**BEFORE**

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION**

**SHILLONG**

**PETITION**

FOR

**REVIEW OF**

**ORDER DATED 22ND March, 2023**

**ON TRUE UP OF GENERATION BUSINESS FOR**

**FY 2020-21**

FILED BY

****

MEGHALAYA POWER GENERATION CORPORATION LIMITED

LumJingshai, Short Round Road, Shillong - 793 001

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

At its office at Lower Lachumiere, Shillong – 793001

FILE / PETITION NO………

IN THE MATTER OF

Review Petition filed under Clause 22 of the MSERC (MULTI YEAR TARIFF) REGULATIONS, 2014, Clause 21 OF MSERC (Conduct of Business) Regulations 2007 and section 94 and 181 of Electricity Act 2003, on True Up Order of FY 2020-21 of Meghalaya Power Generation Corporation Limited issued by the MSERC on 22nd March, 2023.

AND IN THE MATTER OF

MEGHALAYA POWER GENERATION CORPORATION LIMITED, LUMJINGSHAI, SHILLONG – 793001, MEGHALAYA

**PETITIONER**

THE PETITIONER, UNDER SECTIONS 94, 181 OF THE ELECTRICITY ACT 2003, CLAUSE 21 OF MSERC (CONDUCT OF BUSINESS) REGULATIONS 2007 AND CLAUSE 22 OF MSERC (MULTI YEAR TARIFF) REGULATIONS, 2014, FILES FOR INITIATION OF PROCEEDINGS BY THE HON’BLE COMMISSION FOR REVIEWING THE TRUE UP ORDER DATED 22ND MARCH, 2023 FOR FY 2020-21 OF MEGHALAYA POWER GENERATION COMPANY LIMITED (hereinafter referred to as “MePGCL”)

*The Petitioner respectfully submits as under:*

1. Based on the provisions of Regulation 11 of the Tariff Regulations, 2014, MePGCL had filed the petition for approving the true-up of FY 2020-21 vide letter No MePGCL/D/GEN/M-43/2008/Pt- XIX/40, dated 30thNovember, 2022
2. After the filing of the above petition, the Hon’ble Meghalaya State Electricity Regulatory Commission (hereinafter referred to as ‘MSERC’ or ‘the Hon’ble Commission’) issued the impugned order on 22nd March, 2023 on True Up for FY 2020-21.
3. After analysis of the orders and examination of the same with respect to the latest relevant data and facts, MePGCL feels that there is a need to review the impugned order dated 22nd March, 2023 based on the submissions, analysis and facts contained in the petition and the apparent errors reflected in the impugned orders, which are discussed in this review petition in the subsequent sections.
4. MePGCL prays before the Hon’ble Commission to kindly admit this review petition.
5. The Board of Directors of MePGCL has accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. The copy of the Board’s resolution is enclosed as **Annexure-A.**

**PRAYER:**

The applicant, therefore, humbly prays before the Hon’ble Commission to pass appropriate orders on the following:

• Admit the Review Petition on Generation True Up Order for FY 2020-21 dated 22nd March, 2023 as submitted herewith.

• Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date.

• Permit submission of any additional information required by the Hon’ble Commission during the processing of this petition.

• And pass such other and further orders as may deem fit and proper in the facts and circumstances of the case,

(Smti M. Lyngdoh)

Superintending Engineer (P&RM),

For and on behalf of

Meghalaya Power Generation Corporation Ltd.

Contents

[1. Introduction 4](#_Toc102318536)

[2. Review of True Up Order for FY 2020-21 6](#_Toc102318541)

1. Introduction

The present petition is being filed as per clause 22 of MSERC (Multi Year Tariff) Regulations 2014, which is reproduced below:

***22 Review of Tariff Order***

*22.1 All applications for the review of tariff shall be in the form of petition accompanied by the prescribed fee. A petition for review of tariff can be admitted by the Commission under the following conditions:*

*a) the review petition is filed within sixty days for the date of the tariff order, and / or*

*b) there is an error apparent on the face of the record*

*22.2 On being satisfied that there is a need to review the tariff of any generating company or the licensee, the Commission may on its own initiate process of review of the tariff of any generating company or the licensee. The Commission may also, in its own motion review any tariff order to correct any clerical error or any error apparent of the face of the record.*

In addition to the above, clause 21 of MSERC (Conduct of Business) Regulations 2007, is also important for filing of review petitions, which is reproduced below:

*“A person aggrieved by a decision or order of the Commission from which no appeal is preferred, or is not allowed to be preferred, can seek a review of the order if new and important facts which, after the exercise of due diligence, were not within his knowledge or could not be produced by him at the time when the order was passed or on account of some mistake or error apparent on the face of record or for any other sufficient reason, by making an application within 60 days of the date of the order.”*

As such, the MSERC (Multi Year Tariff) Regulations 2014 and MSERC (Conduct of Business) Regulations 2007, provide for the petitioner or any other person aggrieved by an order of the Hon’ble Commission to file a review petition based on new facts and information, which was/were not considered during the time of issue of order or on account of apparent errors or mistakes. MePGCL, in this petition prays before the Hon’ble Commission to review certain costs which were disallowed in view of the latest facts and information submitted in this petition or in view of apparent errors observed, as detailed in subsequent sections. At the outset, MePGCL would like to submit that for FY 2020-21, the Hon’ble Commission while truing up for these financial years in the impugned order, has drastically reduced the ARR of FY 2020-21 from the actual figures submitted by MePGCL as per audited accounts without giving due justification for the same and also on account of errors apparent in the order. The true up for FY 2020-21 issued vide order dated.22nd March.2023 has already adjusted in the generation tariff order for FY 2023-24. This adjustment of True up for FY 2020-21 adjusted in the generation tariff order for FY 2023-24 have to be reviewed since there are some flaws and error in the order. Therefore, the order issued by the Hon’ble Commission has to be reviewed and have to be adjusted in the review petition of generation tariff for FY 2023-24. As such, MePGCL humbly prays before the Hon’ble Commission to kindly review the impugned order and consider the submissions made by MePGCL in this review petition.

Further, as per the above clauses, the timeline specified by MSERC for submission of review petition is within 60 days from the date of the order of the Hon’ble Commission, which is 22nd March, 2023. MePGCL would like to submit that it is filing the review petition within the allowed timeline and as such, the Hon’ble Commission is humbly prayed to admit the same.

The station-wise actual Generation approved for FY 2020-21 and actual generation are provided in the table below:

**Actual Generation Source Wise**

|  | **Approved by the Hon’ble Commission in Multi Year Tariff Order for FY 2020-21** | | | | | | | **Actual generation for FY 2020-21** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Sl. No** | **Name of the Power Station** | **Gross Generation**  **(MU)** | **Aux Cons**  **(%)** | **Transformation Loss**  **(%)** | **Total Loss**  **(Aux + Transformation) (%)** | **Aux Cons & Transformation Loss**  **(MU)** | **Net Generation**  **(MU)** | **Gross Generation**  **(MU)** | **Aux Cons & Transformation Loss**  **(MU)** | **Net Generation**  **(MU)** |
| 1 | Umiam Stage- I | 116 | 0.7% | 0.5% | 1.2% | 1.39 | 114.61 | 149.49 | 0.96 | 148.53 |
| 2 | Umiam Stage- II | 46 | 0.7% | 0.5% | 1.2% | 0.55 | 45.45 | 76.09 | 0.41 | 75.68 |
| 3 | Umiam –Umtru Stage-III | 139 | 0.7% | 0.5% | 1.2% | 1.67 | 137.33 | 163.71 | 0.92 | 162.79 |
| 4 | Umiam-Umtru Stage-IV | 207 | 1.0% | 0.5% | 1.5% | 3.11 | 203.9 | 188.32 | 1.18 | 187.14 |
| 5 | Umtru Power Station | 39 | 0.7% | 0.5% | 1.2% | 0.47 | 38.53 | 0 | 0 | 0.00 |
| 6 | Mini Hydel (Sonapani) | 5 | 0.7% | 0.5% | 1.2% | 0.06 | 4.94 | 6.08 | 0.06 | 6.02 |
| 7 | MyntduLeshka HEP | 486.23 | 1.0% | 0.5% | 1.5% | 7.29 | 478.94 | 420.61 | 3.5 | 417.11 |
| 8 | New Umtru HEP | 235 | 1.0% | 0.5% | 1.5% | 3.52 | 231.48 | 229.8 | 1.48 | 228.32 |
| 9 | Lakroh MHP | 11.01 | 1.0% | 0.5% | 1.5% | 1.15 | 9.86 | 3.69 | 0.049 | 3.64 |
|  | **Total** | **1284.24** |  |  |  | **19.21** | **1265.04** | 1237.79 | 8.559 | 1229.23 |

2.0. Review of True Up Order for FY 2020-21

2.1 Separate Petitions for Generating Stations

**Clause 41.2** of the Regulations states that

*“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”*

As per the recent tariff orders as well as the applicable regulations, MePGCL needs to file separate petitions for the different generating plants or stations. In accordance with the directives of the Hon’ble Commission and MSERC Tariff Regulations 2014, MePGCL had filed separately true up gap claims for

1. Myntdu-Leshka Power plant.
2. New Umtru Power Plant
3. Lakroh MHP
4. Old plants (including Sonapani)

Due to unavailability of segregated accounts for old plants which were commissioned way back in the 1950’s and 1960’s, MePGCL filed a combined petition for all the old plants (including Sonapani) in accordance with the accepted precedent of filing as followed in the past.

2.2 REVIEW OF TRUE UP ORDER FOR MLHEP

2.2.1. Depreciation

MePGCL has used the asset- wise breakup as per the audited accounts and their corresponding rates for computation of depreciation. The methodology used is in line with the MSERC Regulations.

*The Hon’ble Commission in its order considers that the Govt. Grants and Capital subsidies (public money) provided to the generation utility shall not be left unaccounted in the process of Tariff determination (True up).*

The Hon’ble Commission has considered as Grant the amount of Rs. 5.59 crore, towards survey & investigation and preparation of DPRs in respect of five upcoming Hydel Projects. This amount has been disclosed in the SOA (Note 15.2) Grant towards cost of capital assets (State Govt.) converted into equity share pending allotment during FY 2020-21 in line with the Notification of Govt. of Meghalaya No. POWER-101/2014/190 Dated 24.03.2015. The Notification had stated that all grants received under SPA, SCA, NEC & NLCPR as Equity and accordingly the above amount has been treated as equity. It is therefore, prayed that the Hon’ble Commission consider reviewing this and treating this amount as equity. Further, since the amount is for survey & investigation works, it is felt that that considering this amount in the tariff of MLHEP not correct and review on this is needed.

MSERC had sought the details of grants shown at note **17.1 “Details of movement in Grant and Subsidies”** of SoA, amounting to Rs. 179.03 crore. The same is given at table below:-

**Table 1: Details of Grants of MePGCL as on 31st March 2021**

|  |  |  |
| --- | --- | --- |
| **FY** | **Details** | **Amount (RS.)** |
| FY 2020-21 | PSDF Grant | 16667914.60 |
| Grant For Dam Rehabilitation and Improvement Project (DRIP) Phase I & II | 3986300.00 |
| Grant for setting up of the Dam Safety Cell | 996000.00 |
| Grant For Purchase of Vehicle-State Dam Safety Cell | 750000.00 |
| **Total** | **1919296928.01** |
| Less: Amortisation during FY 2020-21 | 128908695.84 |
| **Total as on 31-3-2021** | **1790388232.17** |

The Hon’ble Commission in the True-up Order for FY2020-21 has stated that the Grants received against PSDF & DRIP-II shall be appropriated in the MePGCL Old Projects ARR. However, it may be mentioned that the Grants received against DRIP-II & PSDF are not only for old stations but also include MLHEP.

The Hon’ble Commission has approved Rs. 46.25 Cr. for depreciation in true up order for FY 2020-21. The methodology used by the Hon’ble Commission for depreciation computation is not in line with MSERC (Multi Year Tariff) Regulations, 2014. Moreover, there are errors in calculation as well as in the methodology used by the Hon’ble Commission, which are submitted below:

1. Hon’ble Commission has adopted the methodology of using average rate of depreciation at 4.30% for FY 2020-21. The methodology of using average depreciation rate on asset base is not in line with the regulations and not required when the asset wise break up is available. Further, the rationale or basis of using 4.30% as the average rate of depreciation for FY 2020-21 is not explained. It is important to note that most of the assets in the generation business are in the category of plant and machinery which has a depreciation rate of 5.28%.
2. The average grant as reflected in the true up order for FY 2020-21 (page 13 of the order) amounting to Rs. 209.89 crore, is not as per the audited statement of accounts, where the grant amount as on 31.03.2021 is shown as **Rs. 166.75 Cr.**

Further, the grant amount appearing in the SOA is mainly from the works for Renovation & Modernisation of Umiam Stage-I and Umiam Stage-II HEPs which has been carried over from the FY 2012-13 onwards and is not for MLHEP. Moreover, all the grants for MLHEP have been converted into equity by the State Govt. and approved by the Hon’ble Commission. Thus, it is felt that the above avg. grant amount as mentioned in the True up order cannot be considered a part of grants for MLHEP. MePGCL had submitted earlier to the Hon’ble Commission vide letter No. MePGCL/D/GEN/MISC-43/PT-XIX/61, dt.16.01.2023, that the grant amount is only for Survey & Investigation works and old projects and not for MLHEP and that all grants towards cost of capital assets (State Government) converted to Equity share capital pending allotment during financial year 2020-21, has been disclosed (Notes 15.1 and 15.2)

*The Hon’ble Commission considered the total asset base of Rs.1285.71 Cr. and avg. grant amount of Rs. 209.89 Cr. for FY 2020-21* **(Table 10).****This implies that all this grant belongs to MLHEP. Further, it is not clear from how t**he Avg. grants of Rs. 209.89 Cr. is arrived at by the Hon’ble Commission in the order and not as per the SOA. **This seems to be an error on the part of the Hon’ble Commission.**

In this context, it is important to refer to the Hon’ble Commission’s Order for Approval of Capital Cost for Myntdu Leshka Hydel Electric Project (MLHEP) dated 30.03.2017, in which the Commission itself has approved the funding of Leshka as 70:30 in debts and equity and as such, there is no grant against Leshka.

1. Depreciation has been calculated by applying the depreciation rates on 100% of GFA, while the claim is made up to 90% of the asset value leaving 10% as salvage value. However, the depreciation computed by the Hon’ble Commission is on 90% of asset value.

Moreover, if the methodology adopted by the Hon’ble Commission is adopted to calculate the depreciation cost of MLHEP (Leshka) for FY 2020-21, excluding grant component, the depreciation cost is estimated to be INR 61.41 Cr., which is more than the total depreciation cost approved by the Hon’ble Commission for the entire asset base of MePGCL.

**Table 2: Depreciation Cost of MLHEP (Leshka) As Per Order issued by Hon’ble Commission**

| Sr. No. | Particulars | FY 2020-21 |
| --- | --- | --- |
| 1. | Opening GFA (INR Cr.) | 1285.71 |
| 2. | Additions during (INR Cr.) | 0.00 |
| 3. | Withdrawals during (INR Cr.) | 0.00 |
| 4. | Closing GFA (INR Cr.) | 1285.71 |
| 5. | 90% of the Average Assets (INR Cr.) | 1135.62 |
| 6. | Average rate of Depreciation computed | 4.30% |
| 7. | Average Grant (INR cr) | 209.89 |
| 8. | **Depreciation (INR Cr.)** | **46.25** |

On account of the incorrect methodology and flaws inherent in it and based on the asset value requested to be considered above, MePGCL prays before the Hon’ble Commission to kindly allow the depreciation as claimed in true up petition.

**Table 3: Additional Depreciation Claim of MePGCL in Review (Rs. Cr.)**

| **Particulars** | **FY 2020-21** |
| --- | --- |
| MePGCL’s Claim of Depreciation for MLHEP (1) | 61.41 |
| Depreciation approved by MSERC in the true up order (2) | 46.25 |
| **Gap to be passed in the review petition (1-2)** | **15.16** |

Hence MePGCL requests the Hon’ble Commission to kindly pass an additional amount of **Rs. 15.16 Cr** for depreciation for FY 2020-21 **to be adjusted in the review petition for FY 2023-24**.

2.2.2. Return on Equity

The Hon’ble Commission has approved Rs. 45.55 Cr. for FY 2020-21 for RoE in true up order. **The methodology used by the Hon’ble Commission for RoE computation is not in line with MSERC (Multi Year Tariff) Regulations, 2014. The errors in the methodology used by the Hon’ble Commission are submitted below:**

The Hon’ble Commission has considered avg. grants of Rs. 209.89 Cr (table 12 of the order) and **it is not clear from how this is arrived at by the Hon’ble Commission in the order and not as per the SOA**. **This seems to be an error on the part of the Hon’ble Commission.**

The grant amount in the SOA FY 2020-21 is Rs 179.03 cr and which belongs to DRIP-II, Dam Safety, etc., but not MLHEP. **By allocating this grant to MLHEP will reduce the GFA of MLHEP for RoE calculation, which is incorrect as highlighted above**.

The issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC: APTEL Case no 46 of 2016) is still subjudice. The corporation is reiterating the fact that the approved value of the Hon’ble Commission for Return on Equity is not in line with the Regulations. For the sake of brevity, MePGCL is not reiterating the grounds and the justification for the claim here since the matter is still subjudice.

Hence, based on the above, the additional claim of MePGCL for review in line with the claim in the true up petition is given below:

**Table 4: Additional RoE Claim of MePGCL in Review (Rs. Cr.)**

| **Particulars** | **FY 2020-21** |
| --- | --- |
| MePGCL’s Claim of Return on Equity for MLHEP (1) | 54.00 |
| Approved Return on Equity by MSERC for MLHEP (2) | 45.55 |
| **Gap to be passed in the review petition (1-2)** | **8.45** |

Hence MePGCL requests the Hon’ble Commission to kindly pass an additional amount **Rs. 8.45 Cr** for depreciation for FY 2020-21 and to kindly adjust this amount in the review petition for FY 2023-24.

2.2.3. Interest and Finance Charges

The Hon’ble Commission in its True Up order for FY 2020-21 has approved Interest and Finance Charges at Rs. 30.78 Cr. The details of loans for MLHEP are shown below:

**Table 5: MLHEP Loan Details**

| **MLHEP Loans** | **FY 2020-21** | | | |
| --- | --- | --- | --- | --- |
| **As on 01st April 2020**  **(Rs. Cr.)** | **As on 31st March 2021**  **(Rs. Cr.)** | **Interest Rate**  **(%)** | **Interest Accrued**  **(Rs. Cr.)** |
| PFC Loan | 140.92 | 141.33 | 11.75% | 11.97 |
| REC Loan | 132.85 | 127.98 | 11.25% | 11.75 |
| CBI | 8.58 | 2.31 | 11.15% | 1.08 |
| PFC Loan (170 cr) | 142.54 | 143.02 | 11.75% | 12.11 |
| REC Loan 60 cr | 43.45 | 42.00 | 11.25% | 3.93 |
| PFC (14 Cr.) | 7.55 | 1.44 | 11.50% | 0.09 |
| PFC (38 Cr.) | 22.69 | 7.03 | 11.50% | 0.86 |
| PFC (22 Cr.) | 22.00 | 13.91 | 11.50% | 1.08 |
| **Total** | **538.58** | **479.04** |  | **42.87** |

As per the order (table 16), the Repayment amounts, Opening and Closing balance of loans mentioned in the impugned order are not matching with the loan statements provided in audited accounts. The closing balance of loans has been erroneously calculated as Rs. 257.12 Cr instead of Rs. 479.04 Cr for FY 2019-20.

**Further, the Hon’ble Commission has not considered for allowing interest on take-out financing loan. MePGCL has taken a take-out financing of Rs. 170.00 crore and Rs. 60.00 crore which is in-line with RBI Guidelines dated. 2.06.2016 attached in the true up petition to repay the bonds and clear the outstanding dues. Since, refinancing of loan is as per the guidelines of RBI, therefore, MePGCL request to kindly approve as filed in the review.**

**Table 6: Additional IFC Claim of MePGCL Based on Revised Components (INR Cr.)**

| **Particulars** | **FY 2020-21** |
| --- | --- |
| ***Interest and Finance Charges claimed by MePGCL in the True Up petition (1)*** | ***42.87*** |
| Interest and Finance Charges allowed by MSERC in the True Up order (2) | 30.78 |
| **Additional Interest and Finance Charges to be allowed in the review petition (3=1-2)** | ***12.09*** |

The Hon’ble Commission is requested to allow an additional amount of Rs. 12.09Cr. for FY 2020-21 for Interest and Finance charge as shown in the table above.

2.2.4. Interest on Working Capital

The Hon’ble Commission in its True Up order for FY 2020-21 has approved Interest on Working Capital at Rs. 4.69 Cr. Based on the above submissions for review, the interest on working capital has been computed in line with the existing MSERC Regulations as given below:

**Table 7: IWC Claim of MLHEP (INR Cr.)**

| **Sl. No** | **Particulars** | **FY 2020-21** |
| --- | --- | --- |
| 1 | O&M Expenses for one (1) month (Rs. 38.89 Cr./12) (a) | 3.24 |
| 2 | Maintenance Spares at 15% of O&M expenses escalated at 6% (b) | 6.18 |
| 3 | Receivables equivalent to two (2) months Net AFC (c) | 33.79 |
| 4 | Working Capital requirement (d=a+b+c) | 43.21 |
| 5 | Interest at 12.90% (e=d\*12.90%) | **5.57** |
| 6 | Approved IWC as per True up Order | 4.69 |
| **7** | **Additional IWC as per review of True up order** | **0.88** |

MePGCL claim additional gap of IWC for MLHEP for FY 2020-21 as Rs.0.88 Cr and request the Hon’ble Commission to consider the additional gap as shown above.

2.2.5. Revised ARR & Net Additional Claim in Review for True Up for FY 2020-21

Based on the above submissions in response to the order, revised ARR for MLHEP is given below:

**Table 8: Revised AFC for MLHEP in Review (Rs. Cr.) for FY 2020-21**

| **Particulars** | **AFC as per review** | **Approved in the True up Order** | **Gap/(Surplus)** |
| --- | --- | --- | --- |
| Depreciation | **61.41** | 46.25 | 15.16 |
| Return on Equity | **54.00** | 45.55 | 8.45 |
| Interest & Finance charges | **42.87** | 30.78 | 12.09 |
| O&M Expenses | 38.89 | 38.89 | 0 |
| Interest on Working Capital | **5.57** | 4.69 | 0.88 |
| SLDC Charges | 0 | 0 | 0 |
| Misc. Expense & Bad Debts | 0 | 0 | 0 |
| Net Prior Period items | 0 | 0 | 0 |
| Gross AFC | 202.74 | 166.16 | 36.58 |
| Less: Non-Tariff Income | 0 | 0 | 0 |
| **Net AFC** | **202.74** | **166.16** | **36.58** |
| Revenue from operations | **58.68** |  |  |
| **Gap (surplus)** | **144.06** | **107.48** | **36.58** |

MePGCL request the Hon’ble Commission to consider an additional revenue GAP for review of True up order for FY 2020-21 at Rs. 36.58 Cr. to be kindly adjusted in the review petition for FY 2023-24.

2.3. TRUE UP OF ARR FOR NUHEP FOR FY 2020-21

2.3.1 Funding pattern of NUHEP

The Hon’ble Commission in its True up order dated 22.3.2023 for FY 2020-21 approved project cost of NUHEP as Rs. 580.72 Cr. (table 24 of the order). As per SOA FY 2020-21, the Gross Fixed assets (GFA) of NUHEP is given below:

Table 9: Gross Fixed assets (GFA) of NUHEP

|  |  |
| --- | --- |
| Particulars | FY 2020-21 |
| Opening GFA | 604.13 |
| Closing GFA | 605.38 |
| Average GFA | 604.75 |

The actual loan amount of NUHEP from PFC is Rs.440.30 Cr. The total Equity contribution for NUHEP is Rs.188.59 Cr (156.00+32.59) (Notifications/letters from the State Govt. attached in the true up petition). Out of Rs. 188.59 Cr., Rs. 24 Cr is to be infused for Ganol SHP. Therefore, Rs. 164.59 Cr. is the actual equity of NUHEP. MePGCL request the Hon’ble Commission to kindly consider the equity amount in the review petition.

Therefore, MePGCL request the Hon’ble Commission to kindly review the Equity amount for NUHEP for FY 2020-21 at Rs. 164.59 Cr.

2.3.2 Depreciation

Depreciation of NUHEP as per the segregated account for FY 2020-21 attached in the true up petition is given in the table below:

Table 10: Depreciation of NUHEP for FY 2020-21

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Sl No | Name of Asset | Value assets at beginning of the year (Crore) | Addition during the year (Crore) | Value assets at the end of the year (Crore) | Rate of Depreciation (%) | Depreciation charges of the year (Crore) |
| 1 | Land & land rights | 0.475 | 1.18 | 1.66 | - |  |
| 2 | Buildings | 95.16 | - | 95.16 | 3.34 | 3.18 |
| 3 | Hydraulic works | 311.63 | 0.005 | 311.64 | 5.28 | 16.45 |
| 4 | Other civil works | 33.23 | - | 33.23 | 3.34 | 1.11 |
| 5 | Plant & Machinery | 159.93 | 0.01 | 159.94 | 5.28&6.33 | 8.44 |
| 6 | Lines & Cable network | 3.56 | 0.06 | 3.62 | 5.28 | 0.19 |
| 7 | Vehicles | 0.03 | - | 0.03 | 9.50 | 0.004 |
| 8 | Furniture & Fixtures | 0.08 | - | 0.08 | 6.33 | 0.005 |
| 9 | Office Equipment | 0.02 | - | 0.02 | 6.33 | 0.0012 |
| 10 | Assets not in use | - | - | - | - | - |
| 11 | Total | **604.12** | **1.255** | **605.38** | **39.4** | **29.38** |

The Hon’ble Commission approved the depreciation for FY 2020-21 as Rs.25.66 Cr (table 28) of the True up order. Therefore, MePGCL request the Hon’ble Commission to consider the depreciation rate at Rs. 29.38 Cr. with a gap of Rs.3.72 Cr.

2.3.3 Return on Equity

The Hon’ble Commission approved the RoE for FY 2020-21 as Rs.20.76 Cr. The Equity amount requested from the Hon’ble Commission to be considered is Rs. 164.59 Cr. Therefore, the ROE approved by the Hon’ble Commission in the order (table 30) is erroneous. MePGCL request the Hon’ble Commission to kindly review the RoE of Rs. 23.04 Cr. for FY 2020-21 as shown in the table below:

Table 11: Computation of RoE for NUHEP for FY 2020-21 (Rs. in CR.)

|  |  |  |
| --- | --- | --- |
| Sl No | Particulars | Amount |
| 1 | Equity contributions by Govt. | 164.59 |
| 2 | 30% of Capital cost (30% of 605) | 181.5 |
| 3 | Equity to be considered | 164.59 |
| 4 | **Return on Equity @ 14% (Sl.no.3 \* 14%)** | 23.04 |

**Table 12: Additional RoE Claim Based on Revised Components (Rs. in Cr.)**

| Sl No | **Particulars** | **FY 2020-21** |
| --- | --- | --- |
| 1 | RoE Charges claimed by MePGCL in the True Up petition (1) | 23.04 |
| 2 | RoE allowed by MSERC in the True Up order (2) | 20.76 |
| 3 | **Additional RoE to be allowed in the review petition (3=1-2)** | **2.28** |

The Hon’ble Commission is requested to allow an additional amount of Rs.2.28 Cr. for FY 2020-21 for Interest and Finance charge as shown in the table above.

2.3.4 Interest on Working Capital

Based on the above submissions for review, the interest on working capital has been computed in line with the existing MSERC Regulations as given below:

**Table 13: IWC Claim of NUHEP (Rs.in Cr.)**

| **Sl. No** | **Particulars** | **FY 2020-21** |
| --- | --- | --- |
| 1 | O&M Expenses for one (1) month (Rs. 13.72 Cr./12) (a) | 1.14 |
| 2 | Maintenance Spares at 15% of O&M expenses escalated at 6% (b) | 2.18 |
| 3 | Receivables equivalent to two (2) months Net AFC (c) | 16.84 |
| 4 | Working Capital requirement (d=a+b+c) | 20.16 |
| 5 | Interest at 12.90% (e=d\*12.90%) | **2.60** |
| 6 | Approved IWC as per True up Order | 2.42 |
| **7** | **Additional IWC as per review of True up order** | **0.18** |

MePGCL claim additional gap of IWC for NUHEP for FY 2020-21 as Rs.0.18 Cr and request the Hon’ble Commission to consider the additional gap as shown above.

2.3.5 Revised ARR & Net Additional Claim in Review for True Up for FY 2020-21

**Table 14: Revised AFC for NUHEP in Review (Rs in Cr.) for FY 2020-21**

| **Particulars** | **AFC of NUHEP as per Review** | **AFC as per True up Order** | **Gap/(Surplus)** |
| --- | --- | --- | --- |
| Return on Equity | 23.04 | 20.76 | 2.28 |
| Depreciation | 29.38 | 25.66 | 3.72 |
| Interest & Finance charges | 32.32 | 32.32 | 0 |
| O&M Expenses | 13.72 | 13.72 | 0.00 |
| Interest on Working Capital | 2.60 | 2.42 | 0.18 |
| SLDC Charges | - | - | - |
| Net Prior Period items | 0 | 0 | 0 |
| **Gross AFC** | **101.06** | **94.88** |  |
| Less: Non-Tariff Income | 0.01 | 0.01 | 0 |
| Less: Amortization of Grants | - | - | - |
| **Net AFC** | **101.05** | **94.87** |  |
| Revenue from operations | **19.78** |  |  |
| **Gap (surplus)** | 81.27 | 75.09 | **6.18** |

MePGCL request the Hon’ble Commission to consider an additional revenue GAP for review of True up order for FY 2020-21 at Rs.6.18 Cr. to be adjusted in the review petition for FY 2023-24.

**2.4 TRUE UP FOR LAKROH MHP FOR FY 2020-21**

**2.4.1. Gross Fixed Assets (GFA)**

The GFA for Lakroh MHP for FY 2020-21 is based as per segregated Accounts attached in the true up petition at Rs. 25.72 Cr. The GFA approved by the Hon’ble Commission in the true up order at Rs.22.41 Cr. is much less than the actual GFA as per the audited statement.

Therefore, MePGCL requests the Hon’ble Commission to kindly consider the GFA as per true up petition at Rs.25.72 Cr.

**2.4.2. Depreciation**

The Depreciation for Lakroh MHP for FY 2020-21 is based as per Segregated Accounts amounting to Rs.1.25 Cr. as per the rate of depreciation given in the regulations. The net depreciation approved by the Hon’ble Commission in the true up order at Rs. 0.41 Cr by deducting Depreciation on grants is incorrect.

Table 15: Depreciation of Lakroh MHP for FY 2020-21

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Sl No | Name of Asset | Value assets at beginning of the year (Crore) | Addition during the year (Crore) | Value assets at the end of the year (Crore) | Rate of Depreciation (%) | Depreciation charges of the year (Crore) |
| 1 | Land & land rights | 0.0027 | - | 0.0027 |  | - |
| 2 | Buildings | 2.25 | 0.18 | 2.43 | 3.34 | 0.08 |
| 3 | Hydraulic works | 9.35 | 0.27 | 9.62 | 5.28 | 0.50 |
| 4 | Other civil works | 1.80 | 0.41 | 2.21 | 3.34 | 0.07 |
| 5 | Plant & Machinery | 9.77 | 0.24 | 10.01 | 5.28&6.33 | 0.52 |
| 6 | Lines & Cable network | 1.15 | 0.26 | 1.41 | 5.28 | 0.07 |
| 7 | Vehicles | - | - | - | 9.5 | - |
| 8 | Furniture & Fixtures | 0.01 | - | 0.01 | 6.33 | 0.0007 |
| 9 | Office Equipment | 0.009 | 0.001 | 0.0096 | 6.33 | 0.0006 |
| 10 | Assets not in use | - | - |  |  | - |
| 11 | Total | 24.34 | 1.36 | 25.7 |  | 1.25 |

Therefore, MePGCL prays before the Hon’ble Commission to kindly consider the depreciation as per true up petition at **Rs.1.25 Cr.**

2.4.3. **Return on Equity (RoE)**

The RoE considered by the Hon’ble Commission for Lakroh MHP for FY 2020-21 is Rs. 0.42 Cr. Based on Average GFA (Rs.21.73 Cr), MePGCL review the RoE for Lakroh MHP as Rs.0.56 Cr. shown in the table below:

**Table 16: Return on Equity for Lakroh MHP for FY 2020-21 (Rs in crore)**

| **Particulars** | **Lakroh** |
| --- | --- |
| Opening GFA | 24.35 |
| Addition during the year | 1.36 |
| Closing GFA | 25.72 |
| Average GFA | 25.03 |
| Less: Grant | 11.75 |
| Net GFA | 13.285 |
| Debt (70% GFA) | 9.30 |
| Equity (30% of GFA) | 3.98 |
| RoE (%) | 14% |
| **Return on Equity (in INR Cr.)** | **0.56** |

**MePGCL humbly prays before the Hon’ble Commission to allow Rs. 0.56 Cr. as ROE for true up of FY 2020-21 for Lakroh MHP.**

2**.4.4. Interest on Working Capital (IWC)**

The IWC is calculated as per norm provided in the regulations. The revised IWC which MePGCL requests the Hon’ble Commission to consider in the review petition is calculated below:

**Table 17: IWC Claim of LAKROH MHP (Rs in Cr.)**

| **Sl. No** | **Particulars** | **FY 2020-21** |
| --- | --- | --- |
| 1 | O&M Expenses for one (1) month (Rs.0.54 Cr./12) (a) | 0.045 |
| 2 | Maintenance Spares at 15% of O&M expenses escalated at 6% (b) | 0.085 |
| 3 | Receivables equivalent to two (2) months Net AFC (c) | 0.495 |
| 4 | Working Capital requirement (d=a+b+c) | 0.625 |
| 5 | Interest at 12.90% (e=d\*12.90%) | **0.079** |

**Table 18: Additional Gap of IWC Claim for LAKROH MHP (Rs in Cr.)**

| **Sl. No** | **Particulars** | **FY 2020-21** |
| --- | --- | --- |
| 1 | IWC claim in the review petition (1) | 0.079 |
| 2 | IWC approved by Hon’ble Commission (2) | 0.06 |
| 3 | Gap-Additional IWC (1-2) | 0.02 |

MePGCL prays before the Hon’ble Commission to kindly consider the Additional IWC in the review true up order at Rs. 0.02 Cr.

2.4.5. **Revised ARR & Net Additional Claim in Review for True Up FY 2020-21**

**Table 19: Revised AFC for LAKROH in Review (Rs.in Cr.) for FY 2020-21**

| **Particulars** | **AFC as per review** | **AFC as per True up Order** | **Gap/(Surplus)** |
| --- | --- | --- | --- |
| O&M Expenses | 0.54 | 0.54 | 0 |
| Depreciation | 1.25 | 0.41 | 0.84 |
| Interest & Finance charges | 0.43 | 0.43 | 0 |
| Return on Equity | 0.56 | 0.42 | 0.14 |
| Interest on Working Capital | 0.079 | 0.06 | 0.02 |
| SLDC Charges | - | - | - |
| **Gross AFC** | **2.86** | **1.86** | **1.0** |
| Less: Non-Tariff Income | 0 | 0 | 0 |
| **Net AFC** | **2.86** | **1.86** |  |
| Revenue from operations | **0.50** |  |  |
| **Gap (surplus)** | **2.36** | **1.36** | **1.0** |

MePGCL request the Hon’ble Commission to consider additional revenue GAP for review of True up order for FY 2020-21 at Rs.1.0 Cr. to be adjusted in the review petition for FY 2023-24.

2.5 TRUE UP FOR OLD STATIONS INCLUDING SONAPANI FOR FY 2020-21

2.5.1 Gross Fixed Assets

In the True Up order for FY 2020-21, the Hon’ble Commission has considered asset base of old plants at Rs. 51.42 Cr. (table 50 of the true up order). The Commission considered only assets of Umiam Stage-4 and Sonapani including renovation and modernisation for Umiam Stage-II.

The Hon’ble Commission has referred to Tariff Order of FY 2013-14 for the cost of Umiam Stage – IV and Sonapani amounting to INR 49.39 Cr. In the tariff order of FY 2013-14 the project cost of Stage – IV was based on the DPR cost (as mentioned in “Table – 9 Depreciation” Page number- 76 of MePGCL Tariff Order for FY 2013-14 dated 30.03.2014). **However, the actual project cost of Umiam Stage IV is much higher than the DPR cost**. **Thus, using the cost of INR 49.39 Cr as value of old plants asset for FY 2020-21 appears not to be logical and seems to be an inadvertent error on the part of the Hon’ble Commission**.

***As per the directives of the Order for FY 2023-24, the breakup of the assets of Umiam Stage-IV is being work out and yet to be finalized. The same will be submitted after it is audited by the Chartered Accountant.***

As most of the old plants of MePGCL had crossed their useful life, Renovation & Modernisation works were undertaken to increase their useful life. This further added to capitalisation and value of asset base which needs to be recovered through depreciation, RoE, etc.In this context, it is important to note that the Hon’ble Commission in its Tariff Order for MePGCL for FY 2014-15 dated 10.04.2014, has considered R&M cost of Umiam Stage-I and II (“Table: Depreciation” Page number 65), for capital cost calculation of the old plants (including Sonapani).

Infact, the Hon’ble Commission in its Tariff order for MePGCL for FY 2015-16 dated 30.03.2015 (Table- 8, page-64 of the order), has considered the average GFA at INR 391.24 Crore as on 31.03.2015. Considering this and subsequent capitalisation due to R&M works for old plants, **opening asset value for old plants of Rs. 429.62 Cr is felt justified.**

As such, MePGCL requests the Hon’ble Commission to kindly review the asset base figures and consider actual asset base as per “Note 1: Property, Plant and Equipment” of the audited Statement of Accounts of MePGCL for FY 2020-21.The petitioner also requests the Hon’ble Commission to reconsider the asset base of Old stations including Sonapani after segregating the assets of MLHEP, NUHEP and Lakroh MHP from MePGCL as a whole as per the table below for further calculations.

**Table 19: Gross Fixed Asset of MePGCL Old Plants (Including Sonapani)**

| **Particulars** | **FY 2020-21 (Rs. in CRORE)** | | | | |
| --- | --- | --- | --- | --- | --- |
| **MePGCL as a whole**  **(a)** | **MLHEP**  **(b)** | **NUHEP**  **(c)** | **Lakroh MHP (d)** | **MePGCL old plants (including Sonapani)**  **(e=a-(b+c+d))** |
| Opening GFA | 2343.62 | 1285.52 | 604.13 | 24.35 | 429.62 |
| Additions during the year | 2.69 | 0 | 1.25 | 1.36 |  |
| Retirements during the year | 0 | 0 | - | - |  |
| **Closing GFA** | **2346.31** | **1285.52** | **605.38** | **25.72** | **429.69** |
| **Average GFA** | **2344.96** | **1285.52** | **601.33** | **25.03** | **429.65** |

As can be observed from the table above, the average asset base for old plants (including Sonapani) is Rs.429.65 Cr as per audited Statement of Accounts (SoA). But, as the Hon’ble Commission has approved just Rs. 51.42 Cr. as the asset base of old plants, **this has led to significant under recovery of various components of ARR such as RoE, depreciation, O&M. MePGCL request the Hon’ble Commission to kindly review the GFA of old stations**

2.5.2. Depreciation.

The Hon’ble Commission has approved Rs. 2.33 Cr. for depreciation in true up order for FY 2020-21. The methodology used by the Hon’ble Commission for depreciation computation is not in line with MSERC (Multi Year Tariff) Regulations, 2014. Moreover, there are errors in calculation as well as in the methodology used by the Hon’ble Commission, which are submitted below:

1. The Hon’ble Commission has rejected the claim of the company for total asset value as per Statement of Accounts (SoA) of MePGCL for Rs. 2346.31 Cr. as on 31st March, 2021. It has considered only the DPR cost of Umiam Stage-4 and Sonapani and R&M of Umiam Stage-II, for considering the asset base of old plants at Rs. 51.42 Cr for FY 2019-20. It also has considered grants to further reduce the asset base of MePGCL.
2. The grant amount for FY 2020-21 as per SoA amounting to Rs. 2.14 crore is for PSDF and DRIP. The works under DRIP are for MLHEP also and not only for old stations. Therefore, allocation of whole grant amount of Rs. 2.24 Cr. to old stations is not correct.
3. Depreciation has been calculated by applying the depreciation rates on 100% of GFA, while the claim is made up to 90% of the asset, leaving 10% as salvage value. However, the depreciation computed by the Hon’ble Commission is on 90% of asset value.

On account of the incorrect methodology and flaws inherent in it and based on the asset value requested to be considered above, MePGCL prays before the Hon’ble Commission to kindly allow the depreciation as claimed in true up petition.

**Table 20: Additional Depreciation Claim of MePGCL in Review (INR Cr.)**

| **Particulars** | **FY 2020-21** |
| --- | --- |
| MePGCL’s Claim of Depreciation for old Plants (1) | 15.14 |
| Depreciation approved by MSERC in the true up order (2) | 2.33 |
| **Gap to be passed in the review petition (1-2)** | **12.81** |

Hence MePGCL requests the Hon’ble Commission to kindly pass an additional amount Rs.12.81 Cr for FY 2020-21, for depreciation

2.5.3. Return on Equity

The Hon’ble Commission has approved Rs.2.07 Cr for FY 2020-21, for RoE in true up order.

1. The whole of grant amount has been considered to be a part of GFA and subtracted while calculating the Net GFA without considering that grants can also be a part of Capital Works In Progress (CWIP)
2. The Hon’ble Commission has considered only the asset of Stage IV HEP and Sonapani as capital cost for all old plants and approved GFA at Rs. 51.42Cr for FY 2020-21.

**The issue of Return on Equity (methodology of MeECL & its subsidiaries vs methodology of MSERC: APTEL Case no 46 of 2016) is still subjudice**. The corporation is reiterating the fact that the approved value of the Hon’ble Commission for Return on Equity is not in line with the Regulations. For the sake of brevity, MePGCL is not reiterating the grounds and the justification for the claim here since the matter is still subjudice.

Hence, based on the above, the additional claim of MePGCL for review in line with the claim in the true up petition is given below:

**Table 21: Additional RoE Claim of MePGCL in Review (Rs. Cr.)**

| **Particulars** | **FY 2020-21** |
| --- | --- |
| MePGCL’s Claim of Return on Equity for Old Plants (1) | 34.49 |
| Approved Return on Equity by MSERC for old plants (2) | 2.07 |
| **Gap to be passed in the review petition (3-4)** | **32.42** |

Hence MePGCL requests the Hon’ble Commission to kindly pass an additional amount Rs. 32.42 Cr for FY 2020-21, for ROE.

2.5.4. Operation and Maintenance

The Hon’ble Commission has approved the Operation and Maintenance Expenses in its true up order for FY 2020-21 at Rs. 44.86 Cr. MePGCL submitted O&M expenses of Rs. 90.52 crore for FY 2020-21 which includes apportionment of MeECL’s expenses based on the audited accounts.

It appears that the **Hon’ble Commission has adopted an erroneous approach in calculating the O&M cost for old plants (excluding Sonapani) for FY 2020-21 by escalating the O&M cost for old plants as approved in the true up order for FY 2017-18 at 5.72%; instead of considering the actual value of the O&M components such as Employee Cost, R&M Expenses, and A&G Expenses, as per the audited SoA for MePGCL for FY 2020-21 which does tally with the actual expenses.**

The Hon’ble Commission in its recent orders has adopted the new approach of **considering 2% of project cost, with year-on-year escalation clause for O&M cost calculation for old plants**, instead of considering the actual O&M expense as per Statement of Accounts. But, as mentioned in the previous section, as per Clause 56.7 of MSERC (Multi Year Tariff) Regulations 2014, this is applicable only for the projects which have achieved their COD post 01.04.2009. **Hence, this approach of calculating O&M cost is not applicable for old plants since it is not in line with the Regulations. O&M expense for old plants accounts for O&M activities undertaken across all the old generation plants**. Thus, the consideration of assets of only Umiam Stage-IV (among all old plants) and Sonapani MHP for O&M cost calculation of old plants is incorrect and has led to significant under recovery of the O&M cost of old plants.

The sum of O&M Expenses for MePGCL as a whole, Myntdu-Leshka, NUHEP, Old stations including Sonapani and apportionment of MeECL expenses in order to arrive at O&M expenses for old plants as per the audited statement of accounts is given below. **The apportionment of Terminal Benefits for FY 2020-21 for MePGCL audited by the Chartered Accountant i.e. M/s Dadhich & Associates (Annexure B) amounting to Rs. 63.16 Cr. (i.e. 56.84+18.95/3) has been included in the O&M expenses for old stations including Sonapani** and requested the Hon’ble Commission to kindly consider the Pension Trust of MePGCL.

MePGCL request the Hon’ble Commission to kindly consider the additional claim of Rs. 64.78 Cr. for O&M expenses as shown below:

**Table 22: O&M Cost of MePGCL (Old Plants including Sonapani) (Cr.) for FY 2020-21**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | **For MePGCL (including apportionment MeECL)** | **For Myntdu-Leshka** | **For NUHEP** | **For Lakroh MHP** | **Total Claim for Old Plants &Sonapani (including MeECL apportioned)** | **Approved in the True up order for Old Stations (Sonapani)** | **Additional claim** |
| **(a)** | **(b)** | **(c)** | **(d)** | **(e)=a-b-c-d** |  |  |
| Employee Cost | (i). Salaries and wages  MePGCL=71.69  MeECL=13.10  (ii).Contribution to other funds  MePGCL=1.369  MeECL=0.09  (iii).**Pension Trust\*=56.84+(18.95/3)=63.16**  TOTAL (i+ii+iii)= 149.41 | **38.89** | **13.72** | **0.54** | **109.64** | **44.86** | **64.78** |
| R&M Expenses | 7.48+(9.76\*0.33)= 10.70 |
| A&G Expenses | 2.56+(0.37\*0.33)= 2.68 |
| **Total** | **162.79** |

\*MeECL Pension Trust Fund for FY=2020-21 attached at Annexure B

**Hence, MePGCL prays before the Hon’ble Commission to kindly allow the additional claim for O&M Expenses for old plants including Sonapani of Rs.109.64 Cr. for FY 2020-21 as given in the table above**.

2.5.5. Interest and Finance Charges

The Hon’ble Commission in its True Up order for FY 2020-21 has considered the Interest and Finance Charges for old stations including Sonapani **as NIL.** Moreover, the Hon’ble Commission has not considered the IFC of holding company. **This is contrary to its approach in the O&M and other income head, where apportionment of MeECL expenses has been taken into account for calculation.**

MePGCL requests the Hon’ble Commission to kindly consider the additional amount of Rs.14.82 Cr. in review of true up order as shown below:

**Table 23: Additional IFC Claim of Old station including Sonapani Based on Revised**

**Components (Rs in Cr.)**

| **Particulars** | **FY 2020-21** |
| --- | --- |
| Interest and Finance Charges claimed for old stations including Sonapani in the True Up petition (1) | 14.82 |
| Interest and Finance Charges allowed by MSERC in the True Up order (2) | 0.00 |
| Interest and Finance Charges claimed by MePGCL in the review (3) | 14.82 |
| **Additional Interest and Finance Charges to be allowed in the review petition (4=3-2)** | **14.82** |

2.5.6. Interest on Working Capital (IWC)

Based on the above submissions for review, the interest on working capital has been computed in line with the existing MSERC Regulations as given below:

**Table 24: IWC Claim of Old stations including Sonapani (Rs in Cr.)**

| **Sl. No** | **Particulars** | **FY 2020-21** |
| --- | --- | --- |
| 1 | O&M Expenses for one (1) month (Rs.109.64 Cr./12) (a) | 9.14 |
| 2 | Maintenance Spares at 15% of O&M expenses escalated at 6% (b) | 17.43 |
| 3 | Receivables equivalent to two (2) months Net AFC (c) | 30.23 |
| 4 | Working Capital requirement (d=a+b+c) | 56.81 |
| 5 | Interest at 12.90% (e=d\*12.90%) | **7.32** |

Based on the revised Interest on Working Capital for old plants including Sonapani, MePGCL requests the Hon’ble Commission to kindly pass the net additional claim on IWC as given below:

**Table 25: Additional IWC Claim of MePGCL in Review (INR Cr.)**

| **Particulars** | **FY 2020-21** |
| --- | --- |
| MePGCL’s Revised Claim of Interest on Working Capital for old Plants in Review (1) | 7.32 |
| Approved Interest on Working Capital by MSERC (2) | 1.72 |
| **Gap to be passed in the review petition (3=1-2)** | **5.61** |

2.5.7. **Revised ARR & Net Additional Claim in Review for True Up FY 2020-21**

**Table 26: Revised AFC for Old stations (including Sonapani) in Review petition**

**for FY 2020-21**

***(Rs.in Cr.)***

| **Particulars** | **AFC as per review** | **AFC as per True up Order** | **Gap/(Surplus)** |
| --- | --- | --- | --- |
| O&M Expenses | 109.64 | 44.86 | 0.42 |
| Depreciation | 15.14 | 2.27 | 12.87 |
| Interest & Finance charges | 14.82 | 0 | 14.82 |
| Return on Equity | 34.49 | 2.07 | 32.42 |
| Interest on Working Capital | 7.32 | 1.72 | 2.13 |
| SLDC Charges | 1.48 | 1.48 | 0 |
| **Gross AFC** | **182.89** | **52.40** | **130.49** |
| Less: Non-Tariff Income | 14.80+4.90=19.75 | 18.86 |  |
| **Net AFC** | **163.14** | **33.54** | **129.60** |
| Revenue from operations | 95.88 |  |  |
| **Gap (surplus)** | **67.26** | **-62.34** | **4.92** |

MePGCL request the Hon’ble Commission to consider a revenue Gap for review of True up order for FY 2020-21 at Rs.4.92 Cr. to be adjusted in the review petition for FY 2023-24.

2.5.8. Revised ARR & Net Additional Claim in Review for True Up FY 2020-21

Based on the above submissions in response to the order, revised ARR for MLHEP, NUHEP, Lakroh and Old plants including Sonapani are given below:

**Table 26: Revised AFC for MePGCL in Review for FY 2020-21 (INR Cr.)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | **MLHEP** | | | **NUHEP** | | | **Lakroh** | | | **Old Plants** | | |
| **as per review** | **as per order** | **gap** | **as per review** | **as per order** | **gap** | **as per review** | **as per order** | **gap** | **as per review** | **as per order** | **gap** |
| O&M Expenses | 38.89 | 38.89 | 0 | 13.72 | 13.72 | 0 | 0.54 | 0.54 | 0 | 102.12 | 44.86 | 0.42 |
| Depreciation | 61.41 | 46.25 | 15.16 | 29.38 | 25.66 | 3.72 | 0.41 | 0.41 | 0 | 15.14 | 2.27 | 12.87 |
| Interest & Finance charges | 42.87 | 30.78 | 12.09 | 32.32 | 32.32 | 0 | 0.43 | 0.43 | 0 | 14.82 | 0 | 14.82 |
| Return on Equity | 54 | 45.55 | 8.45 | 23.04 | 20.76 | 2.28 | 0.56 | 0.42 | 0.14 | 34.49 | 2.07 | 32.42 |
| Interest on Working Capital | 5.57 | 4.69 | 0.88 | 2.6 | 2.42 | 0.18 | 0.19 | 0.06 | 0.13 | 3.86 | 1.72 | 2.14 |
| SLDC Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Prior Period items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Gross AFC** | **202.7** | **166.2** | 36.58 | **101.1** | **94.88** | 6.18 | **2.86** | **1.86** | 1.0 | **182.89** | **52.40** | 130.49 |
| **Less:** Non-Tariff Income | 0 | 0 | 0 | 0.01 | 0.01 | 0 | 0 | 0 | 0 | 19.75 | 18.86 |  |
| **Net AFC** | **202.7** | **166.2** | 36.54 | **101.1** | **94.87** | 6.18 | **2.86** | **1.86** | 1.0 | **163.14** | **33.54** | 129.60 |
| Revenue from operations | 58.68 |  |  | 19.78 |  |  | 0.5 |  |  | 95.88 |  |  |
| **Gap (surplus)** | **144.1** | **107.52** | **36.58** | **81.27** | **75.09** | **6.18** | **2.36** | **1.36** | **1.0** | **67.26** | **(61.34)** | **4.92** |

MePGCL request the Hon’ble Commission to kindly review the additional gap of MLHEP, NUHEP, Lakroh and Old stations including Sonapani at Rs. 36.58 Cr., Rs. 6.18 Cr., Rs. 1.0 Cr. and Rs. 4.92 Cr. respectively, to be adjusted in the review petition of tariff for FY 2023-24.

The MePGCL has raised the revenue of Rs.257.13 Crore for FY 2020-21 as per SOA at Note 24 this includes of Rs. 82.26 Crore which is the balance amount which was already considered by the Hon’ble Commission in FY 2017-18. The revenue from operation for FY 2020-21 is Rs. 174.87 Crore; this is as per the Power purchase Bill submitted to MePDCL (page 58 of the order).

The revenue considered by the Hon’ble Commission at Rs. 257.13 crore in the order is not correct and this cause double deduction from the ARR. And, this will cause deduction in the tariff of old stations. Therefore, this has to be review and adjusted in the tariff for FY 2024-25.

**The total revenue from operation for FY 2020-21 of MePGCL is Rs. 174.85 Cr., mentioned at page 58 of the order. The revenue from operation from *old projects* as mentioned in table 57 of the order at Rs. 178.16 Crore is erroneous, since the revenue from old stations is Rs.95.88 Cr. Therefore, the surplus showing Rs. (144.62) Cr. for old stations has to review and also the total gap of Rs. 39.30Cr. for all stations is erroneous.**

**The Hon’ble Commission has availed at this figure of Rs. 178.16 Cr. by adding again the revenue from operation of Rs. 82.26 Cr. which has already been recognized & considered in FY 2017-18. MePGCL submit the Review on true up order for kind consideration of the Hon’ble Commission.**

Further, the Net Revenue Gap presented in the true up order at Rs. 39.30 Cr for MePGCL for FY 2020-21 adjusted in the tariff order for FY 2023-24 **have to be reviewed based on facts and actual. Therefore, MePGCL request the Hon’ble Commission to kindly consider the review petition**.

The details showing the Gap/(Surplus) of each station is shown in the table below:

**Table 27: Net Gap/(Surplus) for FY 2020-21 (Rs. In crore)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sl. No.** | **Particulars** | **MLHEP**  **(a)** | **New Umtru**  **(b)** | **Lakroh MHP**  **(c)** | **MePGCL Old Station**  **(d)** | **Total for MePGCL**  **(e=a+b+c+d)** |
| 1 | Net AFC approved in the true up order | 166.20 | 94.87 | 1.86 | 33.54 | 296.43 |
| 2 | Net AFC as per review petition | 202.7 | 101.10 | 2.97 | 163.14 | 469.91 |
| 3 | Revenue from Operation FY 2020-21 | 58.68 | 19.78 | 0.50 | 95.88 | 174.87 |
| 4 | **Gap during the year as per review of true up order (*2-3*)** | **144.06** | **81.27** | **2.36** | **67.26** | **295.49** |
| 5 | Net Rev gap for FY 20-21 adjusted in FY 23-24 **(as per order dt.30.01.23)** | 107.48 | 75.08 | 1.36 | (144.62) | 39.30 |
| 6 | LESS: Revenue allocated to old stations which was already adjusted by Commission in FY2017-18 | - | - | - | 82.26 | 82.26 |
| 7 | **GAP to be considered for FY 2020-21 after deducting Rs.82.26 Cr. which was already adjusted by the Hon’ble Commission in FY 2017-18 (*5-6*)** | **107.48** | **75.08** | **1.36** | **(62.36)** | **121.56** |
| 8 | **Additional GAP to be considered for FY 2020-21 to be adjusted in FY 2023-24 (*4-7*)** | **36.58** | **6.18** | **1.0** | **4.92** | **48.67** |

**From the table above, the NET GAP of MePGCL submit in the review petition for FY 2020-21 is Rs. 121.56 Cr. instead of Rs. 39.30 Cr. as arrived by the Hon’be Commission.**

**Based on the above, the additional Gap of Rs.36.58 Cr, Rs.6.19 Cr., Rs. 1.0 Cr. and Rs.4.92 Cr for MLHEP, NUHEP, Lakroh and Old stations including Sonapani, respectively, which has to be adjusted in the review petition for FY 2023-24.**