018-19, FY 2019-20 and FY 2020-21.

BIA pleaded that the ARR for FY 2023-24 shall be approved as depicted in the table below.

As per Objector's assessment	MLHEP	NUHEP	Old stations incl. Sonapani	Lakroh MHP	Total
ARR for FY 2023-24 (MYT Order dated 25.03.2021 in Case No. 02/2021) [1]	156.12	69.46	84.41	2.08	312.08
Adjustment of (Surplus)/ gap of True up for FY 2020-21 [2]	104.30	77.45	(170.01)	1.20	12.94
Net AFC recoverable in FY 2023- 24 [3] = [1]+[2]					325.01

Notwithstanding the above submissions, the Objector also submits that the MePGCL claim of Tariff for FY 2023-24 is too high in comparison to prevailing MePGCL Tariff for FY 2022-23 and also in comparison with other states. The average Tariff claimed by the Petitioner for MePGCL generating stations for FY 2023-24 is Rs. 6.40 /unit (AFC claim of Rs. 790 Crore and Design energy of 1,234 MU's) which is around 305% of the prevailing Tariff of Rs. 2.10 / unit (refer tariff order dated 25.03.2022 for FY 2022-23).

MePGCL Reply

- (5) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That in the matter of Review Petition on True-up of FY 2018-19 and FY 2019-20 and Review of Tariff Order dated 25.03.2022 the Hon'ble Commission has approved the True Up Gaps, which are Rs. 102.43 Cr. and Rs. 91.98 Cr. respectively for the years 2018-19 and 2019-20. The project wise approval by the Hon'ble Commission for FY 2018-19 in the order dated 30.09.2022 is as follows:

Table 41 : Project wise Approved ARR for FY 2018-19 for True up (Review)

(Rs.Cr)

Particulars	Approved ARR for FY 2018-19
MLHEP	24.95
New Umtru	74.40
MePGCL old plants	3.08
Total Gap for FY 2018-19 Review	102.43

The project wise approval by the Hon'ble Commission for FY 2019-20 in the order dated 03.10.2022 is as follows:

Table 50 : Project wise Approved ARR for FY 2019-20 for Review of True up

(Rs.Cr)

Particulars	Approved ARR for FY 2019-20
MLHEP	13.85
New Umtru	73.77
Lakroh MHP	1.53
MePGCL old plants	2.83
Total Gap for FY 2019-20 Review	91.98

The Hon'ble Commission while disposing off the Review Petition of MePGCL for True Up of FY 2018-19 directed

"The variation due to the Review of True up orders for FY 2018-19 shall be appropriated in the Next Tariff Order."

That it is submitted that the objection raised by the devoid of any basis as the Revenue Gaps have already been approved on the basis of Actual Data by the Hon'ble Commission and the Revision Petition is only a cumulating exercise.

- (6) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that the Petitioner submitted the Petitions to the Commission and the subsequent Review Petitions, including the Audited Accounts. The relevant provisions of the Electricity Act which mandate the Commission and not the Generating Company, for public consultation and transparency are quoted herein under for ready reference:

" Section 64. (Procedure for tariff order): ---

(1) An application for determination of tariff under section 62 shall be made by a generating company or licensee in such manner and accompanied by such fee, as may be determined by regulations.

(2) Every applicant shall publish the application, in such abridged form and manner, as may be specified by the Appropriate Commission.

(3) The Appropriate Commission shall, within one hundred and twenty days from receipt of

an application under sub-section (1) and after considering all suggestions and objections received from the public, -

(a) Issue a tariff order accepting the application with such modifications or such conditions as may be specified in that order;

(b) Reject the application for reasons to be recorded in writing if such application is not in accordance with the provisions of this Act and the rules and regulations made there under or the provisions of any other law for the time being in force:

Provided that an applicant shall be given a reasonable opportunity of being heard before rejecting his application.

Section 86. (Functions of State Commission): --- (1) The State Commission shall discharge the following functions, namely: - (a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

(3) The State Commission shall ensure transparency while exercising its powers and discharging its functions."

That it is submitted that the provisions provide for the consultation with public and it is the liability of the Hon'ble Commission to consult the Stakeholders and not the MePGCL. Thus, it is submitted that this objection is devoid of any merits as against the Petitioner.

- (7) The objections of BIA is denied as misconceived and incorrect in law as well as on facts. That the ARR and Revenue Gaps for the FY 2018-19 and 2019-20 approved by the Hon'ble Commission are to be adjusted in the ensuing years. It is submitted that the objection of the Objectitioner that the Hon'ble Tribunal "...may not pass through and adjusted the alleged impact of review of true-up of for FY 2018-19 & 2019-20 in the present tariff period." is contrary to the MYT Regulations which lay down that the Petition shall comprise of the approved ARR in the previous years. Regulation 6 of the MYT Regulations, 2014 is quoted herein under for ready 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"

Therefore, MePGCL has considered these true up gaps and the gap for FY2020-21 in the revision of tariff for FY 2023-24, since the actual amount of gap or surplus is to be added to or deducted from the ARR for the ensuing year of tariff.

- (8) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that the AFC derived by the BIA leads to absurd position in which the tariff becomes negative for the Old Stations including Sonapani. The ARR derived by the BIA shows a huge surplus of Rs. 170.01 Cr. for the Old Stations which is more than double the ARR of Rs. 84.41 Cr. approved by the Hon'ble Commission for these stations for FY 2023-24 in the MYT Order. It is submitted that as per Regulation 41.2, the tariff petition has to be filed station-wise and the tariff has to be determined accordingly for each station. Regulation 41.2 is produced herein under for ready reference

"41.2 Tariff in respect of a Generating Station under these Regulations may be determined Stage-wise, Unit-wise or for the whole Generating Station. The terms and conditions for determination of tariff for Generating Stations specified in this Part shall apply in like manner to Stages or Units, as the case may be, as to Generating Stations."

Further it is clear that the BIA has not taken into consideration pursuant to Review Order dated 30.09.2022 and 03.10.2022 for the adjustment of (surplus)/Gap of the True Up for FY 2018-19 and 2019-20 for an amount of Rs. 194.41 crore.

- (9) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted as already stated in the paras above, the petition for revision of tariff for FY 2023-24 is filed station wise, based on:
- i. The approved order of Aggregate Revenue Requirement for 3rd MYT Control Period FY 2021-22 to FY 2023-24 and Generation Tariff for FY 2021-22 for Meghalaya Power Generation Corporation Limited (MePGCL) dated 25.03.2021 and;
 - ii. The True Up Gaps for the FY 2021-22 and;
 - iii. True Up Gap as per Review of True Up Orders for FY 2018-19 dated 30.09.2022
 - iv. True Up Gap as per Review of True Up Orders for FY 2019-20 dated 03.10.2022

That it is submitted that the claim is based on the audited statement of account which are then duly approved by the Hon'ble Commission, the claims are thus based on material basis and not within the power of the Petitioner to inflate or deflate the claims. As per the MYT Regulations the Revenue Gaps are adjusted in the ensuing

years thus the current tariff has be adjusted because of the true up gaps of previous years which have arisen because of inadequate tariff in the past. It is submitted that the Objection comparing the two new Stations with old stations is based on erroneous understanding that both generations of stations would be similarly placed in terms of cost and depreciation. It is submitted that the tariff of new stations such as New Umtru and MLHEP cannot be compared with the tariff of old stations furnished by BIA since the old stations have NIL/Negligible depreciation additionally the old stations also generally do not have Interest burden and hence their tariff is low compared to new stations where these tariff components are dominant. Thus, it is submitted that the objection raised by the Objectitioner is devoid of merits and kindly be rejected.

(10) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. As submitted in the preceding paras that the objection comparing the stations between two States or even within the states without going into the fact about the age of the such stations and the source of generation of power, it is erroneous to compare the stations. The objector has failed to provide any material basis or documentation in support of the objection raised. The claim of comparatively higher Tariff proposed by the MePGCL is purely conjecture and is liable to be rejected.

(11) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that the Regulatory Accounts of the Corporation could not be prepared till date since the Regulatory guidelines are yet to be issued by the Hon'ble Commission as mentioned by the Hon'ble Commission in the Directives of the Tariff Order for FY 2021-22. The observation of the Hon'ble Commission in the order dated 30.09.2022 is produced herein under for ready reference:

"7.3 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:

Noted.”

Thus, it is submitted that the objection of BIA that MePGCL has not complied with the directive is incorrect furthermore it is submitted that this reply was also submitted to the Hon’ble Commission while furnishing the compliance report by the MePGCL.

(12) The objections of BIA are denied as misconceived and incorrect in law as well as on facts. That it is submitted that the matter pertaining to the valuation of Old Stations is sub judice before APTEL. It is submitted that the Old Stations of the MePGCL were commissioned from the years 1957 to 1992. It is submitted that the completion cost of these projects is unfeasible. However, the GFA of the Old Stations is available from the Transfer Scheme Notification dated 31.03.2010 and MePGCL has based their assets value as per this notification. It is submitted that the assets value of MLHEP, NUHEP, Lakroh were submitted to the Hon’ble Commission in the compliance report to the directives vide Letter No. MePGCL/D/GEN/MISC-43/2008/Pt-XVII, dated 13.01.2022.

(13) The objections of the BIA are completely devoid of merits. MePGCL has complied with every regulation and provision and has timely submitted the duly audited petitions before the Hon’ble Commission. The petition filed by the MePGCL for revision of tariff for FY 2023-2024 has been filed within the confines of the provisions of the Electricity Act, 2003 and on the basis of the Regulations framed by the Hon’ble Central Electricity Regulatory Commission (CERC) and this Hon’ble Commission. Accordingly, the Generation Tariff is required to be revised for FY 2023-2024 as per the calculations made in the accompanying petitioner for revision of tariff for the said period, in accordance with regulations and law.

(14) The objections and any prayer for further submissions by BIA deserves to be rejected by this Hon’ble Commission and any report of some independent agency submitted without direction or permission of this Hon’ble Commission in accordance with law cannot be taken on record.

MePGCL is a subsidiary of the MeECL which was incorporated for the benefit of the general public as a whole. A better tariff will ensure that the generating stations and

substations are well maintained to meet the rigid standards of the Central Electricity Authority (CEA). Should any of the stations fail for want of better maintenance and upkeep, the generation constraints will come into play which will inadvertently affect both the transmission and distribution corporations, not to mention the general public. With the present tariff, it is very difficult to meet the basic requirement of operation and maintenance of the generating stations network.

That in light of the submissions made above and that made in the accompanying petition for revision of tariff for FY 2023-2024, The Meghalaya Power Generation Corporation Limited (MePGCL) humbly prays before the Honorable Commission to kindly allow the Petition filed by the Petitioner-MePGCL.

Commission's Views

Commission noted the Submission of the Petitioner.

BIA's Rejoinder to the Reply filed by MePGCL

BIA suggests that, the Revenue Gap approved by the Commission in the Review true up orders for FY 2018-19 and FY 2019-20 shall not be considered for appropriation in the ARR of FY 2023-24 since the Review proceedings were passed without considering the Stake holders views.

Comparison of Generation Tariff (BIA's Rejoinder)

The petitioner has claimed 300% more tariff than prevailing tariff. The Comparison analysis of generation tariff done by the BIA for different generation stations across states in an honest attempt to place the absurdly high claims of generation tariff of MePGCL with those of hydro based gencos in similarly placed states like Uttarakhand and Assam.

True up of FY 2021-22

The petitioner during the Public hearing dated 14.03.2023 has submitted that Petition for the True up of FY 2021-22 be filed within 10-15 days. It is humbly submitted before Hon'ble Commission to issue a Directive in this regard. Moreover non-timely filing of the True up Petition should be strictly penalized under powers vested to this Hon'ble Commission.

Provisional Generation Tariff of GANOL SHP (3x7.5 MW) for FY 2023-24

(1-5) MePGCL has filed petition for determination of provisional generation Tariff for Ganol SHP (3x7.5 MW) for FY 2023-24. Petition has been filed under MSERC (Terms and Conditions of determination of Tariff from Renewable Energy sources) Regulations 2014 and under section 62 and 64 read with section 86 of EA 2003.

The Objector BIA has filed these objections pursuant to public notice inviting objections and suggestions from the stake holders in the state of Meghalaya. The objector has claimed that MePGCL has not made public the complete certified copy of petition along with annexure and forms.

It is prayed that this Hon'ble Commission may issue directions to the petitioner to ensure that principles of natural justice are not violated.

BIA has stated that there is no provision in RE Regulations 2014 for Determination of Provisional Tariff. In the event of Commission allows provisional Tariff, the same should only recovered post commissioning of the power plant (CoD).

It is stated that MePDCL has recovered the power purchase cost of Ganol Power even though Ganol SHP is yet to be commissioned.

Commission's Views:

The petitioner has yet to file the audit report certified by the Statutory Auditors for the Capital Cost as of the date of filing of the petition.

Capital Cost

(6-7) MePGCL has considered Rs. 507.71 Crore towards Capital Cost of Ganol SHP for the computation of Provisional Tariff for the FY 2023-24. The capital cost as sought by the MePGCL translates to Rs. 22.56 Crore/MW. Such capital cost is in violation of Regulation 31 of the RE Regulations, 2014 which stipulates the normative Capital Cost for the establishment Small Hydro Plants, i.e. projects below 25 MW to be Rs. 12 Cores/MW. Accordingly, the allowable Capital Cost for Ganol SHP should be approved at Rs. 270 Crore (22.5 MW x 12 Cr/ MW) instead of Rs. 507.71 crores.

It is pointed out that as per the MePGCL claim the Capital Cost/MW ratio is Rs. 2,256.45 Lakh/ MW which is 188.04% of the Normative Capital Cost. The Petitioner

while claiming the Capital Cost has not provided any documentary evidence to justify such significant rise in Capital Cost in context of the prevailing RE Regulations 2014 nor provided complete documentation. In view of the above, the Hon'ble Commission may be pleased to allow the Capital Cost based on approved norms i.e. to the tune of Rs. 270.00 Crore in accordance with the provisions of the RE Regulations, 2014. As per the MePGCL, the allowable Capital Cost for the period FY 2023-24 on normative basis is as below:

Allowable Capital Cost for Ganol SHP

Particular	As Claimed by Petitioner	As per Objector's Assessment
Capital Cost (in Cr.)	507.71	270.00

Interest and Finance charges on loan Capital

(8-14) The Petitioner has claimed Rs. 18.16 Crore towards Interest and Finance Charges for the FY 2023-24 considering the interest rates at 10.50% during the period. However, as per the RE Regulations 2014, the Rate of Interest shall be the normative Rate of Interest, which shall be average State Bank of India Base Rate prevalent during the first six months of the previous year plus 150 basis points. Therefore the rate of interest comes out to be 9.95 % for FY 2023-24.

Before determining Interest cost, it is important to determine the funding pattern such as Debt, Equity and Grant for the capital cost of the project.

MePGCL has taken loans of Rs.223.00 Crore from PFC and state development loans for Rs.50.00 Crore.

The details of funding the project as per the petition is as follows.

Funding of Capital as per Petition

Particular	Loan	Grant	Equity	Total
Capital Cost	223.11	229.98	54.62	507.71

BIA suggests that the allowable Capital Cost is Rs. 270 Crore. Since, no interest is required to be allowed against grants, an amount of Rs. 222.59 Crore towards grants have to be reduced from the normative capital cost. Further, as provided in Regulation 17 of the RE Regulations, 2014, since actual equity infusion by MePGCL is less than 30% i.e. 6.61%, the debt: equity ratio will be 93.39:6.61. Based on the

above, the allowable funding of the Capital Cost of Rs. 270 Cr. would be as under:

Capital Cost funding as per Respondent

Capital Cost	
Grant	222.59
Loan	44.27
Equity	3.14
Total	270.00

Therefore, this Hon'ble Commission is requested to allow Interest charges to the tune of Rs. 4.27 Crore as against Rs. 18.16 Crore claimed by the Petitioner.

Depreciation

- (15) The BIA has observed that the petitioner claimed Rs.14.58 Crore towards Depreciation for the FY 2023-24 based on the Capital Cost estimate i.e. Rs. 507.71 Cr. and after deducting the grant portion of funding from the same. At the outset, the Petitioner's contention of claiming Depreciation based on Cost estimate is flawed.

In view of the above and based on the Capital Cost allowable in the instant Petition, the allowable depreciation is as shown in the table below:

Depreciation Allowable for FY 2023-24

Particular	As Claimed by Petitioner	As per Objector's Assessment
	FY 2023-24 (Projected)	FY 2023-24 (Projected)
Opening GFA	507.71	270.00
Grant	229.98	222.59
Net Opening GFA(90% of Net)	249.96	42.67
Less: Land	-	-
Addition During Year	-	-
Retirement during year	-	-
Net Closing GFA	249.96	42.67
Average Net GFA	249.96	42.67
Rate of Depreciation	0.06	0.06
Depreciation	14.57	2.49

Return on Equity

- (16-17) The BIA has observed that For the purposes of provisional Tariff determination, the Petitioner's claim is to be based on the Cost actually incurred as on date of filing of the Petition.

It is prayed that this Hon'ble Commission allow Rs. 0.50 Crore only towards Return on Equity as against Rs. 8.73 Crore claimed by the Petitioner for the FY 2023-24. The allowable Return on Equity for the period FY 2023-24 is therefore shown in the table

below:

Return on Equity Allowable for the FY 2023-24

Particular	As Claimed by Petitioner	As per Objector's Assessment
	FY 2023-24(Projected)	FY 2023-24(Projected)
Opening Equity	54.62	3.14
Addition during the year	-	-
Retirement during year	-	-
Closing Equity	54.62	3.14
Average Equity	54.62	3.14
RoR(%)	0.16	0.16
Return on Equity	8.73	0.50

Interest on Working Capital

(18-20) BIA suggests the Interest on Working Capital shall be allowable for FY 2023-24 at Rs.0.44 Crore as against Rs.1.30 Crore claimed by the petitioner. The rate of interest shall be 9.95 % as computed in the table below.

Interest on Working Capital Allowable for FY 2023-24

Particular	As Claimed by Petitioner	As per Objector's Assessment
	FY 2023-24 (Projected)	FY 2023-24(Projected)
O&M for 1 Month	0.65	0.65
Maintenance Spare	1.16	1.16
Rceivable for 2 Month	8.39	2.58
Total	10.21	4.39
Interest Rate (%)	0.13	0.10
Interest on Working Capital	1.30	0.44

AFC for FY 2023-24

(21-24) BIA pleaded that in view of the submissions made in the preceding paragraphs, the AFC for determination of Provisional Tariff for Ganol SHP shall be considered for FY 2023-24 as depicted in table below.

Annual Fixed Cost Allowable for FY 2023-24

Particulars	As Claimed by Petitioner	As per Objector's Assessment
	FY 2023-24(Projected)	FY 2023-24(Projected)
Interest on Loan	18.16	4.28
Depreciation	14.58	2.49
Return on Equity	8.73	0.50
O&M Expenses	7.76	7.76
Interest on working Capital	1.30	0.44
Gross Fixed Cost	50.53	15.47
Less: Other Income	-	-
Net Fixed Cost	50.53	15.47

Considering the above AFC, the BIA suggests the Generation Tariff allowable for FY 2023-24 shall be as depicted in the table below.

Generation Tariff Allowable for FY 2023-34

Particular	As Claimed by Petitioner	As per Objector's Assessment
Net AFC for FY 2021-22 for Computation of Tariff (in Cr.)	50.53	15.47
Design Energy (MU)	67	67
Less: Auxiliary Consumption @ 1%(MU)	0.67	0.67
Less: Transmission Loss @ 0.5%(MU)	0.335	0.335
Net Energy (MU)	65.995	65.995
Tariff Rate (Rs/kwh)	7.65	2.34

Finally BIA submits that the Hon'ble Commission approve the Generation Tariff for Ganol SHP at Rs.2.34 ps/Kwh as against the petitioner's submission. It is prayed that this tariff will only be recoverable by the distribution licensee when the project is commissioned.

Therefore the present petition for provisional tariff should only be allowed after ensuring the readiness of the Petitioner and scrutinizing the DPR.

Commission's Views

The petition shall be admitted after filing of the full details & documents as per the Regulations.

Action as required shall be taken.

Commission has conducted public hearing on 14.03.2023 allowing the stakeholders to submit additional objections/suggestions. The gist of the objections/suggestions are incorporated in the below statement.

Subject	Points of Objections/Suggestions
<p>True up of FY 2020-21</p>	<p><u>BIA Objections</u></p> <ul style="list-style-type: none"> • True up Petition for FY 2020-21 not published in the Public Notification. • Holding Company Expenses shall not be allowed for True up. • 27% RoP claim shall not be allowed. • Regulatory Accounts not filed, Closing balance of GFA not adopted for opening balance and Depreciation claimed on 100 % GFA. • Interest and Finance charges for Short term loans, Bonds Redemption shall not be allowed. • Return on Equity shall be allowed for actual equity infusion. • Revenue from Operations reported at Rs.174.85 Crore against actual income Rs.257.13 Crore. The Gap shall not be allowed for True up. <p><u>JHCMA Objections</u></p> <ul style="list-style-type: none"> • Closing Balance of FY 2019-20 to be adopted for GFA of FY 2020-21 and Grants to be deducted from Depreciation. • Interest and Finance charges for other than capital loan shall not be allowed. • O&M expenses shall be escalated at 5.72% • Holding Company Expenses shall not be allowed for True up. • No new Methodology shall be adopted for True up of business.
<p>ARR & Tariff FY 2023-24</p>	<p><u>BIA Suggestions</u></p> <ul style="list-style-type: none"> • Review True up Gaps for FY 2018-19 and FY 2019-20 shall not be considered. • Ganol Project capital Cost projected at Rs.507.71 Crore works out to more than Rs.10.00 Crore per MW, which shall be considered subject to a third party certification apart from Statutory auditors as per the Regulations. <p><u>JHCMA Suggestions</u></p> <ul style="list-style-type: none"> • Review True up Gaps for FY 2018-19 and FY 2019-20 shall not be considered. • MePGCL ARR Rs.312.08 Crore is higher side, Old Projects Capital Cost shall not be considered for ARR.

	<ul style="list-style-type: none">• NTPC power cost Rs.144.00 Crore and Ganol Project cost at Rs.30.39 Crore shall not be allowed for ARR.• PPA's of NTPC Power and any other Govt. of India Projects shall be sought for de-allocation.
--	---

Views of the Commission

Punishment for Non Compliance of the Directions issued by the Appropriate Commission

Chairman MSERC while participating in the conclusive minutes of public hearing conducted on 14.03.2023 held that, Why the Utility should not be punished with a penalty for Non Compliance of the Directives (Section 142 of EA 2003) issued for improvement in the performance parameters in respect of the following activities.

- a) Non filing of the Project wise assets breakup in respect of Old projects, Umiam Stage IV and Sonapani. (Directive no.02 of FY 2022-23)
- b) Non filing of Regulatory Accounts for true up and tariff Petitions (Directive no.04 of FY 2022-23)

Chairman Directed the Utility to submit their reply on the above issues within Seven Days.

Licensee has submitted status report on the above Directives on 21.03.2023.

Commission examined the status report and held that the submission of the utility is not satisfactory.

Section 142 of EA 2003 specifies that :-

“In case any complaint is filed before the Appropriate Commission by any person or if that Commission is satisfied that any person has contravened any of the provisions of this Act or the rules or regulations made there under, or any direction issued by the Commission, the Appropriate Commission may after giving such person an opportunity of being heard in the matter, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall pay, by way of penalty, which shall not exceed one lakh rupees for each contravention and in case of a continuing failure with an additional penalty which may extend to six thousand rupees for every day during which the failure continues after contravention of the first such direction.”

Commission in exercise of the functions considers imposition of a penalty of Rupees One Lakh for each contravention of the Directives mentioned above as punishment for non compliance.

Accordingly a sum of Rs.2.00 Lakh (Rupees Two Lakh), One Lakh each of the Two Directives noted above not complied with, shall be deducted from the ARR for FY 2023-24.

Assurance by Chairman and Managing Director, MeECL

Participating in the Public hearing process on behalf of Generation, Transmission and Distribution utilities, Chairman and Managing Director, MeECL has assured to look into the issue of **“functionalization of trust accounts”**.

Chairman MeECL has assured that audit of the business for MePGCL, MePTCL and MePDCL is almost completed and True up petitions for FY 2021-22 will be filed shortly.

The list of Participants in the Public hearing held on 14.03.2023 on the petition filed by MePGCL for True up of FY 2020-21 and ARR and Generation Tariff for FY 2023-24 is attached as Annexure II and Annexure III respectively.

5. Commission's Approach

5.1 Introduction

Commission approved the MYT Aggregate Revenue Requirement (ARR) and Generation Tariff for FY 2023-24 as notified in the MYT Order dated 25.03.2021.

Commission computed the ARR for FY 2023-24 including the Revenue Gap/Surplus for FY 2020-21.

5.2 O&M Expenses

The O&M expenses of MePGCL (comprising employee benefit expenses, R&M and Adm & G expenses) shall be considered for FY 2023-24 as approved in the MYT ARR dated 25.03.2021.

The apportionable MeECL Employee related expenses for FY 2023-24 shall be regulated in the True up process.

5.3 ARR and Generation Tariff for FY 2023-24

The ARR has been computed for FY 2023-24 in the absence of audited performance for FY 2021-22. The MePGCL has yet to file the True up petition for FY 2021-22.

The Revenue Gap/Surplus approved in the True up process for FY 2018-19, FY 2019-20 and FY 2020-21 has been appropriated for ARR of FY 2023-24.

The ARR has been computed for FY 2023-24 as approved in the MYT order dated 25.03.2021 for all the projects and accordingly approved the Annual Fixed charges and Generation Tariff for FY 2023-24 as per the Regulations.

5.4 Ganol SHP Provisional Tariff

MePGCL has filed petition for approval of the provisional Tariff for 22.5 MW Ganol SHP under MSERC (Terms and Conditions for Determination of Tariff from Renewable Energy Sources) Regulations 2014.

The petitioner was directed to submit audit certificate issued by Statutory Auditors as on the date of filing application vide commission's letter dated 29.11.2022.

The Regulation do not provide for issue of provisional Tariff, petitioner has been asked to file the application for approval of the capital cost of the project and final Tariff after the project CoD is declared vide Commission's letter dated 03.02.2023.

The above information is awaited.

6. Analysis of Project wise ARR for MLHEP, New Umtru, Lakroh MHP and MePGCL Old Projects for FY 2023-24.

6.0. Analysis of Project wise ARR and Consolidated Generation Tariff for FY 2023-24

MePGCL has filed petition for approval of the project wise ARR and Generation Tariff for FY 2023-24.

Commission considering the approved ARR in the MYT Order dated 25.03.2021 has computed project wise ARR for FY 2023-24, including True up Gap/(Surplus) of FY 2018-19, FY 2019-20 and FY 2020-21.

6.1. ARR of MLHEP for FY 2023-24

Annual Revenue Requirement for Myntdu Leshka HEP (MLHEP) for FY 2023-24

Petitioner's Submission

Capacity Charge and Energy Charge for Myntdu Leshka HEP

Commission in its order dated 25th March, 2021(page 198) had approved the AFC for Generation Tariff for FY 2023-24 as Rs.156.12 Cr. for MLHEP.

In the review order of the true up order for FY 2018-19 dated 30.09.2022 & FY 2019-20 dated 3.10.2022, the Commission has approved a revenue gap of Rs.(+)24.95 Cr and Rs. (+)13.85 Cr., respectively.

The true up gap and additional claim as per true up petition will have an impact on the ARR for FY 2023-24, and the Company prays before the Hon'ble Commission to allow the revised ARR for FY 2023-24 for MLHEP, which comes to Rs. 327.09 crores as shown below:

Table 6.1 : Annual Fixed Charges for FY 2023-24 – Myntdu Leshka HEP

Particulars	FY 2023-24
Annual Fixed Cost (AFC) Proposed for FY 2023-24 (a)	156.12
Add: Gap claim as per review petition for True up of FY 2018-19 (b)	(+) 24.95
Add: Gap claim as per review petition for True up of FY 2019-20 (c)	(+) 13.85
Add: Gap claim as per review petition for True up of FY 2020-21 (d)	(+) 147.83
Net AFC for computation of Tariff for FY 2023-24 (e=a+b+c+d)	342.75

(Rs. Cr.)

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 2023-24 are computed below.

Table 6.2 : Capacity and Energy Charges for Myndtu Leshka HEP for FY 2023-24

(Rs. Cr.)

Particulars	FY 2023-24
Net AFC for Computation of Tariff (Rs. Cr)	342.75
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.)	171.375
Energy Charge (Rs./kWh)	3.57

Commission's Analysis

Commission in its MYT Order dated 25.03.2021 had approved the ARR for Rs.156.12 Crore for FY 2023-24 as given in the table below.

Table 6.3 : Approved ARR in MYT Order for MLHEP for FY 2023-24

(Rs Cr)

Sl. no	Particulars	FY 2023-24 (Approved)
1	Interest on Loan capital	33.42
2	Depreciation	35.42
3	O&M Expenses	45.95
4	Interest on working capital	4.43
5	Return on Equity	36.91
	Total Annual Fixed Cost	156.13
6	Less: Non-Tariff Income	0.015
	Net Annual Fixed Cost	156.12

Commission has approved True up for FY 2020-21 and determined a Revenue Gap of Rs.107.48 Crore.

Accordingly, the Revised ARR approved for FY 2023-24 including True up Gap for FY 2018-19, FY 2019-20 and FY 2020-21 for MLHEP is as given in the table below.

Table 6.4 : Approved ARR for MLHEP for FY 2023-24

			(Rs Cr)
Sl. no	Particulars	Filed by petitioner	FY 2023-24 (Approved)
1	Interest on Loan capital	33.42	33.42
2	Depreciation	35.42	35.42
3	O&M Expenses	45.95	45.95
4	Interest on working capital	4.43	4.43
5	Return on Equity	36.91	36.91
	Total Annual Fixed Cost	156.12	156.13
6	Less: Non-Tariff Income	-	0.015
	Net Annual Fixed Cost	156.12	156.12
7	Add: Revenue Gap as per Review of True up order of FY 2018-19	24.95	24.95
8	Add: Revenue Gap as per Review of True up order of FY 2019-20	13.85	13.85
9	Add: Revenue Gap as per the True up Order for FY 2020-21	147.83	107.48
	Net ARR	342.75	302.40

Commission considers ARR of MLHEP at Rs.302.40 Crore for FY 2023-24.

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 2023-24

Annual Revenue Requirement for FY 2023-24

Petitioner's Submission

Capacity Charge and Energy Charge for NUHEP

Commission in its MYT order dated 25th March, 2021 had approved the ARR for FY 2023-24 as **Rs. 69.46 Cr.** for NUHEP.

The true up gaps and additional claims as per true up petition will have an impact on the ARR requirement for FY 2023-24, and, therefore, MePGCL prays before the Hon'ble Commission to allow the revised ARR for FY 2023-24 for NUHEP as shown below.

Table 6.5 : Annual Fixed Charges for FY 2023-24 – NUHEP

		(Rs. Cr.)
Particulars		FY 2023-24
Annual Fixed Cost (AFC) approved by MSERC for FY 2023-24 (a)		69.46
Add: Additional claim as per review petition for True up of FY 2018-19 (b)		(+) 74.40
Add: Additional claim as per review petition for True up of FY 2019-20 (c)		(+) 73.77
Add: Additional claim as per review petition for True up of FY 2020-21 (d)		(+) 81.25
Net AFC for computation of Tariff (d=a+b+c+d)		298.88

Now, based on the Regulations, 50% of the Annual Fixed Cost 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 2023-24 are computed below:

Table 6.6 : Capacity and Energy Charges for NUHEP for FY 2023-24 (Projected)

(Rs. Cr.)

Particulars	FY 2023-24
Net AFC for Computation of Tariff (Rs. Cr)	298.88
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.)	149.44
Energy Charge (Rs./kWh)	6.45

Commission's Analysis

The Commission in its MYT Order dated 25.03.2021 had approved the ARR of Rs.69.46 Crore for FY 2023-24 as given in the table below.

Table 6.7 : Approved ARR in MYT Order for NUHEP for FY 2023-24

(Rs. Cr.)

Sl.no	Particulars	FY 2023-24 (Approved)
1	Interest on Loan capital	15.04
2	Depreciation	16.33
3	O&M Expenses	19.69
4	Interest on working capital	1.95
5	Return on Equity	16.52
	Total Annual Fixed Cost	69.53
6	Less: Non-Tariff Income	0.06
	Net ARR	69.46

Commission had approved ARR in Review True up of FY 2018-19 and FY 2019-20 and determined Revenue Gap of Rs. 74.40 Crore and Rs.73.77 Crore respectively to be appropriated in the ARR of FY 2023-24.

The True up for FY 2020-21 approved with a Revenue Gap of Rs.75.08 Crore is also appropriated in ARR for FY 2023-24

Accordingly, the Revised ARR approved for FY 2023-24 for NUHEP as given in the table below.

Table 6.8 : Approved ARR of NUHEP for FY 2023-24

(Rs Cr)

Sl.no	Particulars	Filed by Petitioner	FY 2023-24 (Approved)
1	Interest on Loan capital	15.04	15.04
2	Depreciation	16.33	16.33
3	O&M Expenses	19.69	19.69
4	Interest on working capital	1.95	1.95
5	Return on Equity	16.52	16.52
	Total Annual Fixed Cost	69.53	69.53
6	Less: Non-Tariff Income	0.06	0.064
	Net ARR	69.46	69.46
7	Add: Revenue Gap as per Review of True up of FY 2018-19	74.40	74.40
8	Add: Revenue Gap as per Review of True up of FY 2019-20	73.77	73.77
9	Add: Revenue Gap as per True up of FY 2020-21	81.25	75.08
	Total ARR	298.88	292.71

Commission considers ARR for NUHEP at Rs.292.71 Crore for FY 2023-24.

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 2023-24**Annual Revenue Requirement for FY 2023-24****Petitioner's Submission****Capacity Charge and Energy Charge for Lakroh**

Commission in its order dated 25th March, 2021 had approved the ARR for FY 2023-24 as Rs.2.08 Cr. for Lakroh MHP.

The true up gap and additional claim as per the true up petition will have an impact on the ARR for FY 2023-24, and, therefore, the MePGCL requests the Commission to allow the revised ARR for FY 2023-24 for Lakroh MHP as shown below.

Table 6.9 : Annual Fixed Charges for FY 2023-24 – Lakroh MHP

(Rs. Cr.)	
Particulars	FY 2023-24
Annual Fixed Cost (AFC) approved by MSERC for FY 2023-24 (a)	2.08
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)	1.53
Add: Additional claim as per review petition for True up of FY 2020-21 (d)	2.857
Net AFC for computation of Tariff (d=a+b+c+d)	6.467

Now, based on the Regulations, 50% of the Annual Fixed Cost 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 2023-24 are computed below.

Table 6.10 : Capacity and Energy Charges for Lakroh for FY 2023-24 (Projected)

(Rs. Cr.)	
Particulars	FY 2023-24
Net AFC for Computation of Tariff (Rs. Cr)	6.467
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.)	3.233
Energy Charge (Rs./kWh)	2.98

Commission's Analysis

The Commission in its MYT Order dated 25.03.2021 had approved the ARR for Lakroh MHP at Rs.2.08 Crore for FY 2023-24 as given in the table below.

Table 6.11 : Approved ARR of Lakroh MHP in MYT Order for FY 2023-24

Particulars	FY 2023-24 (Rs. Cr.)
Interest on Loan capital	0.64
Depreciation	0.38
O&M Expenses	0.63
Interest on working capital	0.06
Return on Equity	0.37
Gross ARR	2.08
Less: Non Tariff Income	0.00
Net ARR	2.08

MePGCL has claimed the Revenue gap for FY 2019-20 for Rs.1.53 Crore and Additional claim as per petition for True up FY 200-21 at Rs.2.857 Crore as shown in the Table no.05 of petition.

Commission had approved ARR in Review True up of FY 2019-20 and approved Revenue Gap of Rs.1.53 Crore to be appropriated in the ARR of FY 2023-24.

The True up for FY 2020-21 approved with a Revenue Gap of Rs.1.36 Crore is appropriated in ARR for FY 2023-24

Accordingly, the Revised ARR approved for Lakroh MHP for FY 2023-24 as given in the table below.

Table 6.12 : Approved ARR of Lakroh MHP for FY 2023-24

(Rs. Cr.)

Particulars	Filed by petitioner	Approved FY 2023-24
Interest on Loan capital	0.64	0.64
Depreciation	0.38	0.38
O&M Expenses	0.63	0.63
Interest on working capital	0.06	0.06
Return on Equity	0.37	0.37
Gross ARR	2.08	2.08
Less: Non Tariff Income	0.00	0.00
Net ARR	2.08	2.08
Add: Revenue Gap as per Review of True up of FY 2019-20	1.53	1.53
Add: Revenue Gap as per True up of FY 2020-21	2.857	1.36
Total ARR	6.467	4.97

Commission considers ARR of Lakroh MHP at Rs.4.97 Crore for FY 2023-24.

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 2023-24 for MePGCL old plants and Sonapani

Annual Revenue Requirement for FY 2023-24

Petitioner's Submission

Capacity Charge and Energy Charge for MePGCL old plants and Sonapani

Commission in its order dated 25th March, 2021 had approved the ARR for MYT of FY 2021-22 to FY 2023-24 and Generation Tariff for FY 2023-24 at Rs. 84.41 Cr. for Old Station including Sonapani.

The true up gap and additional claim as per the true up petitions will have an impact on the ARR requirement for FY 2023-24, and, therefore, the utility prays before the Hon'ble Commission to allow the revised ARR for FY 2023-24 for Old Stations including Sonapani, which comes to Rs. 140.42 crores as shown below:

Table 6.13 : Annual Fixed Charges for FY 2023-24 for MePGCL old projects incl. sonapani

(Rs. Cr.)	
Particulars	FY 2023-24
Annual Fixed Cost (AFC) approved by MSERC for FY 2023-24 (a)	84.41
Add: Additional claim as per review petition for True up of FY 2018-19 (b)	3.08
Add: Additional claim as per review petition for True up of FY 2019-20 (c)	2.83
Add: Additional claim as per review petition for True up of FY 2020-21 (d)	52.00
Net AFC for computation of Tariff for FY 2023-24 (d=a+b+c+d)	142.32

Now, based on the Regulations, 50% of the Annual Fixed Cost 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 Old Stations including Sonapani for FY 2023-24 are computed below:

Table 6.14 : Capacity and Energy Charges for MePGCL Old plants including Sonapani for FY 2023-24 (Projected)

(Rs. Cr.)						
Sl.No	Name of the Power Station	Installed Capacity (MW)	Gross Generation (MU) as approved in Business Plan	AFC for FY 2023-24 (Rs. Cr)	50% Capacity Charge (Rs. Cr)	Energy Charge (Rs/Unit)
1	Umiam I	36.00	116.00	32.18	16.09	1.38
2	Umiam II	20.00	46.00	12.76	6.38	1.38
3	Umiam III	60.00	139.00	38.56	19.28	1.38
4	Umiam IV	60.00	207.00	54.43	28.71	1.38
5	Umtru	11.20	-	-	-	-
6	Sonapani	1.50	5.00	1.38	0.39	1.38
	Total	177.50	513.00	142.32		1.38

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.84.41 Crore for FY 2023-24 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 2023-24

(Rs.Cr)

Sl.no	Particulars	FY 2023-24
1	Interest & Finance Charges	8.72
2	Depreciation	15.86
3	O&M Expenses	49.35
4	Interest on working capital	3.10
5	Return on Equity	15.72
6	SLDC Charges	2.04
7	Net Prior Period Items/ Provision for bad debts	0.00
	Total Annual Fixed Cost	94.79
8	Less: Non-Tariff Income	10.38
	Net ARR	84.41

O&M Expenses

Commission had approved O&M expenses at Rs.49.35 Crore for FY 2023-24 in the MYT Order dated 25.03.2021 which includes Rs.6.78 Crore being the 1/3rd apportionable MeECL employee expenses and Rs.0.63 Crore O&M expenses for newly commissioned 1.5 MW Lakroh MHP. (CoD w.e.f 01.03.2019)

The ARR for Lakroh MHP has been notified in the MYT Order segregating the O&M expenses from MePGCL old projects for Rs.0.63 Crore.

Since the apportionable O&M expenses related to Holding Company shall have to be regulated in the True up process, the O&M expenses included in the MePGCL old projects ARR for Rs.6.78 Crore shall be reduced from the ARR of MePGCL for FY 2023-24.

Commission considers O&M expenses of MePGCL Old Projects at Rs.42.57 Crore for ARR of FY 2023-24.

Following the revised computation of O&M expenses, the interest on working capital approved in the MYT Order shall be reworked as detailed below.

Table 6.16 : Computation of Interest on Working Capital for ARR of FY 2023-24.

Particulars	Amount in Rs. Cr
O&M expenses for one month (42.57/12)	3.55
Maintenance spares at 15% and escalation of 6% on O&M exp	6.77
Receivables for Two months on AFC	12.42
Total	22.74
Rate of Interest	12.15%
Interest on Working Capital	2.76

Commission Considers Interest on Working Capital at Rs.2.76 Crore for ARR of FY 2023-24

MePGCL has claimed the True up gap for FY 2018-19 (Review) and FY 2019-20 (Review) for Rs.3.08 Crore and Rs.2.83 Crore and Additional claim as per petition for True up Gap for FY 2020-21 at Rs.52.00 Crore as shown in the Table no.07 of petition.

Commission had approved ARR in Review True up of FY 2018-19 and FY 2019-20 a Revenue Gap of Rs.3.08 Crore and Rs. Rs. 2.83 Crore respectively to be appropriated in the ARR of FY 2023-24.

The True up for FY 2020-21 approved with a Revenue Surplus of Rs. (-) 144.62 Crore is appropriated in the ARR for FY 2023-24

Accordingly, the Revised ARR approved for FY 2023-24 for MePGCL Old Projects including Sonapani as given in the table below.

Table 6.17 : Approved ARR for MePGCL Old Projects including Sonapani for FY 2023-24

(Rs.Cr)

Sl.no	Particulars	Filed by petitioner	Approved FY 2023-24
1	Interest & Finance Charges	8.72	8.72
2	Depreciation	15.86	15.86
3	O&M Expenses	49.35	42.57
4	Interest on working capital	3.10	2.76
5	Return on Equity	15.72	15.72
6	SLDC Charges	2.04	2.04
7	Net Prior Period Items/ Provision for bad debts	0.00	0.00
	Gross Annual Revenue Requirement	94.79	87.67
8	Less: Non-Tariff Income	10.38	10.38
	Net Annual Revenue Requirement	84.41	77.29
9	Add: Revenue Gap as per Review of True up FY 2018-19	3.08	3.08
10	Add: Revenue Gap as per Review of True up FY 2019-20	2.83	2.83
11	Add: Revenue Gap /(surplus) as per True up FY 2020-21	52.00	(144.62)
	Total Annual Revenue Requirement	142.32	-61.42

Commission considers ARR for MePGCL old projects including sonapani at Rs. (-) 61.42 Crore for FY 2023-24.

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 2023-24

Commission after Prudence check of the petition and the additional information subsequently filed on 17.01.2023, 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 2023-24 as depicted in the table below.

Table 6.18 : Consolidated Annual Revenue Requirement of MePGCL for FY 2023-24

(Rs.Cr)

Sl. No.	Particulars	MLHEP		NUHEP		Lakroh		MePGCL Old Projects		Total for MePGCL	
		Filed	Approved	Filed	Approved	Filed	Approved	Filed	Approved	Filed	Approved
1	Interest & Finance Charges	33.42	33.42	15.04	15.04	0.64	0.64	8.72	8.72	57.82	57.82
2	Depreciation	35.42	35.42	16.33	16.33	0.38	0.38	15.86	15.86	67.99	67.99
3	O&M Expenses	45.95	45.95	19.69	19.69	0.63	0.63	49.35	42.57	115.62	108.84
4	Interest on working capital	4.43	4.43	1.95	1.95	0.06	0.06	3.10	2.76	9.54	9.20
5	Return on Equity	36.91	36.91	16.52	16.52	0.37	0.37	15.72	15.72	69.52	69.52
6	SLDC Charges	0.00	0.00	0.00	0.00	0.00	0.00	2.04	2.04	2.04	2.04
	Gross ARR	156.13	156.13	69.53	69.53	2.08	2.08	94.79	87.67	322.53	315.41
7	Less: Non-Tariff Income	0.015	0.015	0.064	0.064	0.00	0.00	10.38	10.38	10.459	10.459
	Net ARR	156.12	156.12	69.46	69.46	2.08	2.08	84.41	77.29	312.07	304.95
8	Add: Revenue Gap in Review True Up for FY 2018-19	24.95	24.95	74.40	74.40	0.00	0.00	3.08	3.08	102.43	102.43
9	Add: Revenue Gap in Review True Up for FY 2019-20	13.85	13.85	73.77	73.77	1.53	1.53	2.83	2.83	91.98	91.98
10	Add: Revenue Gap/(Surplus) in True Up for FY 2020-21	147.83	107.48	81.25	75.08	2.85	1.36	52.00	(144.62)	283.93	39.30
	Total ARR	342.75	302.40	298.88	292.71	6.46	4.97	142.32	-61.42	790.41	538.66
11	Less: Recovery of Penalty proposed vide pg no.56 & 57 of this Order										0.02
12	Net ARR										538.64

Commission considers ARR for MePGCL as a whole at Rs.538.66 Crore for FY 2023-24.

7. Determination of Annual Fixed Charges for FY 2023-24

7.1 Annual Fixed charges for the FY 2023-24 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 *i*th 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 2023-24 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 2023-24

Sl. No	Name of the Power Station	Filed by MePGCL						Approved by the Commission					
		Installed Capacity (MW)	Design 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)	Design 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=(10/8)
1	Umiam I	36	116	116	32.18	16.09	1.38	36	116	114.61	80.32	40.16	6.92/kWh
2	Umiam II	20	46	46	12.76	6.38	1.38	20	46	45.45	44.63	22.32	9.70/kWh
3	Umiam III	60	139	139	38.56	19.28	1.38	60	139	0*	14.97	7.48	1.08/kwh
4	Umiam IV	60	207	207	54.43	28.71	1.38	60	207	203.90	133.88	66.94	6.47/kWh
5	Sonapani (Mini Hydel)	1.5	5	5	1.38	0.39	1.38	1.5	5	4.94	3.34	1.67	6.68/kWh
	Total	177.20	513	513	142.32	70.85		177.5	513	368.9	277.14	138.57	5.40/kwh
6	MLHEP	126	486	486	342.75	171.37	3.57	126	486	478.71	196.73	98.37	4.05/kwh
7	NUHEP	40	235	235	298.88	149.44	6.45	40	235	231.48	62.45	31.22	2.65/kwh
8	Lakroh MHP	1.5	11.01	11.01	6.47	3.23	2.98	1.5	11.01	10.87	2.34	1.17	2.13/kwh
9	Umtru power	11.2	-	-	-	-	-	-	-	-	-	-	-
	Total	356.20	1245.01	1245.01	790.42	395.21		345	1245.01	1089.96	538.66	269.33	4.33/kwh

*MePGCL has not projected Generation from Umiam Stage III project for FY 2023-24, Annual Fixed Charges are allocated as claimed in the Petition.

Table 7. 2 : Annual Fixed Charges for the FY 2023-24

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	114.61	80.32	40.16	6.92/kWh
2	Umiam Stage II	20	46	45.45	44.63	22.32	9.70/kWh
3	Umiam Stage III	60	139	0	14.97	7.48	1.08/kWh
4	Umiam Stage IV	60	207	203.90	133.88	66.94	6.47/kWh
5	Sonapani	1.5	5	4.94	3.34	1.67	6.68/kWh
6	Total Old Stations	177.5	513	368.9	277.14	138.57	5.40/kWh
7	MLHEP	126	486	478.71	196.73	98.37	4.05/kWh
8	New Umtru	40	235	231.48	62.45	31.22	2.65/kWh
9	Lakroh	1.5	11.01	10.87	2.34	1.17	2.13/kWh
10	Total	345	1245.01	1089.96	538.66	269.33	4.33/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 MePGCL 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 Gross block 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.

Status:

MePGCL has furnished project wise and asset wise breakup for the new projects MLHEP, New umtru and Lakroh.

The asset wise breakup figures for Umiam Stage IV and Sonapani are not furnished for the approved Capital Cost of Rs.38.60 Crore and Rs.10.79 Crore respectively for which commission has been notifying in every True up orders.

Commission's Views

The asset wise breakup figures for Umiam Stage IV and Sonapani projects shall be furnished for the approved Capital Cost of Rs.38.60 Crore and Rs.10.79 Crore respectively whose CoD was declared in 1992 and 2009 respectively.

Subsequent asset wise break up additions on the above two projects shall be filed in the status report.

MePGCL has furnished in response to the non compliance with the Directive for submission of asset wise breakup in respect of Umiam Stage IV project and Sonapani project in their letter dated 21.03.2023.

The Utility has submitted the asset wise breakup only for Sonapani project whose historical capital cost furnished to be at Rs.9.72 Crore. Whereas, Commission had considered Capital cost of the Sonapani Project at Rs.10.79 Crore considering the DPR cost as filed in the petition for the Tariff Year FY 2013-14 and Depreciation has been allowed in the ARR till now.

Thus there has been excess capital cost of Rs.1.07 Crore and depreciation there on allowed in the ARR.

Commission considers claw back of the excess Capital cost and Depreciation there on allowed so far, in the True up of business to be filed for FY 2021-22.

The Directive for non compliance of asset wise breakup in respect of Umiam Stage IV remains valid for the proposed punishment.

The asset wise breakup for MLHEP, New Umtru and Lakroh Projects furnished for Rs.1285.52 Crore, Rs.605.39 Crore and Rs.25.72 Crore respectively as against approved Capital Cost with asset wise breakup stood at Rs.1285.71 Crore, Rs.585.62 Crore and Rs.22.41 Crore as 31.03.2021 shall be adopted in the subsequent petitions, thus complied with Directive of Regulatory Accounts.

3) Regulatory Accounts

The MePGCL 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 MePGCL has sought for the formats to be notified for presentation of Regulatory accounts.

Commission's View:

Commission had suggested to maintaining the Regulatory books with reference to the Trued up figures for future filings.

Regulatory Accounts are to be presented mainly for the following fixed ARR elements considering the addition/growth activities of the project performance.

1. Depreciation
2. Interest and Finance charges
3. Return on Equity
4. O&M Expenses
5. Interest on Working Capital

Commission had notified the Directive no.4 of Tariff Order for FY 2022-23 dated 25.03.2022 for filing of impending Regulatory accounts in the absence of specific formats.

Depreciation

The utility has been presenting project wise and asset wise breakup in the existing format (note no.2 of SoA) for compilation of accounts. The same formats shall be extended with an additional column to record the Regulatory approved value/figure of the asset in the True up orders for evaluation of subsequent years depreciation.

Interest and Finance charges:

The interest and finance charges shall be evaluated on the capital investment plan and actual outstanding loans borrowed for capital investment.

The Regulatory account shall be adopted based on the last approved figures of Interest and Finance charges in the True up exercise for evaluation of subsequent year Interest and Finance charges.

Return on Equity:

The Return on Equity shall be evaluated based on the approved GFA after deduction of the Govt Grants and contributions for capital assets as per Regulation 31 read with 27.

The Regulatory account shall be adopted based on the last approved RoE in the True up exercise for evaluation of subsequent year RoE.

O&M Expenses:

O&M expenses shall be evaluated on the basis of approved capital cost of Generation project and shall be escalated at 5.72% year on year as provided in the

Regulation 56.7 of MSERC MYT Regulations 2014.

The Regulatory account shall be adopted based on the last approved O&M expenses in the True up exercise for evaluation of subsequent year O&M expenses.

Interest on Working Capital :

The Interest on working capital shall be evaluated on the actual performance of the previous year and value approved on the parameters considered for True up of the previous year.

MePGCL shall follow and adopt the approved figures in the last True up orders for filing of subsequent petitions with the Regulatory Accounts approved in the True up and projections for subsequent year ARR.

In View of the theoretical suggestion made above, utility shall design the proformae for compliance of the Directive.

Utility shall file Status of the Directives not complied with by 30.09.2023.

RECORD NOTE OF THE STATE ADVISORY COMMITTEE MEETING HELD ON 21.03.2023 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. R. Keishing**
Legal Consultant, Meghalaya State Electricity Regulatory Commission, Shillong.
- 3 Shri. Ronald Rikman Sangma**
- 4 Shri. Shyam Sunder Agarwal**
CMD (Pioneer Carbide Pvt. Ltd.)
- 5 Shri. F.B. Chyne**
CEO, Shillong Municipal
- 6 Shri. B.L.Lawai**
SE(PHE) Govt. of Meghalaya
- 7 Shri. Eswoll Slong,**
Secretary MSERC, Convenor

Special Invitees

- 1. Shri. Sanjay Goyal, CMD MeECL.**
- 2. Shri. Timothy Passah, Chairman CGRF Shillong.**
- 3. Shri. Balnang M. Sangma, Chairman CGRF Tura.**
- 4. Shri. M. Shangpliang, Director MePDCL.**
- 5. Shri. M. Rymbai, Director MePGCL**
- 6. Shri. A. Kharpan, Director MePTCL**

Minutes

Calling the 25th Meeting of the State Advisory Committee (SAC) to order, the Chairman welcomed all the members of Advisory Committee and the special invitees.

The meeting commenced with a power point presentation from Distribution Company given by Shri. Synran Kharmih SE (RA) , MePDCL, on the Retail Tariff proposed for the FY 2023-24.

The Chairman invited suggestions from the participants on the proposal of MePDCL and any other issues. Members of the SAC raised the following issues:

1. Shri. Ronald Rikman Sangma

- i. The Member stated that even after celebrating 50 (fifty) years of statehood and 75 years of India Independence some villages in Meghalaya are still living without power and still used latern. These villages are Sanjanpara (Welgitim), Wadagre, Arakgitim, Matrongkolgre songgital, Paglapara Songgital, Ambarigitim(Gujangpara), Moronggitim (Gopinathkila), Dinapara (Mikusgitim) of South West Garo Hills and Shiragre, Rangtia, A-gitalgre, Kapua(near Rohonpara), Naronggre songgitcham, Gobindopara(A-dinggre) of West Garo Hills. It was also mentioned that despite getting schemes from the Govt. of India like SAUBHAGYA, MeECL/MePDCL failed to provide electricity connection to these villages.
- ii. Regular transfer of Engineers: It was opined that the Engineers and other officials staff of MeECL needs to be transferred on a regular basis as per the provision of the state service rules for transparency, efficiency, minimizing corruption and economic growth. In Garo Hills region, some engineers stayed throughout their services till retirement.
- iii. Functioning of Regional Ombudsman for Garo Hills Region: It was suggested that the functioning of regional ombudsman in Tura be started at the earliest to look into the grievances of the consumers and to pass such orders to the corporation to rectify them. It was also informed that the major challenges in Garo Hills region is replacement of transformers which are out of service takes months. Hence, it is opined that the corporation should take necessary steps to rectify this issue.
- iv. Drawing of H.T. power lines: It was observed that in areas like Tura A-dinggre (Chandmari), Ringrey, the HT lines has been drawn without providing any guard wire for public safety thereby leaving the residents in danger.
- v. Removal of defective and faulty meters: MeECL should install a reliable meter with reputed company name throughout the state and remove all the faulty meters so that people can rely upon the meters and the corporation as a whole.

- vi. Enhancement or revision of power tariff for FY 2023-24 by DISCOM: It was suggested that a public hearing should be conducted in every district head quarter before enhancing the tariff and in case of any tariff hike by the Commission it should not be more than 7% from the existing tariff.
- vii. Bill payment: It is requested that the DISCOM should allow online payment of bill in order to reduce corruption and enhance productivity.

2. Shri. Shyam Sunder Agarwal, CMD (Pioneer Carbide Pvt. Ltd.).

The Member pointed out that the loss on the utility is mainly because of two factors one is the sale of surplus power at very lower rate and the other is the AT&C loss. It was observed that the Power Purchase of MePDCL as per the audited account for the FY 2020-21 is to a tune of 2522.52 MU for which the sale to Ferro Alloy Consumers is 424.95MU, sale to other industries is 191.68 MU and sale to other consumers is 709.82MU totaling to a sum of 1326.45 MU which is 52.81% of the total power purchase and the balance surplus energy of 594. 94 MU is being sold at the rate of Rs. 1.42 per unit as against average power purchase cost of Rs. 4.09 per unit.

Hence, it was opined that in order to avoid the sale of surplus power at a very lower rate, the utility needs to promote load factor based tariff to the bulk consumers of the state with penal and bonus clauses to reduce AT&C losses.

Secondly, the T&D loss needs to be monitored through energy audit by an independent agency for all the three utilities separately i.e; Generation, Transmission and Distribution. Further, MeECL being the Guardian of the three utilities, should strive to install feeder wise smart ABT meters for all major consumers and sub-stations with online live data kWh units of injection meter and consumption meter in each feeder. It was also suggested that the total substation wise losses should be published online on monthly basis to initiate time bound corrective measures for reducing the losses.

Thirdly, it was observed that the fixed charges for NTPC is approximately to a tune of Rs. 198 Cr each year, despite no power is drawn from this station. Hence, it was suggested that effort should be made by the utility to cancel the PPA with NTPC as this is a burden to the consumers.

The member concluded by opining that MeECL should form a State Consumer Advisory Committee for better suggestions from Consumers, for better coordination and better results.

3. Shri. F.B. Chyne, CEO, Shillong Municipal.

The member stated that all the public lightings will be replaced by LED fittings and this will reduce the maintenance cost. Hence, it is suggested that the Commission while fixing the tariff for public lightings may do away with the maintenance charges or the utility may impose maintenance charges when the need arise.

4. Shri. B.L. Lawai, SE (PHE) Government of Meghalaya.

The member pointed out that the tariff proposed by DISCOM at a 30% hike is very high as PHE department is not a profit making company. Therefore, it is requested that the Commission may look into this matter and examined properly before finalizing the tariff.

Special invitees:

5. Shri. Sanjay Goyal, CMD MeECL.

CMD MeECL, has clarified on the issues raised by members of the advisory regarding unelectrified villages and informed the members that SAUBHAGYA scheme has been projected by the Government of India and the fund requirements got curtailed which have led to non covering of some villages under this scheme. However, it was informed that a new scheme called the Revamped Distribution Sector Scheme (RDSS) is under tendering process and it is expected that under this scheme the major issues which have been raised will be solved.

In regards to replacement of transformer which are out of service, it was informed that the Corporation has been able to replace around 530 Nos. of transformer within 3 months span and the delay in replacement is due to non availability of a full fledge workshop in Garo Hills for which most of the materials are being transported from Khasi Hills. However, it is expected that in the near future a full fledged store will be set up in Garo Hills.

6. Chairman CGRF, Shillong.

The Chairman CGRF, Shillong Shri. Timothy Passah pointed out that in the proposal of DISCOM for meeting its Annual Revenue Requirement (ARR) the existing tariff needs to be enhanced by around 80 %, however DISCOM has proposed a tariff hike of only 30%. Therefore, it was being questioned as to how the DISCOM will recover the balance gap. Secondly, it was mentioned that under IPDS it mandatory to form a committee at every district to look after the implementation of schemes.

Thirdly, regarding outstanding dues from the consumer it was being raised as to how the utilities will recover this amount.

7. Chairman CGRF, Tura.

The Chairman CGRF Tura Shri. Balnang. M. Sangma, briefed about the news items which has appeared in Shillong Times dated 5.02.2023 and 19.02.2023 on the allegation that some of the villages in Garo Hills are unelectrified and secondly these unelectrified household are being served with an electricity bill. The CMD, MeECL requested that a report on the aforesaid may be shared for action by the corporation.

Summing up the discussion Legal Consultant of MSERC Shri. Roland Keishing, expressed his profound gratitude to the Hon'ble Members present, for their valuable suggestions and submissions and assured that these would be kept in view, while finalizing the Tariff for the financial year 2023-24. He also thanked Shri. Ronald Rikman Sangma for raising the issue in the last advisory meeting for setting up of CGRF at Tura and informed the members that this action has been taken by the Commission and at present both CGRF Shillong and Tura are functioning. It was also suggested to the Chairman CGRF Shillong and Tura to consider the grievances made by the consumers and try to dispose the case at the earliest. It was also opined that the consumers may approach the Ombudsman of the Commission in case no action is being taken by the CGRF.

The State Advisory Committee meeting ended with a vote of thanks.

Sd/-

**Secretary
MSERC**

Annexure-II

**List of Participants in the Public Hearing on Generation Petition for True up of FY 2020-21
filed by MePGCL**

Date: 14.03.2023 | Venue: State Convention Centre, Shillong| Time: 10:00 Hours

Present :

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

MeECL

1. Shri. Sanjay Goyal, IAS, CMD MeECL
2. Shri. C. Rama Krishna, IAS, D(F), MeECL.
3. Shri. Rayomod Lalco, Sr. A.O, MeECL
4. Shri. Larisha Kharpran, A.O, MeECL
5. Shri. Banshan K Nonghlaw, A.O, MeECL
6. Shri. G.A. Dkhar, Law Officer, MeECL

MePGCL

1. Smt. Markordar Lyngdoh, SE (PM), MePGCL
2. Smt. B. Lyngdoh Mawphlang, AEE (Civil), MePGCL
3. Shri. M. Rymbai , Director, MePGCL
4. Shri. E. Chyne, Advocate.

Byrnihat Industries Association (BIA)

1. Shri. Shyam Sunder Agarwal, Secretary BIA
2. Shri. Rahul Bajaj, Member, BIA
3. Shri. Saurabh Srivastava, Mercados EM, for BIA.
4. Shri. Sangam Asati, Mercados for BIA

**List of Participants in the Public Hearing on Generation Petition for FY 2023-24 filed by
MePGCL**

Date: 14.03.2023 | Venue: State Convention Centre, Shillong| Time: 13:00 Hours

Present :

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

MeECL

1. Shri. Sanjay Goyal, IAS, CMD MeECL
2. Shri. C. Rama Krishna, IAS, D(F), MeECL.
3. Shri. Banshan K Nonghlaw, A.O, MeECL
4. Shri. Rayomod Lalco, Sr. A.O, MeECL
5. Shri. Larisha Kharpran, A.O, MeECL
6. Shri. G.A. Dkhar, Law Officer, MeECL

MePGCL

1. Smti. Markordar Lyngdoh, SE (PM), MePGCL
2. Smti. B. Lyngdoh Mawphlang, AEE (Civil), MePGCL
3. Shri. M. Rymbai, Director, MePGCL
4. Shri. E. Chyne, Advocate.

Byrnihat Industries Association (BIA)

1. Shri. Shyam Sunder Agarwal, Secretary BIA
2. Shri. Rahul Bajaj, Member, BIA
3. Smt. Mandakini Ghosh, Advocate, BIA