
**BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY
COMMISSION SHILLONG**

**PETITION
FOR**

**TRUE UP OF TRANSMISSION BUSINESS
FOR FY 2022-23
&
MYT AGGREGATE REVENUE REQUIREMENT FOR
FY 2024-25 TO FY 2026-26
&
TRANSMISSION & SLDC TARIFF FOR 2024-25**

FILED BY



**MEGHALAYA POWER TRANSMISSION CORPORATION LTD.
Lum Jingshai, Short Round Road, Shillong-793001**

**BEFORE THE HON'BLE MEGHALAYA STATE ELECTRICITY REGULATORY
COMMISSION**

FILE/ PETITION NO.....

IN THE MATTER OF

PETITION FOR APPROVAL OF TRUING-UP OF TRANSMISSION BUSINESS FOR THE FY 2022-23 AND REVISION OF TARIFF FOR THE MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED (MePTCL) AND APPROVAL OF MULTIYEAR ARR FOR FOURTH CONTROL PERIOD I.E, 2024-25 TO 2026-27 UNDER THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF) REGULATIONS, 2014 AND UNDER SECTIONS 62 & 64 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

AND IN THE MATTER OF

MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED, LUMJINGSHAI, SHILLONG-793001- MEGHALAYA.

..... PETITIONER

IT IS RESPECTFULLY SUBMITTED BY THE PETITIONER THAT:

1. In exercising the powers conferred to it under Section 131 and 133 of the Electricity Act 2003, the State Government of Meghalaya notified "The Meghalaya Power Sector Reforms Transfer Scheme 2010", notified on 31st March 2010. The Scheme paved path for the re-structuring and unbundling of the erstwhile Meghalaya State Electricity Board (MeSEB). As per the provisions of the aforesaid transfer scheme MeSEB was un-bundled into four entities which are:
 - a) Meghalaya Energy Corporation Limited (MeECL) which is the holding company;
 - b) Meghalaya Power Distribution Corporation Limited (MePDCL) – Distribution Utility;
 - c) Meghalaya Power Generation Corporation Limited (MePGCL)- Generation Utility;
 - d) Meghalaya Power Transmission Corporation Limited (MePTCL)– Transmission Utility.
2. Though the transfer scheme was notified on 31st March 2010, the holding company MeECL continued to carry out the functions of distribution, generation and transmission utilities till 31st March 2012. After notification of amendment to the Power Sector Reforms Transfer Scheme by the State Government on 1st April 2012, the un-bundling of MeECL into MePDCL, MePGCL and MePTCL came into effect.
3. The Government of Meghalaya notified the vesting order of the Assets and Liabilities as on 1st April 2010, in the books of MeECL. Subsequently, the State Government notified the 4th amendment to the Notified Transfer Scheme on 29th April 2015, wherein the opening

- balances of assets and liabilities of all the four entities namely, MePGCL, MePDCL, MePTCL and MeECL as on 1st April 2012 were ascertained.
4. MePTCL began segregated commercial operations as an independent entity from 1st April 2013.
 5. Under Meghalaya State Electricity Regulatory Commission i.e. MSERC (Multi Year Tariff) Regulations, 2014, MePTCL filed MYT petition for Annual Revenue Requirement for the period of FY2021-22 to FY 2023-24. In respect to the said petition MYT order was issued by Hon'ble Commission on 25th March 2021
 6. The instant Petition is being filed by MePTCL in compliance with the Regulation 11 Regulation 4 & 6 of Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2014 as amended from time to time for Trueing Up of Expenses for FY 2022-23 and Approval of Multi Year ARR for FY 2024-25 to FY 2026-27.
 7. The Board of Directors of MePDCL have accorded the approval for filing the instant Petition and authorized the undersigned to file the Petition. The copy of the Board's resolution dated 28.11.2023 is annexed to this Petition as **Annexure A**.
 8. The Copy of the Audited Accounts of the MePTCL and MeECL are annexed as **Annexure B** and **Annexure C**.
 9. The Petitioner, therefore humbly prays Hon'ble Commission to:
 - a. To approve the true up of expenses for FY 2022-23 and the principles and methodology adopted by MePTCL for various parameters.
 - b. To approve the Multi Year ARR for the fourth control period i.e., FY 2024-25 to FY 2026-27.
 - c. Approve the recovery of Accrued Terminal Liabilities in 15 equal installments.
 - d. Allow addition/ modification of the Petition during the course of the proceedings of the Petition.
 - e. To condone any inadvertent omissions, errors and shortcomings and permit the rectification of the same during the course of proceedings of the Petition.
 - f. To pass such order, as the Hon'ble Commission may deem fit and proper and necessary in view of the facts and circumstances of the case.

(SMT. P SUN)
SUEPRINTENDING ENGINEER (ELEC-II)
O/O DIRECTOR TRANSMISSION
MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED.

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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
CWIP	Capital Work In Progress
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
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 Dispatch Centre

1. BACKGROUND

1.1 Description of Parties

1.1.1 The Power Supply Industry in the state of Meghalaya has been under the governance of erstwhile Meghalaya State Electricity board (MeSEB) since 21st January 1975. The State Government on 31st March, 2010 notified "The Meghalaya Power Sector Reforms Transfer Scheme 2010" paving path for the un-bundling of the MeSEB into

- Meghalaya Electricity Corporation Limited (the holding company),
- Meghalaya Power Distribution Corporation Limited (Distribution Utility),
- Meghalaya Power Generation Corporation Limited (Generation Utility)
- Meghalaya Power Transmission Corporation Limited (Transmission Utility).

The aforesaid scheme was further amended on 31st March, 2012, which led to the transfer of assets and liabilities including all rights and obligation and contingencies with effect from 1st April, 2012 to the aforementioned four companies.

1.1.2 The MSERC is an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, which was superseded by Electricity Act (EA), 2003. The Hon'ble Commission is vested with the authority of regulating the power sector in the State inter alia including determination of tariff for electricity consumers.

2. METHODOLOGY ADOPTED FOR TRUE UP PETITION FOR FY 2022-23

MePTCL would like to submit that the true up Petition for FY 2022-23 is being filed as per the provisions of the Regulation 11 of the MSERC (Multi Year Tariff) Regulations, 2014 (herein referred as 2014 Tariff Regulations). As per the Regulation 11.5 of 2014 Tariff Regulations:

The Scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of the Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of:

- a) A comparison of the **audited performance** of the applicant for the previous financial year with the approved forecast for such financial year, subject to the prudence check including pass-through of impact of uncontrollable factors.*
- b) Review of the compliance with the directives issued by the Commission from time to time:*
- c) Other relevant details.*

As evident from the above extract of the Regulations, MePTCL has relied on the audited accounts of the FY 2022-23 for claiming most of the components of Aggregate Revenue Requirement. The detailed assumptions and methodology adopted by MePTCL for various components of the ARR are discussed in detail in the subsequent sections of this chapter.

2.1 GROSS FIXED ASSETS-

The Opening Gross Fixed Assets have been considered as the closing GFA allowed by the Hon'ble Commission in the true up order dated 21st November 2023 for the FY 2021-22. The subsequent addition and deletion during the year have been considered as per the audited statement of accounts.

2.2 TREATMENT OF GRANTS AND CONSUMER CONTRIBUTION

MePTCL would like to submit that the accounting of the grants in the Audited Accounts is governed by the India Accounting Standard (Ind AS 20). The Indian Accounting Standard 20 specifies that:

"A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled."

The above extract of the Indian Accounting Standard 20 clearly states that MePTCL has to account for the grants received even if the asset against the grant is not capitalized. Hence, MePTCL would humbly submit that the consideration of entire grants in the statement of accounts against the Gross Fixed Assets would not be a correct methodology. Further the basic accounting equation that implies that the assets are equal to liabilities can be fulfilled only when Hon'ble Commission considers the GFA and CWIP on the asset side and the Grants, Equity and loans borrowed on the liability side.

MePTCL would also like to submit that Hon'ble APTEL in ***Appeal No. 141 of 2016 and Appeal No. 142 of 2016 in North Bihar Power Distribution Company Limited (NBPDC) Vs Bihar Electricity Regulatory Commission (BERC)*** has remanded the order passed by BERC and directed to reconsider the consideration of entire grants against GFA. The relevant extract of the judgement is reproduced below:

"The Appellant has stated that there have been three sources for funding the assets of the distribution activities of the Appellant namely debt, equity and grants. The Appellant does not dispute that the servicing of the capital cost through tariff is restricted to the gross value of the assets capitalised and put to use and further only on the debt and equity part of the funding. It is accepted that the grant part is not to be serviced at all through tariff. The grievances of the Appellant are restricted to the State Commission's considering the various assets capitalised as being funded by grant in a disproportionate manner, whereas the Appellant claims that such funding by grants has to be considered along with debt and equity in a proportionate manner. It has been submitted by the Appellant that no asset has been funded only through grant without deploying any debt or equity and its claimed in the manner provided in the tariff Regulations, the depreciation on the assets excluding the proportionate funding through grants.

In the Impugned Order, the State Commission has proceeded on the basis of existence of cash and bank balances as representing the funding of assets by grant. The State Commission has also proceeded on the basis that since

grants were available, the same ought to have been utilised instead of debt and equity funding. The Appellant submitted that the grants given had to be used with matching debt and equity.

In our opinion, the depreciation is an important segment and needs to be re-examined by the State Commission keeping in view the relevant details submitted by the Appellant subject to its prudent check. The Appellant is entitled to raise the issue of rate of depreciation also before the State Commission while the depreciation amount is being re-examined by the State Commission."

The Copy of the Judgement is Annexed to this Petition as Annexure D

MePTCL would like to further submit that in ***Appeal No.108 of 2013, 149 of 2015, 171 of 2014 and 172 of 2014 Gujarat Energy Transmission Corporation Limited Vs Gujarat Electricity Regulatory Commission*** the APTEL in its judgement dated 21.07.2016 has ordered as below:

Further, we direct the State Commission to re-examine with respect to deferred income and portion of the grants as per the Accounting Standard and recommendation of CAG. If necessary, the MYT Regulation has to be suitably amended. Thus, we decide these issues (Issue Nos. 1&2) in favour of the Appellant and the Impugned Orders are to be modified accordingly.

The Copy of the relevant portion of the order is annexed to this Petition as Annexure E

MePTCL would like to further submit that Chhattisgarh State Electricity Regulatory Commission has also followed the similar methodology wherein the grants available in the books of accounts have been proportioned between CWIP and GFA. The relevant extract of the order is reproduced below:

"In order to ascertain the capital mix (i.e., debt, equity, grant) in GFA and Capex for arriving at the Return on Equity and Interest expenses, the Commission has adopted the following approach. For the purpose of permissible equity for RoE in opening GFA as on January 1, 2009, the permissible equity in opening GFA as on April 1, 2005 (34.53%) has been considered and equity addition from the asset added thereafter till December 2008 limited to 30%. Accordingly, the equity as a percentage of GFA as on January 1, 2009 works out to 32.85% as against the submission of CSPDCL of 30% of the opening GFA received as on January 1, 2009."

Table 175: Capital Structuring for CSPDCL (Rs. Crore)

Particulars	Legend	01.04.05		01.04.10			01.04.13		
Opening GFA	1	597.07		2,032.14			2,846.84		
Permissible Equity	2	206.18		636.70			881.10		
% of Equity in GFA	3=2/1	34.53%		31.33%			30.95%		
CAPEX and GFA									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening GFA	A	1,752.15	1,814.90	2,032.14	2,222.89	2,519.07	2,846.84	3,067.84	3,317.84
Opening CWIP	B	1,102.70	1,165.39	1,229.71	1,506.58	1,595.86	1,927.44	2,021.44	2,128.44
Opening Capex	c=a+b	2,854.85	2,980.29	3,261.85	3,729.46	4,114.93	4,774.28	5,089.28	5,446.28
Capitalisation during the Year	D	62.75	217.25	190.74	296.18	327.77	221.00	250.00	311.00
Closing GFA	e=d+a	1,814.90	2,032.14	2,222.89	2,519.07	2,846.84	3,067.84	3,317.84	3,628.84
Closing CWIP	F	1,165.39	1,229.71	1,506.58	1,595.86	1,927.44	2,021.44	2,128.44	2,261.44
Closing Capex	g=f+e	2,980.29	3,261.85	3,729.46	4,114.93	4,774.28	5,089.28	5,446.28	5,890.28
Grants and Consumer Contribution									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Grant and Contribution	H	1,350.94	1,425.98	1,469.26	1,562.91	1,679.12	2,465.51	2,465.51	2,465.51
Consumer Contribution/Grants during the Year	I	75.04	43.28	93.65	116.21	383.55	-	-	-
Closing Consumer Contribution	j=h+i	1,425.98	1,469.26	1,562.91	1,679.12	2,062.68	2,465.51	2,465.51	2,465.51
Consumer Contribution in Opening GFA	k=h*a/c	829.14	868.38	915.36	931.55	1,027.92	1,470.15	1,486.22	1,501.97
Consumer Contribution in Closing GFA	l=j*e/g	868.38	915.36	931.55	1,027.92	1,229.95	1,486.22	1,501.97	1,518.93
Loan Borrowed									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Borrowed Loan	M	565.97	565.97	655.62	848.34	976.85	740.37	992.37	1,277.97
Loan Borrowed during the Year	n	-	89.65	192.72	128.51	166.35	252.00	285.60	355.20
Closing Borrowed Loan	o=m+n	565.97	655.62	848.34	976.85	1,143.20	992.37	1,277.97	1,633.17

It is evident from the above table that CSERC has considered the proportionate grants in the GFA and CWIP and has allowed the depreciation, Return on Equity and Loan accordingly. The copy of the relevant portion of the order is annexed to this Petition as Annexure F

Further, it is pertinent to mention that Hon'ble Commission in its own Regulations i.e., 2014 Tariff Regulations has in Regulation 32.2 mentioned that:

"The interest and finance charges attributable to capital work in progress shall be excluded."

In view of the above justifications and the judgements of the Hon'ble APTEL MePTCL has proposed a similar methodology for apportionment of the grants in Capital Works in Progress and GFA.

MePTCL humbly prays this Hon'ble Commission to accept the methodology adopted by MePTCL and allow the consequential impact on the key ARR elements such as ROE, IOL and Depreciation.

2.3 DEPRECIATION AND RETURN ON EQUITY

MePTCL would like to submit that it has calculated depreciation and return on equity as per the 2014 Tariff Regulations, with a deviation from the methodology adopted by the Hon'ble Commission in previous years. In the instant Petition MePTCL has considered the bifurcation of grants in the capital work in progress and the gross fixed assets in light of the detailed explanation given under Point 2.2 above.

MePTCL prays this Hon'ble Commission to consider the methodology adopted by it for calculation of depreciation and return on equity and allow the same.

2.4 INTEREST ON LOAN

MePTCL has claimed the interest on loan as per the provisions of 2014 Tariff Regulations. As per Regulation 32 of the 2014 Tariff Regulations:

32.1 Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements, bond or debenture and the lending rate specified therein.

Provided that the outstanding loan capital shall be adjusted to make it consistent with the loan amount determined in accordance with Regulation 27.

Further Regulation 27 of the 2014 Tariff Regulations states that:

27.1 For a project declared under commercial operation on or after 1.4.2015, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan;

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff.

In view of the above Regulations, since the Hon'ble Commission has restricted the equity to 30% of the GFA, MePTCL has considered the normative loan (70% of the GFA less grants in GFA and equity in GFA) as opening balance for the purpose of calculating the interest on loan. Further, since Hon'ble Commission has been considering the actual repayment of loan in the previous years, the total repayment made till date has been considered as cumulative repayment for arriving at net normative loan. The addition in the normative loan has been considered in proportion to the capitalization during the year and the repayment has been considered at actuals.

The interest booked in the statement of account against each of the actual loan has been considered for the purpose of arriving at the weighted average rate of interest. This weighted average rate of interest has been used for calculating the interest on loan by multiplying it with the average normative loan.

The other financing charges such as guarantee fees have been claimed as per actuals in the audited statement of account.

2.5 OPERATION AND MAINTENANCE EXPENSES

In line with the settled regulatory practice followed by Hon'ble Commission in previous years, the operation and maintenance expenses have been claimed as per the audited statement of account. Further, it is pertinent to note that the O&M expenses of common shared services are booked in the accounts of the holding company i.e., MeECL, hence the O&M expenses booked in the accounts of MeECL have been apportioned equally among the three companies.

Further, in line with the directions of Hon'ble Commission in previous years, the actuarial valuation for the FY 2021-22 and FY 2022-23 has been done and the

Terminal Benefits accounted for in the audited statement of account has been claimed accordingly.

2.6 NON-TARIFF INCOME

The Non-Tariff Income has been considered as per the audited statement of account with following exclusions:

- i. Amortization of grants shown in the audited accounts in non-tariff income has been excluded from the claim as the entire movement in grants has been considered at the time of calculation of return on equity and depreciation. Since the amortization of grants is not an actual income and has been accounted in the statement of accounts for the purpose of the complying with the relevant accounting standards issued by ICAI hence the same is not in the nature of revenue.

In line with the methodology of each component of ARR explained in this chapter the claims of Truing Up for FY 2022-23 is discussed in details in the subsequent chapter.

3. TRUING UP OF EXPENSES OF FY 2022-23

3.1 BACKGROUND

Hon'ble Commission vide order dated 25.03.2021 in Case No. 03 of 2021 has allowed the Multi Year ARR for MePTCL including the ARR of FY 2022-23. The ARR for the year was further revised vide order dated 25.03.2022 in Case no. 28 of 2021- Aggregate Revenue Requirement and Transmission Tariff for FY 2022-23. Since, the Annual Statement of Accounts for FY 2022-23 have been audited and hence in terms of the provisions of Regulation 11 of the 2014 Tariff Regulations, MePTCL is filing the true up Petition for FY 2022-23.

3.2 REGULATORY PROVISION FOR FILING OF TRUE UP PETITION

The Hon'ble Commission has notified the Meghalaya State Electricity Regulatory

Commission (Multi Year Tariff) Regulations, 2014 on 15th September 2014 which is applicable for determination of tariff effective from 1 April 2015. Regulation 11 of the said Regulations lays down the general guiding principles for truing up and the provisions of the said Regulations are reproduced below for reference:

"11. Truing-Up

11.1 Where the Aggregate Revenue Requirement and expected revenue from tariff and charges of a Generating Company or Transmission Licensee or Distribution Licensee is covered under a Multi-Year Tariff framework, then such Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall be subject to truing up of expenses and revenue during the Control Period in accordance with these Regulations.

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:

11.3 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.

It is further stated that the amendment to Regulation 11.3 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 dated 15th June 2021 is as follows:

"Provided that the Generating Company or Transmission 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 a Statutory Auditor appointed by C&AG, 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."

11.4 Provided further that once the Commission notifies the Regulations for submission of Regulatory Accounts applications for tariff determination and truing up shall be based on the Regulatory Accounts.

11.5 The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:

- a) a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check including pass-through of impact of uncontrollable factors;
- b) Review of compliance with directives issued by the Commission from time to time;
- c) Other relevant details, if any.

11.6 In respect of the expenses incurred by the Generating Company, Transmission Licensee and Distribution Licensee during the year for controllable and uncontrollable parameters, the Commission shall carry out a detailed review of performance of an applicant vis-a-vis the approved forecast as part of the truing up.

11.7 Upon completion of the truing up under Regulation 11.4 above, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 12 below, to factors within the control of the applicant (controllable factors) or to factors beyond the control of the applicant (uncontrollable factors):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 12.1 below shall be attributed entirely to controllable factors.

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;

3.3 PHYSICAL AND OPERATIONAL PERFORMANCE

MePTCL would like to submit that there has been substantial growth in terms of the infrastructure and there has been substantial increase in the infrastructure which shows MePTCL's commitment to improve the performance and cater to the growing demand of the consumers in an efficient manner.

The growth of infrastructure of the MePTCL is tabulated below:

Table 1 Growth In Infrastructure of MePTCL

Substation in MVA		
	FY 2021-22	FY 2022-23
400 KV	630	630
220 KV	520	520

132 KV	640	640
Total	1790	1790

No. Of Substation Bays		
	FY 2021-22	FY 2022-23
400 KV	6	6
220 KV	12	12
132 KV	106	106
33 KV	76	76
Total	200	200

Lines		
	FY 2021-22	FY 2022-23
400 KV	4.648	4.648
220 KV	226.84	226.84
132 KV S/C	519.82	538.72
132 KV D/C	708.844	708.844
132 KV M/C	15.96	15.96
Total	1476.112	1495.012

3.4 TRANSMISSION SYSTEM AVAILABILITY FACTOR AND TRANSMISSION LOSSES

MePTCL would like to submit that the Transmission System Availability Factor and Transmission loss for past five years including the FY 2022-23 is tabulated below:

Table 2 Transmission System Availability and Transmission Losses

FY	2018-19	2019-20	2020-21	2021-22	2022-23
Transmission System Availability (%)	99.69	99.55	98.65	99.35	99.22
Transmission Loss (%)	4.08	3.78	3.49	3.01	3.16

MePTCL requests Hon'ble Commission to approve the Transmission System Availability Factor of 99.22% and Transmission Loss of 3.16% for FY 2022-23.

4. COMPUTATION OF COMPONENTS OF AGGREGATE REVENUE REQUIREMENT FOR FY 2022-23

4.1 COMPONENTS OF TARIFF

The Regulation 65 of the MYT Regulations, 2014, provides the cost components of MePTCL. The relevant regulation is reproduced below for ready reference:

"65 Components of tariff

Annual Transmission Charges for each year of the Control Period:

65.1 The Annual Transmission Charges for each financial year of the Control Period shall provide for the recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial year of the Control Period, a reduced by the amount of Non-Tariff Income, income from Other Business and short-term transmission charges of the previous year, as approved by the Commission: Provided that in case of competitively awarded transmission system projects in pursuance of Section 63 of the Act and in accordance with guidelines for competitive bidding for transmission, the annual transmission charges shall be as per the annual Transmission Service Charges (TSC) quoted by such competitively awarded transmission projects.

65.2 The Annual Transmission Charges of the Transmission Licensee shall be determined by the Commission on the basis of an application for determination of Aggregate Revenue Requirement made by the Transmission Licensee in accordance with Chapter-2 of these Regulations.

65.3 The Annual Expenditure of the Transmission Licensee shall comprise of the following:

- 1) Return on equity as may be allowed;*
- 2) Interest on loan capital;*
- 3) Depreciation as may be allowed;*
- 4) Interest on working capital;*
- 5) Operation and maintenance expenses;*
- 6) Taxes on Income*
- 7) Annual License fee*

65.4 The Annual Transmission Charge of the Transmission Licensee shall be determined after deducting the following components from the Annual Expenditure as determined above:

- 1) Income from surcharge and additional surcharge for Open Access Consumers if any*
- 2) Transmission/wheeling charges recovered from Open Access Consumers, if any*
- 3) Authorized portion of Income/ Revenue from other business engaged in by the Licensee for optimum utilization of assets, if any."*

The detailed methodology of Computation of individual component has been detailed out in Chapter 2

The calculation of the individual components of ARR is discussed in this chapter.

4.2 GROSS FIXED ASSETS

MePTCL has considered the opening GFA as considered by the Hon'ble Commission in the order dated 21/11/2023 in Case No. 02 of 2023 for Truing Up of Expenses for FY 2021-22. The addition and deletion have been considered as per actuals as per the audited statement of accounts.

Table 3 Gross Fixed Assets for FY 2022-23

Particular	Amount in Rs. Cr.
Opening GFA	508.48
Addition During the Year	36.96
Deletion During the Year	0.02
Closing GFA	545.42

4.3 CAPITAL STRUCTURE

As explained in detail in Chapter 2 MePTCL would like to reiterate that the grants available in the books of accounts do not pertain to the Gross Fixed Assets only but also to the capital works in progress. Hence in line with the judgements of the Hon'ble APTEL and the methodology adopted by other Commissions, MePTCL proposes the capital structure as under:

Table 4 Capital Structuring for 2022-23

Particular	Amount
Opening GFA	421.08
Capitalization During the Year	36.96
Opening CWIP	177.68
Opening Capex	598.76
Closing GFA	458.02
Closing CWIP	234.28
Closing Capex	692.30

Particular	Amount
Opening Grant and Consumer Contribution	89.26
Closing Grant and Consumer Contribution	145.74
Addition During the Year	56.47
Opening Grant and Consumer Contribution In GFA	62.77
Closing Grant and Consumer Contribution in Closing GFA	96.42
Gants corresponding to Capitalization	22.31
Equity in Opening GFA	107.49
Closing Equity	108.48
Average Equity	107.99
Loans In GFA	250.81
Loans in Closing GFA	253.12
Average Loan	251.97

It is pertinent to note that there is a difference in the audited accounts and as considered by Hon'ble Commission in the previous true ups due to the Ind AS adjustments not considered by the Hon'ble Commission. However, the grants in the books of accounts pertains to the GFA in the books of accounts hence the capital structure has been considered as per the books of accounts. However, the subsequent calculations of the dependent components are based on the GFA considered by the Hon'ble Commission only in the previous true ups.

MePTCL request the Hon'ble Commission to accept the methodology proposed by it for capital structuring and calculation of subsequent components depending on the capital structure.

4.4 RETURN ON EQUITY

MePTCL would like to submit that the return on equity has been calculated in line with the provisions of Regulation 27 of the 2014 Tariff Regulations and the capital structure presented in the Table 4 above

The calculation of Return on Equity is tabulated below:

Table 5 Return on Equity

Particular	Actual (True Up)
Opening Equity	133.71
Closing Equity	134.70
Average Equity	134.20
Rate of Return on Equity	0.14
Return on Equity	18.79

The detailed calculation of return on equity is provided in the Excel model annexed to this Petition.

4.5 INTEREST ON LOAN

Interest on loan has been computed as per the provisions of Regulations 27 and Regulation 32 of the 2014 Tariff Regulations. The weighted average rate of interest has been computed on the actual loans running as tabulated below:

Table 6 Computation of Weighted Average Rate of Interest

Name of Loan	Opening Loan	Closing Loan	Average Loan	Interest Paid During 2022-23	Net Interest	ROI
REC Killing - Byrnihat Loan	7.21	5.87	6.54	0.71	0.71	10.86%

Table 7 Calculation of Interest on Loan

Particular	Amount
Opening Normative Loan	311.99
Cumulative Repayment	50.78
Net Normative Loan	261.21
Addition in Loan	2.31
Repayment	1.34

Net Normative Loan Closing	262.18
Average loan	261.69
WAROI	10.86%
Interest on Loan	28.43

4.6 DEPRECIATION

The depreciation has been computed as per the methodology adopted by Hon'ble Commission in the previous true ups. Further the opening balance of GFA has been considered as per the GFA approved by Hon'ble Commission in the order dated 21/11/2023 in Case No. 01 of 2023 in true up of 2021-22. The calculation of depreciation is tabulated below:

Table 8 Calculation of Depreciation of 2022-23

Sl No	Asset Description	Opening Balance	Addition During 2022-23	Retirement During 2022-23	Closing Balance	Rate of Depreciation	Depreciation During the Year
1	Land	9.75	2.41	0.02	12.14	0.00%	0.00
2	Buildings	17.88	0.53	0.00	18.41	3.34%	0.61
3	Plant and equipment	153.84	16.15	0.00	169.99	5.28%	8.55
4	Furniture and Fixtures	0.98	0.00	0.00	0.98	6.33%	0.06
5	Vehicles	0.22	0.00	0.00	0.22	9.50%	0.02
6	Office Equipments	7.16	0.16	0.00	7.31	6.33%	0.46
7	Hydraulic Works	0.09	0.00	0.00	0.09	5.28%	0.00
8	Other Civil Works	12.92	0.00	0.00	12.92	3.34%	0.43
9	Lines and Cable Works	305.65	17.71	0.00	323.36	5.28%	16.61
	Total	508.47	36.96	0.02	545.41		26.74
	Rate of Depreciation						4.90%
	Average Grants in GFA						79.60
	Depreciation on Grants						3.90
	Net Depreciation						22.84

MePTCL requests Hon'ble Commission to allow the depreciation of Rs.22.84 Cr as detailed above for FY 2022-23.

The detailed calculation of the depreciation is provided in the excel model annexed to this Petition.

4.7 OPERATION AND MAINTENANCE EXPENSES

As per the settled practice followed by Hon'ble Commission in the past, the operation and maintenance expenses have been claimed as per the audited accounts of FY 2022-23. The details of operation and maintenance expenses are tabulated below:

a. Employee Expenses

Employee expenses have been claimed as per the audited accounts. It is further reiterated that the actuarial valuation for the FY 2022-23 has already been done and the terminal benefits have been accounted in the accounts as per the same.

Table 9 Employee Expenses (Rs. Cr.) for FY 2022-23

Particular	Actual as Per Accounts
Salaries and Wages	34.60
Gratuity Expenses	1.67
Leave Encashment Expenses	6.21
Pension Expenses	12.27
Contribution to Provident Fund	1.46
Apportionment of Employee Benefit of Holding Company	11.92
Total Employee Expenses of MePTCL	68.13
1/3rd of the Employee Expenses of MeECL	1.62
Total Employee Expenses	69.75

MePTCL humbly prays Hon'ble Commission to allow the employee expenses of Rs. 69.75 Cr for FY 2022-23.

b. R&M Expenses

R&M expenses have been claimed as per the audited statement of accounts. The MeECL expenses have been apportioned in the three companies in equal proportion.

Table 10 R&M Expenses (Rs.Cr.) for FY 2022-23

Particular	Actual as Per Audited Accounts
R&M Expenses Buildings	0.04
R&M Expenses Plant and Machinery	0.32
R&M Civil Works	0.03
R&M Lines and Cables	4.25
R&M Vehicles	0.01
R&M Furniture's and Fixtures	0.00
R&M Office Equipments	0.77
Total R&M Expenses	5.42
1/3 of R&M Expenses of MeECL	0.34
Total R&M Expenses	5.76

MePTCL requests Hon'ble Commission to allow the R&M expenses of Rs.5.76 Cr for FY 2022-23.

c. A&G Expenses

In line with the claims of the employee expenses and R&M expenses the A&G expenses have also been claimed as per the statement of accounts. The A&G expenses of MeECL has been apportioned in the three companies in equal proportion.

MePTCL would like to further submits that the A&G expenses of MeECL also includes the penalty of Rs.1.21 Cr which has been excluded from the claim as a principle of honesty.

Table 11 A&G expenses (Rs.Cr.) for FY 2022-23

Particular	Actual As per Accounts
Insurance Charges	0.71
Rent, Rates and Taxes	0.00
Telegram, Postage, Telegraph and Telex charges	0.06

Particular	Actual As per Accounts
Training, conveyance and vehicle running expenses	1.23
Printing and stationery expenses	0.03
Auditors' remuneration	0.04
Books & Periodicals	0.00
Advertisement charges	0.00
Technical Fees	0.00
Legal and professional charges	0.08
Meghalaya State Electricity Regulatory Commission (MSERC) Fees	0.06
Bank Charges	0.00
Miscellaneous expenses	0.01
Electricity Charges	0.69
GST Expenses	0.01
ROC Charges	0.01
Staff Advance written off	0.00
POC Rebate	0.00
Excess Interest on FD	0.00
Total A&G Expenses	2.93
1/3rd of A&G Expenses of MeECL	0.61
Total A&G Expenses	3.54

MePTCL request Hon'ble Commission to allow the A&G expenses of Rs.3.54 Cr for FY 2022-23.

4.8 INTEREST ON WORKING CAPITAL

Regulation 34.3 of the 2014 Tariff Regulation details out the methodology of the computation of the Interest on Working Capital for Transmission business. As per the Regulation 34.3:

34.3 Transmission:

"(i) The Transmission Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:

Operation and maintenance expenses for one month; plus

Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus

Receivables equivalent to two (2) month of transmission charges calculated on target availability level;

Interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the financial year in which the Petition is filed.”

In line with the provisions of the above Regulations MePTCL has computed the interest on working capital which is tabulated below. The State Bank of India Advance Rate as on 01.04.2022 has been considered for the purpose of computation of the interest on working capital.

Table 12 Computation of Interest on Working Capital (Rs. Cr.) for FY 2022-23

Particular	Amount
Operation and Maintenance Exp for 2 Months	13.17
1% Maintenance spares on opening GFA escalated at 6%	5.18
Receivables for 2 months of ATC	25.47
Total Working Capital Requirement	43.82
Rate of Interest on Working Capital	12.30%
Interest on Working Capital	5.39

MePTCL humbly requests Hon'ble Commission to allow the interest on working capital as Rs. 5.39 Cr. for the FY 2022-23.

4.9 NON-TARIFF INCOME

The Non-tariff income has been claimed as per the statement of accounts with certain exclusions as explained out in Chapter 2.6.

The details of the Non-Tariff Income for FY 2022-23 is tabulated below:

Table 13 Details of Non-Tariff Income (Rs. Cr.) for FY 2022-23

Particular	Amount
Interest Income from Banks	0.79
Interest Income from Banks Others	0.00
Scrap Sales	0.00
AMC Charges	0.69

Rental and Hiring Income	0.14
Discount Received	0.00
Fees and Penalties	0.16
Sale of Tender Forms	0.01
Misc. Receipts	0.20
Total	1.99
Non-Tariff Income of MeECL (1/3)	3.16
Total Non-Tariff Income	5.16

MePTCL would humbly requests Hon'ble Commission to allow the Non-Tariff Income as Rs.5.16 Cr for FY 2022-23.

4.10 REVENUE FROM TRANSMISSION BUSINESS

As per the settled methodology adopted by the Hon'ble Commission the Revenue from Sale of Power has been considered as per the audited statement of accounts.

Table 14 Details of Revenue From Transmission Business for FY 2022-23

Particular	Amount
Wheeling Charges	73.49
SLDC Charges from MePGCL	1.94
SLDC Charges from MePTCL	1.47
Total Revenue	76.90
Less: SLDC Charges from MePTCL	1.47
Net Revenue	75.43
STU Charges and Open Access Charges	2.93
SLDC Charges	0.36
Total Revenue	78.72

MePTCL requests Hon'ble Commission to approve the revenue for FY 2022-23 as Rs. 78.72 Cr.

4.11 ACCRUED TERMINAL BENEFITS

MePTCL would like to submit before this Hon'ble Commission that as per the directions of the Hon'ble Commission it has done the actuarial valuation for the

terminal benefits. The terminal liabilities for the period from 2013 to 2022-23 after considering the payment of Rs. 860 Cr made to the trust comes out to be Rs. 2441.39 Cr which has been accounted for as Actuarial Loss in the FY 2022-23 in the books of accounts of MePTCL, MePGCL, MePDCL and MeECL as under:

Company	Amount in Rs. Cr
MeECL	21.15
MePDCL	1272.22
MePGCL	749.84
MePTCL	398.17
Total	2441.39

MePTCL would like to further submit that the terminal benefits are an integral part of the employee expenses and are ought to be recovered through tariff.

However, MePTCL also takes the cognizance of the fact that the liabilities accrued for the period of 10 years cannot be allowed by the Hon'ble Commission in one year as that would result in substantial tariff shock.

In view of the above MePTCL would like to propose that the terminal liabilities that have been accrued in 10 years may be allowed in 15 equal installments without any carrying cost. Hence MePTCL proposes an additional recovery of Rs.26.54 Cr for FY 2022-23 and Rs.0.47 Cr on account of the recovery of terminal benefits of MeECL.

MePTCL would also like to submit that the amount of recovery of the accrued liabilities shall be over and above the annual contribution towards terminal benefits. Also since these are not the actual O&M expenses, MePTCL would not claim the said expenses for computation of working capital and escalation of O&M expenses.

Accordingly, MePTCL request Hon'ble Commission to allow the additional recovery of Rs. 27.01 Cr in 2022-23.

4.12 AGGREGATE REVENUE REQUIREMENT FOR FY 2022-23

Based on the computation of various components of ARR as detailed out in previous paragraphs the ARR for 2022-23 is estimated as under:

Table 15 Aggregate Revenue Requirement for FY 2022-23

Particulars	Approved by Commission for 2022-23	Actual (True UP)
Return On Equity	15.67	18.79
Depreciation	24.66	22.84
Interest on Loan	5.56	28.43
Interest on Working Capital	2.71	5.35
Operation and Maintenance Expenses	77.24	79.05
SLDC Charges	1.47	1.47
Total ARR	127.31	155.92
Non-Tariff Income	18.59	5.16
Net ARR	108.72	150.76
Less SLDC ARR	2.94	2.94
ARR for Transmission	105.78	147.82
Accrued Terminal Benefits		27.01
Total ARR		174.83

MePTCL requests Hon'ble Commission to approve the ARR for FY 2022-23 as Rs.147.82 Cr alongwith the accrued terminal benefits of Rs.27.01 Cr.

4.13 REVENUE GAP FOR FY 2022-23

Based on the ARR and Revenue presented above the Revenue Gap for FY 2022-23 is presented below:

Table 16 Revenue Gap for FY 2022-23

Particular	Amount (Rs. Cr.)
Aggregate Revenue Requirement	147.82
Revenue from Transmission of Power	78.72
Gap for FY 2022-23	69.10
Accrued Terminal Benefit	27.01
Total Gap for FY 2022-23	96.12

MePTCL requests Hon'ble Commission to approve the total gap of Rs. 96.12 Cr for FY 2022-23.

5. DETERMINATION OF AGGREGATE REVENUE REQUIREMENT FOR FOURTH CONTROL PERIOD 2024-25 TO 2026-27

MePTCL would like to submit that the Aggregate Revenue Requirement for the fourth control period i.e., 2024-25 to 2026-27 has been based on the orders issued by the Hon'ble Commission on the Petitions filed by MePTCL for the Review of the true up Order for 2020-21, True Up Petition for FY 2021-22 and Business Plan for fourth control period. However, MePTCL reserves the right to file review/ appeal on the aforesaid orders and the claims made by MePTCL in this Petition are liable to change on the basis of the outcomes of such review/ appeals filed by MePTCL.

5.1 REGULATORY BACKGROUND FOR MYT ARR PETITION

As per Regulation 4 of the 2014 Tariff Regulations:

The Hon'ble Commission has notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 on 15th September 2014. It is submitted that Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) regulations, 2014 since amended via notification dated 3rd August 2023, states as under:

"MSERC hereby extends applicability of MYT Regulations for a fourth term of MYT control period from 1.04.2024 to 31.03.2027".

As per Regulations 3, 4 & 7 of the MYT Regulations, 2014, the Hon'ble Commission will determine ARR & Tariff for the Transmission Licensee under Multi Year Tariff framework. The relevant regulations are reproduced below for reference.

"3 Scope of Regulation

3.1 The Commission shall determine tariff within the Multi-Year Tariff framework, for all matters for which the Commission has jurisdiction under the Act, including in the following cases:

i. Supply of electricity by a Generating Company to a Distribution Licensee:

Provided that where the Commission believes that a shortage of supply of electricity exists, it may fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating Company and a Distribution Licensee or between

distribution licensees, for a period not exceeding one year to ensure reasonable prices of electricity;

ii. Intra-State transmission of electricity and SLDC charges;

iii. Intra-State Wheeling of electricity;

iv. Retail supply of electricity:

Provided that in case of distribution of electricity in the same area by two or more Distribution Licensees, the Commission may, for promoting competition among Distribution Licensees, fix only maximum ceiling of tariff for retail sale of electricity:

.....

4 Multi-Year Tariff framework

4.1 The Commission shall determine the tariff for matters covered under clauses (i), (ii), (iii) and (iv) of regulation 3 above under Multi- Year Tariff framework with effect from April 01, 2015.

Provided that the Commission may, either on suo-moto basis or upon application made to it by an applicant, exempt the determination of tariff of a Generating Company or Transmission Licensee or Distribution Licensee under the Multi-Year Tariff framework for such period as may be contained in the Order granting such an exemption.

4.2 The Multi-Year Tariff framework shall be based on the following elements, for determination of Aggregate Revenue Requirement and expected revenue from tariff and charges for Generating Company, Transmission Licensee, and Distribution Business:

a) A detailed Business Plan based on the principles specified in these Regulations, for each year of the Control Period, shall be submitted by the applicant for the Commission's approval:

.....

7 Applicability

7.1 The Multi-Year Tariff framework shall apply to applications made for determination of tariff for a Generating Company, Transmission Licensee, and Distribution Licensee for Distribution Business."

The Regulation 6 of the MYT Regulations, 2014, provides the guidelines for filing of Multi Year Tariff. The relevant sections are reproduced below:

"6 Accounting statement and filing under MYT

6.1 The filing under MYT by the Generating Company, Transmission Licensee, and Distribution Licensee, shall be done on or before 30th November each

year to the Commission and in compliance with the principles for determination of ARR as specified in these Regulations, in such formats and at such time as may be prescribed by the Commission from time to time. The filing of truing up of petitions prior to MYT period shall be done in the manner and at such time as may be decided by the Commission.

6.2 The filing of MYT Petition for the Control Period under these Regulations shall be as under:

a) MYT Petition shall comprise of:

i. Multi-year Aggregate Revenue Requirement for the entire Control Period with year-wise details;

ii. Revenue from the sale of power at existing tariffs and charges and projected revenue gap, for the first year of the Control Period under these Regulations.

iii. Application for determination of tariff for first year of the Control Period.

.....

In the context of filing of MYT petition, it is important to note that , J.N. Gupta & Comp. has been appointed as Statutory Auditor of MePTCL and M/s Parik & Co. Chartered Accountants has been appointed as Statutory Auditor of MeECL. The firms are chartered Accountancy firms, appointed as Statutory Auditors for the FY 2021-22 by the Comptroller & Auditor General of India (C&AG). As such, MePTCL requests the Commission to consider the MYT petition based on the finalized statement of accounts for FY 2021-22 and provisional statement of account for FY 2022-23. This is applicable and allowable as per Clause 18 of the MSERC Multi Year Tariff Regulations, 2014 which is given below:

"18 Filing Procedure

18.1 The applicant shall file the petition for approval of truing up of previous year and tariff for ensuing financial year on or before 30 November each year provided that MYT petition for FY 2015-16 to 2017-18 shall be filed along with the business plan.....

18.2 Provided that the information should be based on audited accounts and in case audited accounts of previous year is not available audited accounts for the year immediately preceding the previous year should be filed along with the unaudited accounts for the previous year"

MePTCL would like to submit the MYT ARR Petition has been prepared based on the provisions of the aforesaid Regulations for the fourth control period i.e., FY 2024-25 to FY 2026-27.

MePTCL has filed the Petition for approval of the business plan for the fourth control period i.e., FY 2024-25 to FY 2026-27 wherein it has projected the following components of ARR:

- i. Transmission System Availability Factor
- ii. Transmission Losses
- iii. Capital Expenditure and expected capitalization

Hon'ble Commission vide order dated 21.11.2023 has approved the business plan filed by MePTCL. The MYT ARR Petition has been prepared based on the principles adopted in the business plan and subsequent approval of Hon'ble Commission. The detailed approach of each component of Multi Year Aggregate Revenue Requirement has been discussed in details in subsequent sections.

5.2 TRANSMISSION SYSTEM AVAILABILITY FACTOR

MePTCL would like to submit that the Transmission System Availability Factor as projected and approved by Hon'ble Commission for the fourth control period is tabulated below:

Table 17 Transmission System Availability Factor

System Availability	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Intra State (%)	98.65%	98.70%	98.75%	98.75%
Inter State (%)	99.79%	99.80%	99.80%	99.80%
Overall (%)	99.22%	99.25%	99.28%	99.28%

5.3 APPROVED CAPITALIZATION AND CAPITAL EXPENDITURE AND GFA

Hon'ble Commission vide order dated 21.11.2023 approved the business plan for transmission business of MePTCL. The capital expenditure and capitalization as approved by the Hon'ble Commission has been considered for projections of ARR for the control period. However, MEPTCL reserves the right to file review/appeal on aforesaid order and the figures of capex and capitalization are liable to change based on the outcome of such appeal/review. The approved capitalization can capex is tabulated below:

Table 18 Approved Capital Expenditure for Fourth Control Period

Sl. No.	Category	Capital Expenditure (in INR Crs)				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
1	Transmission Lines	65.19	330	375.47	284.02	1054.68
2	Substations	30.86	22	37.5	10.5	100.86
3	Other works	30.05	51.92	17.36	17	116.33
Total Capital Expenditure		126.1	403.92	430.33	311.52	1271.87

Table 19 Approved Capitalization for Fourth Control Period

S No.	Category	Capitalization (in INR Crores)				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
1	Transmission Lines	72.74	57.6	93.27	896.72	1120.33
2	Substations	15	30.67	30	58.63	134.3
3	Other works	9.08	68.31	0	44.36	121.75
Total Capitalization		96.82	156.58	123.27	999.71	1376.38

Gross Fixed assets for the control period has been calculated by taking the opening GFA as on 2022-23 as approved by Hon'ble Commission in order dated 21.11.2023 in Case No.2 of 2023. The movement of GFA during the control period is tabulated below:

Table 20 Movement of GFA During the Fourth Control Period

Particular	2023-24	2024-25	2025-26	2026-27
Opening GFA	545.41	642.23	798.81	922.08
Capitalization During the Year	96.82	156.58	123.27	999.71
Closing GFA	642.23	798.81	922.08	1921.79

5.4 CAPITAL STRUCTURING

In line with the detailed methodology and justifications provided on Chapter 2 MePTCL has projected the Capital structure for the purpose of estimation of equity grants and loans in GFA for the control period.

The capital expenditure and capitalization and addition of grants have been considered as per the Capital investment plan approved by Hon'ble Commission in the Petition for Business plan for the control period.

The capital structure of MePTCL for the fourth control period is tabulated below:

Table 21 Capital Structure for Fourth Control Period

Particular	2023-24	2024-25	2025-26	2026-27
Opening GFA	450.21	547.02	703.60	826.87
Opening CWIP	228.09	453.86	381.90	362.40
Opening Capex	678.30	1000.89	1085.51	1189.28
Capitalization	96.82	156.58	123.27	999.71
Closing GFA	547.02	703.60	826.87	1826.58
Closing CWIP	453.86	381.90	362.40	357.40
Closing CAPEX	1000.89	1085.51	1189.28	2183.99
Opening Grants	145.74	266.57	692.08	1120.01
Closing Grants	266.57	692.08	1120.01	1431.53
Opening Grants in GFA	96.73	145.69	448.59	778.71
Closing Grants in GFA	145.69	448.59	778.71	1197.26
Opening Equity In GFA	108.48	108.48	108.48	108.48
Closing Equity in GFA	108.48	108.48	108.48	108.48
Opening Loan In GFA	245.00	292.85	299.90	302.30
Closing Loan in GFA	249.28	299.90	302.30	302.30

As per the capital expenditure plan approved by Hon'ble Commission no equity addition has been considered for the purpose of projections of capital structure. However, the aforesaid figures are subject true-up based on the actual capitalization and capitalization of works out of CWIP as on 31.03.2024.

MePTCL requests Hon'ble Commission to approve the capital structure of MePTCL as above.

5.5 RETURN ON EQUITY

MePTCL would like to submit that based on the table of capital structure depicted above the Equity in opening and closing GFA has been considered for the purpose of calculation of Return on Equity. Since the GFA considered by Hon'ble Commission is not as per the books of accounts the proportionate adjustment has been done in the calculation of opening and closing equity.

The Return on Equity for the fourth control period is tabulated below:

Table 22 Calculation of Return on Equity for the Fourth Control Period

Particular	2024-25	2025-26	2026-27
Opening Equity	127.36	127.36	127.36
Equity Addition	0.00	0.00	0.00
Closing Equity	127.36	127.36	127.36
Average Equity	127.36	127.36	127.36
Rate of Return	14%	14%	14%
Return on Equity	17.83	17.83	17.83

The detailed calculation of Return on Equity has been provided in the excel model submitted along with the Petition.

5.6 INTEREST ON LOAN

In line with the methodology adopted for calculation of opening and closing equity and the justification provided in the Chapter 2 the loan component has been arrived at on normative basis. The subsequent addition has been considered as per the capital investment plan approved in the Business Plan order of Hon'ble Commission for the fourth control period.

The weighted average rate of interest has been considered as the weighted average rate of interest of FY 2022-23 which is subject to change based on actuals at the time of truing up of respective years.

The calculation of interest on loan is tabulated below:

Table 23 Calculation of Interest on Loan for Fourth Control Period

Particular	2024-25	2025-26	2026-27
Opening Gross Loan	316.27	323.32	325.72
Cumulative Repayment	53.88	55.93	57.50
Net Opening Loan	262.39	267.39	268.21
Addition	7.05	2.40	0.00
Repayment	2.04	1.58	1.34
Closing Loan	267.39	268.21	266.88
Average Loan	264.89	267.80	267.55
Rate of Interest	10.86%	10.86%	10.86%
Interest on Loan	28.77	29.09	29.06

5.7 DEPRECIATION

MePTCL would like to submit that the depreciation during the control period has been projected based on the capitalization approved in the business plan and the capital structure proposed above.

The rate of depreciation has been considered as the weighted average rate of depreciation of FY 2022-23 since the asset wise breakup of GFA cannot be projected at this stage. However, MePTCL craves leave to submit the actual breakup of GFA and weighted average rate of interest of respective years during the truing up exercise. The calculation of depreciation for the control period is tabulated below:

Table 24 Calculation of Depreciation for the Fourth Control Period

Particulars	2024-25	2025-26	2026-27
Opening GFA	642.23	798.81	922.08
Closing GFA	798.81	922.08	1921.79
Average GFA	720.52	860.44	1421.93
Rate of Depreciation	4.90%	4.90%	4.90%
Depreciation	35.32	42.18	69.71
Average Grants in GFA	391.07	789.07	1173.67
Depreciation in Grants	19.17	38.68	57.54
Net Depreciation	16.15	3.50	12.17

5.8 OPERATION AND MAINTENANCE EXPENSES

MePTCL would like to submit that the operation and maintenance expenses have been computed by considering a year on year escalation of 5.18% over the actual operation and maintenance expenses of FY 2022-23. The escalation rate has been calculated by considering the weighted average increase in WPI and CPI in 2022-23. The weights of WPI and CPI considered for calculation of composite index are 50% each. Further, as appraised in the business plan the pay revision of MeECL and subsidiary companies is due in January 2025. The estimated multiplication factor of 1.59 has been considered as an impact of wage revision. The methodology for calculation of the multiplication factor of 1.59 is annexed to this Petition as Annexure G.

Thus for the purpose of the computation of employee expenses of 2024-25 the estimated employee expenses (salary and wage component) of 2023-24 is escalated at 5.18% for 9 months and for rest of the 3 months of 2024-25 the multiplication factor of 1.59 has been considered. The detailed calculation of employee expenses, R&M expenses and A&G expenses has been provided in the excel model submitted along with the Petition.

Further, since MePTCL is filing the ARR Petition for SLDC business separately the operation and maintenance expenses reported in audited accounts of SLDC have been removed for the purpose of calculation of O&M expenditure for the control period.

The calculation of employee expenses, R&M expenses and the A&G expenses is tabulated below:

Table 25 Projections of Employee Expenses for Fourth Control Period

Particular	Actual 2022-23	2023-24	2024-25	2025-26	2026-27
Salaries and Wages	34.60	31.63	37.52	39.46	41.51
Gratuity Expenses	1.67	1.76	1.76	1.85	1.95
Leave Encashment Expenses	6.21	6.53	6.53	6.87	7.22
Pension Expenses	12.27	12.91	12.92	13.58	14.29

Particular	Actual 2022-23	2023-24	2024-25	2025-26	2026-27
Contribution to Provident Fund	1.46	1.53	1.53	1.61	1.70
Apportionment of Employee Benefit of Holding Company	11.92	12.54	12.55	13.20	13.88
1/3rd of the Employee Expenses of MeECL	1.62	1.70	1.70	1.79	1.88
Total Employee Expenses	69.75	68.60	74.51	78.37	82.43

MePTCL would like to further submit that the employee expenses projected in the table above are based on the actual expenses of FY 2022-23 and hence does not cover the impact of the recruitment of new employees during the control period. Accordingly, the actual employee expenses shall be claimed at the time of truing up of respective years.

Table 26 Projections of R&M and A&G Expenses for the Fourth Control Period

Particular	2023-24	2024-25	2025-26	2026-27
R&M Expenses	5.20	5.47	5.75	6.05
A&G Expenses	3.44	3.62	3.81	4.01

MePTCL humbly prays this Hon'ble Commission to approve the O&M expenses as projected above.

5.9 NON-TARIFF INCOME

MePTCL would like to submit that since there is no methodology defined in the 2014 Tariff Regulations for estimating the Non-Tariff Income, an escalation of 5% has been considered over and above the actual non-tariff income of FY 2022-23 (audited) for the purpose of estimation of Non-Tariff Income.

Accordingly, the Non-Tariff Income for the fourth control period is projected as tabulated below:

Table 27 Projections of Non-Tariff Income for Fourth Control Period

Particular	2024-25	2025-26	2026-27
Non-Tariff Income	7.35	7.71	8.10

5.10 AGGREGATE REVENUE REQUIREMENT

Based on the explanation and the calculation of individual components in above paragraphs the ARR for the fourth control period is estimated as under:

Table 28 ARR Projection for Fourth Control Period

Particular	2024-25	2025-26	2026-27
Depreciation	16.15	3.5	12.17
Return on Equity	17.83	17.83	17.83
Interest on Loan	28.77	29.09	29.06
Operation and Maintenance	83.61	87.93	92.48
Interest on Working Capital	6.64	6.61	7.16
SLDC Charges	3.9	4.95	7.005
Total AFC	156.8	149.79	165.525
Non-Tariff Income	7.35	7.71	8.1
Net ARR	149.45	142.08	157.425
Add Gap of True up of 2022-23 petitioned	69.10		
Add Gap of True up of FY 2021-22	8.32		
Add Gap of Review of FY 2020-21	0.09		
Add Gap Pertaining to Terminal Benefits	27.015		
Total ARR	254.08	142.20	157.61

Since, MePTCL is filing a separate Petition for determination of ARR for SLDC business, the same has not been included in the ARR of the Transmission business. The SLDC charges determined by the Hon'ble Commission shall form part of the MePTCL ARR. MePTCL humbly prays the Hon'ble Commission to approve the ARR claimed above provisionally subject to true up of respective years.

5.11 TRANSMISSION TARIFF FOR FY 2024-25

Based on the Aggregate Revenue Requirement, the petitioner has computed the transmission tariff as below:

Table 29 Computation of Transmission Tariff and Open Access Charges

S No	Particular	FY 2024-25
1	Annual Transmission Charges	254.08
2	Total MW Allocation (MW)	258.12
3	Transmission Tariff (Rs./MW/Day)	26967.98
4	Energy Transfer	1954.53
5	Transmission Tariff (Paise/Unit)	129.99

*The Energy Transfer Values for FY 2024-25 refers to sale of power by MePDCL within the state and has been taken from the Approved Business Plan of MePDCL for FY 2024-25 to FY 2026-27 dated 21.11.2023

The petitioner prays to the Hon'ble Commission to kindly allow the tariff for FY 2024-25 as computed above.

6. STATE LOAD DESPATCH CENTRE ARR for FY 2024-25 to FY 2026-27

- 6.1 The State Load Despatch Centre was established under section 31 of Electricity Act, 2003 (therein after the Act). As per Order No. PER-I/135/92/Part/6 dated 28/06/04, the full fledged SLDC started operation in the year 2004, headed by an officer of the rank of a Superintending Engineer under the control of MeECL. Later, as per Notification No. MeECL/GA/302/2009/36 dt.20.06.2012, the SLDC was entrusted to Meghalaya Power Transmission Corporation Limited from 1st April, 2012. Further as per notification no. Power- 79/2009/445 dated 18.06.2013; Government of Meghalaya has notified functional independence of SLDC to enable the ring fencing. The notification mandates that SLDC shall work as a strategic business unit under the transmission licensee MePTCL. As per the directives of the MSERC, it is informed that SLDC has started functioning independently and opened a separate account in order to carry out commercial transactions.

- 6.2 The SLDC is the apex body to ensure integrated operation of the power system in the State of Meghalaya and to exercise the statutory functions as provided in section 32 of the Act. Under the said section the SLDC may also levy and collect fees and charges from the generating companies and licensees engaged in intra-state transmission of electricity as may be specified by the State Commission.

6.3 STATUTORY REQUIREMENTS:

1. The Act requires the State Government to establish a separate SLDC for the purpose of a fair operation and control of inter-state and intra-state grid. Under Section 31, SLDC shall be operated by a Govt. Company/Authority/Corporation as may be notified by the State Government. In the State of Meghalaya, SLDC is maintaining the operation and monitoring of inter-state and intra-state grid under the control of State Transmission Utility, that is, the MePTCL.

6.4 DETERMINATION OF ARR FOR FY 2024-25 TO 2026-27:

1. This section outlines the determination of annual revenue requirement of the SLDC for the fourth control period from FY 2024-25 to FY 2026-27. The Petitioner SLDC has submitted the actual expenses and income from fees and charges for FY 2022-23. It is submitted that segregated financial accounts of SLDC for the past period are not available as the same are embedded in the accounts of MePTCL. Attempts to segregate the accounts of SLDC was undertaken and the accounts for FY 2022-23 has been prepared. The actual expenditures and revenue made by SLDC in FY 2022-23 is submitted to determine the ARR for SLDC and the charges for FY 2024-25.
2. MSERC Regulation prescribes that the State Load Despatch Centre is responsible for scheduling and system operation in the State of Meghalaya incorporated under section 31 of the Act. All expenses incurred by the SLDC, shall be accounted for separately. For the discharge of its functions SLDC shall recover the expenses from the Generating Stations monitored and despatched by the SLDC and the Transmission Licensees. The SLDC charges to be recovered from the Generating Stations monitored and despatched by SLDC and Transmission Licensees shall be determined taking into account the following expenses:
 - a. Employee Cost
 - b. Administration and general Charges
 - c. Repairs and Maintenance Expenses
 - d. Depreciation
 - e. Interest and finance charges

f. Interest on working capital, if any

g. Return on equity/Investments

h. Any other expenses incidental to discharging the functions of SLDC.

SLDC also charges from open access consumers the system operation and scheduling charges, application fees, etc. The actual expenses incurred by SLDC for FY 2022-23 and the estimations for the year 2023-24 is submitted. The revenue from open access consumers has also been submitted accordingly.

The GFA, Equity and Loan details as shown in the table below have been considered for calculating the ARR of SLDC:

SI No	Particular	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
		Actual	Projected	Estimated	Estimated	Estimated
1	Opening GFA	7.58	7.82	16.30	17.92	56.02
2	Opening CWIP	3.07	6.19	7.37	43.89	76.99
3	Opening Capex	10.65	14.00	23.66	61.80	133.00
4	Capitalization		8.48	1.62	38.10	44.46
5	Closing GFA	7.82	16.30	17.92	56.02	100.48
6	Closing CWIP	6.19	7.37	43.89	76.99	91.45
7	Closing CAPEX	14.00	23.66	61.80	133.00	191.92
8	Opening Grants	0.00	0.00	0.00	37.53	75.53
9	Closing Grants	0.00	0.00	37.53	75.53	93.09
10	Opening Grants in GFA	0.00	0.00	0.00	10.88	31.81
11	Closing Grants in GFA	0.00	0.00	10.88	31.81	48.74
12	Opening Equity In GFA	3.23	2.00	4.89	2.11	7.26
13	Closing Equity in GFA	2.00	4.89	2.11	7.26	15.52
14	Opening Loan In GFA	0.00	0.00	0.00	3.09	3.09
15	Closing Loan in GFA	0.00	0.00	3.09	3.09	3.09

A) EMPLOYEE COST

The actual employee cost for FY 2022-23 and the estimated employee cost for 2023-24 and projected cost for FY 2024-25 to 2026-27 has been prepared. Currently SLDC is divided into three functions i.e. SLDC, Market Operation and System Management. SAMAST which is a project for Scheduling, Accounting, Metering and Settlement of Transactions will be commissioned by December 2023 under Market Operation Division. Accordingly, additional sanctioned man power is required to be engaged for this function. Additionally, it is proposed for recruitment of additional Assistant Engineers for SCADA operation and for handling the Cyber Security issues as mandated by the Ministry of Power and for operationalization of the Information Security Policy which also included the Cyber Crisis Management Plan (C-CMP) as mandated by the CEA (Cyber Security in Power Sector), Guidelines, 2021 for compliance by all Utilities and SLDCs. Further with an aim to bring up the standard of Shillong SLDC to the national level as desired by the honourable Commission also, additional manpower has to be recruited.

Hence the manpower requirement during 2024-25 to 2026-27 is given below:

Table 1: Manpower Projection

Manpower strength	FY 2022-23 (Actual)	FY 2023-24 (Estimated)	FY 2024-25 (Projection)	FY 2025-26 (Projection)	FY 2026-27 (Projection)
ACE (SLDC)					1
SE (SLDC)	1	1	1	1	1
EE (SLDC)	1	1	1	1	1
EE (System Management)	1	1	1	1	1
EE (Market operation)	1	1	1	1	1
EE (Information Security)	-	1	1	1	1
AEE	9	21	21	22	23
AE & Equivalent	0	5	5	9	9
JE	3	9	9	9	9
Others	13	15	15	18	19
Total	29	55	55	63	66

SLDC would like to further submit that the employee expenses projected in the table below are based on the actual expenses of FY 2022-23 and hence does not cover the impact of the recruitment of new employees during the control period. Accordingly, the actual employee expenses shall be claimed at the time of truing up of respective years.

Table 2: Employee Cost

(Rs. Cr)

Manpower strength	FY 2022-23 (Actual)	FY 2023-24 (Estimated)	FY 2024-25 (Projection)	FY 2025-26 (Projection)	FY 2026-27 (Projection)
Salaries	2.93	3.08	3.24	3.41	3.59
Staff Welfare	0.01	0.01	0.01	0.02	0.02
Employee cost prior period	0.04	0.04	0.04	0.04	0.05
CPS contribution	0.14	0.14	0.15	0.16	0.17
TOTAL	3.12	3.28	3.45	3.63	3.82

B) ADMINISTRATION AND GENERAL CHARGES:

The A&G expenses of SLDC are as follows:

Table 3: A&G expenses

(Rs. Cr)

Sl No	Particulars	FY 2022-23 (Actuals)	FY 2023-24 (Estimated)	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
1	Insurance charges	0.0	0.0	0.0	0.0	0.0
2	Telephone charges, postage, telegram, telex etc	0.0	0.0	0.1	0.1	0.1
3	Training, conveyance & vehicle running expenses	0.1	0.1	0.1	0.1	0.2
4	Technical fees	0.1	0.1	0.1	0.1	0.1
5	Printing & Stationery	0.0	0.0	0.0	0.0	0.0
6	Bank Charges	0.0	0.0	0.0	0.0	0.0
	TOTAL	0.3	0.3	0.3	0.3	0.3

C) REPAIRS AND MAINTENANCE EXPENSES

The repairs and maintenance expenses of SLDC mainly includes maintenance of SCADA/EMS & wideband communication system, AMC charges for ABT computer system, maintenance costs of auxiliary power supply system, maintenance of system support services and maintenance of buildings. Repairs and maintenance expenses for the FY 2024-25 to 2026-27 are projected as follows:

Table 4: Repair and Maintenance cost

(Rs. Cr)

SI No	Particulars	FY 2022-23 (Actuals)	FY 2023-24 (Estimated)	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
1	Lines & Cables	0.06	0.07	0.07	0.07	0.08
2	Office Equipment	0.75	0.79	0.83	0.87	0.92
3	Buildings & Other Civil works		0.12	0.08	0.08	0.08
4	Furniture & fixtures		0.02	0.03	0.03	0.04
	TOTAL	0.81	0.99	1.01	1.05	1.11

D) DEPRECIATION

SLDC has several IT and OT assets utilized for grid operation and maintenance, open access customers, bit rate meters, etc and therefore the projected depreciation is shown below :

Table 5: Depreciation as 31.03.2023 (in Rs. crores)

SI No	Fixed Asset	Depreciation				
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1	Building	0.03	0.03	0.03	0.53	0.71
2	Plant & Equipment	0.00	0.45	0.53	1.75	4.45
3	Office Equipment	1.02	0.43	0.43	0.43	0.43
	Total	1.05	0.92	1.00	2.72	5.60

E) RETURN ON EQUITY

SLDC submits that as on 31st March 2023 the total GFA of SLDC is Rs.7.82 crores. The Gross Fixed Assets have been funded by 100% Equity, therefore, Normative Debt-Equity ratio of 70:30 is considered. As per Meghalaya State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 the Return of Equity for MePTCL is considered at 14%. As

SLDC is part of MePTCL as on date, Return on Equity for SLDC is also considered to be same as that for MePTCL, i.e., 14% of the total Equity. The computation of Return on Equity is shown in the table below:

The projected RoE for the fourth control period is as follows:

Table 6: Return on Equity (in Rs. crores)

SI No	Particulars	FY 2022-23 (Actuals)	FY 2023-24 (Estimated)	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
1	Opening Equity	3.23353	2.00193	4.89	2.36	8.25
2	Equity Addition	-1.23	2.89	-2.53	5.88	8.99
3	Closing Equity	2.00193	4.88906	2.36	8.25	17.23
4	Average Equity	2.62	3.45	3.63	5.30	12.74
5	Rate of Return	14%	14%	14%	14%	14%
	Return on Equity	0.37	0.48	0.51	0.74	1.78

F) INTEREST AND FINANCE CHARGES:

SLDC has no outstanding loans at present. However, in the Business Plan it is envisaged that if funding is not available for the capital works projected for FY 2024-25 to 2026-27, normative loan is considered for calculation of interest on finance charges. Accordingly, it is proposed that an amount of Rs.1.88 Cr as the interest and finance charges is proposed at the anticipated lending rate of 10.50% for FY 2024-25 to FY 2026-27 respectively .

Table 7: Interest and Finance Charges (in Crores)

Loans	Anticipated Loan Amt	Interest & Finance charges		
		FY 2024-25	FY 2025-26	FY 2026-27
Expansion of Automatic Demand Management System (ADMS)	1.76	0.77	0.71	0.65
Procurement of Load Forecasting tool	0.05	0.02	0.02	0.02
Procurement & installation of Data Analytics Engine	0.07	0.03	0.03	0.03
Procurement of next generation Firewalls for SAS substation and SLDC	0.66	0.29	0.27	0.24
Construction of SAMAST Building	0.2	0.09	0.08	0.07
Construction of back up SLDC	0.35	0.14	0.13	0.12

Control Centre/Data Recover Centre				
TOTAL	3.09	1.34	1.24	1.13

G) INTEREST ON WORKING CAPITAL

The Working capital for SLDC has been computed considering the expenses for Employee cost, A&G and R&M Expenses for 2 months. The Interest rate on Working capital is as per SBI PLR rate as on 1st April, 2023 & 2024 and projected for the period FY 2024-25 to 2026-27. The computation of Interest on working capital is shown in the table below:

Table 8: Interest on Working Capital (in Crores)

SI No	Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
		Actuals	Projected	Estimated	Estimated	Estimated
1	O&M Expenses for 1 Month	0.35	0.38	0.40	0.42	0.44
2	Average GFA for the year	7.70	12.06	17.11	36.97	78.25
3	1% Maintenance Spares (1% of Average GFA for the year escalated at 6%)	0.08	0.13	0.18	0.39	0.83
4	Receivables for 2 Months	0.94	0.99	1.26	1.60	2.26
5	Total Working Capital	1.37	1.50	1.84	2.41	3.53
6	SBI short term PLR as on 1st April 2022	12.30%	14.85%	12.15%	12.15%	12.15%
7	Interest on Working Capital	0.17	0.22	0.22	0.29	0.43

H) INCOME FROM OTHER SOURCES:

The actual as well as the projected other Income of SLDC from Scheduling & Operation Charges, Connection Charges and Application processing fee from Short Term Open Access Customers (STOAC) is shown below. The amount has been assessed on the basis of actual amount received in FY 2022-23 and during the first half of the current financial year after taking into consideration the quantum of power transacted in the power market and number of applicants and transactions.

Table 9: Other Income of SLDC (in Crores)

SI No	Particulars	FY 2022-23 (Actuals)	FY 2023-24 (Estimated)	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
Income from other source:						
1	Scheduling charges	0.36	0.90	0.95	0.98	0.99
2	Application charges	0.09	0.14	0.14	0.14	0.14
3	Sub Total	0.45	1.04	1.09	1.12	1.13
Tariff Income of SLDC:						
4	MePTCL SLDC charges	1.47	1.54	3.9	4.95	7.01
5	MePGCL SLDC charges	1.94	2.04	3.9	4.95	7.01
6	Sub Total	3.41	3.58	7.80	9.90	14.01

The Commission previously directed SLDC to open a separate account under the head "SLDC Fund" for making capital investment in strengthening the SLDC functions, the control system and related hardware/software as per the national standards. To fund the SLDC Fund, the income from open access consumers transactions shall be deposited in it. As confirmed by the Hon'ble Commission vide No. MSERC/MePTCL/Cor/2021-22/228 dated 15.11.2023, the above directive still stand, and accordingly, the Commission will not account this income for the purpose of ARR to be charged from transmission and generating companies. Utilization of the SLDC Fund will be intimated to the Commission when the next tariff is filed.

I) ANNUAL REVENUE REQUIREMENT:

The abstract of Net ARR for FY 2024-25 to 2026-27 of SLDC is mentioned in the Table below. SLDC submits before the Commission to approve Rs 7.80 Crores as ARR for FY 2024-25 :

Table 10: SLDC ARR for FY 2024-25 to 2026-27 (in Crores)

SI No	Particulars	FY 2022-23 Actuals	FY 2023-24 Projected	FY 2024-25 Estimated	FY 2025-26 Estimated	FY 2026-27 Estimated
1	O&M Expenses	4.20	4.55	4.75	4.99	5.26
2	Return on Equity	0.37	0.48	0.49	0.66	1.59

3	Interest on Working Capital	0.17	0.22	0.22	0.29	0.43
4	Interest on Finance Charges	0.00	0.00	1.34	1.24	1.13
5	Depreciation	1.05	0.92	1.00	2.72	5.60
6	Income Tax					
7	Gross ARR	5.78	6.17	7.80	9.90	14.01
8	Less: Other Incomes	0.00	0.00	0.00	0.00	0.00
9	Net ARR	5.78	6.17	7.80	9.90	14.01
10	Approved ARR for SLDC	3.41	3.58			
11	Gap	2.37				

The Gap shown above is claimed by MePTCL in the True up of FY 2022-23 and will be recovered from the MePTCL Tariff as the ARR of MePTCL also includes that of SLDC in FY 2022-23.

J) RECOVERY OF FIXED CHARGES:

SLDC is proposing that the amount of Annual Fixed Charges i.e. Rs.7.80 Crores as detailed above in Table-10 may be charged from the Generating company - MePGCL and the Transmission company - MePTCL in the fourth control period from FY 2024-25 to 2026-27.

List of Annexures

- 1. Annexure A- Copy of Board Approval**
- 2. Annexure B- Copy of the Audited Accounts of MePTCL**
- 3. Annexure C- Copy of the Audited Accounts of MeECL**
- 4. Annexure D- Copy of the Judgement of NBPDCCL Vs BERC**
- 5. Annexure E- Copy of the Judgement of GETCO VS GERC**
- 6. Annexure F- Copy of the Relevant Extract of order of CSERC**
- 7. Annexure G- Copy of the Computation of Pay Revision Factor Of 1.59**