

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

**ADDITIONAL SUBMISSION AGAINST PETITION FILED BY MEGHALAYA
POWER DISTRIBUTION CORPORATION LIMITED FOR TRUING UP OF
EXPENSES OF FY 2023-24 AND DETERMINATION OF REVISED
AGGREGATE REVENUE REQUIREMENT AND RETAIL TARIFF FOR FY
2025-26.**

Meghalaya Power Distribution Corporation has filed the Petition for approval of Truing Up of Distribution expenses for FY 2023-24 and Determination of Aggregate Revenue Requirement and Retail Tariff for FY 2025-26.

MePDCL would like to make certain additional submissions against the aforementioned Petition. The additional submissions are elaborated as under:

1. Proposal for Levy of Additional Surcharge

As per Regulation 25 of the MSERC (Terms and Conditions of Open Access) Regulations, 2012:

"25. Additional Surcharge

(1) Additional Surcharge

(a) A consumer availing open access and receiving supply of electricity from a person other than the distribution licensee of his area of supply shall pay to the distribution licensee an additional surcharge, in addition to wheeling charges and cross subsidy surcharge, to meet the fixed cost of such distribution licensee arising out of his obligation to supply as provided under sub-section (4) of section 42 of the Act.

(b) The additional surcharge for obligation to supply shall become payable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments including transmission charges etc, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such contract.

(c) The distribution licensee whose consumer intends to avail open access shall submit to the Commission within thirty days of receipt of application an account of fixed cost paid by such open access user which the licensee is incurring towards his obligation to supply and demonstrate if any part of the fixed cost has become stranded.

(d) The Commission shall scrutinize the statement of accounts submitted by the licensee and obtain objections, if any, of the consumer and determine the amount of additional surcharge, if any, payable by the consumer.

(e) The additional surcharge shall be levied for such period not normally exceeding one year as the Commission may determine."

Since a distribution utility is under universal obligation to supply power to all of the consumer within its area of license, it gets into Power Purchase Agreement with long term sources to ensure supply to consumers in the state based on the demand of all the consumers. However, there are certain embedded consumers who are the consumers of DISCOM and also avail open access on short term basis. Thus, there are instances when these open access consumers avail the open access, there is some generation which has to be backed down while other has to be sold in the market due to lower demand.

In case the DISCOM decides to back down generation from any long term sources, the liability of paying full capacity charges still lies on the DISCOM.

As a settled practice in the regulatory regime the distribution licensee has been allowed to recover the additional surcharge from the consumer availing open access to recover the shortfall in the recovery of fixed charge liability that the Discom is liable to pay to generator even in case the power scheduled from the generator is lower than the entitlement.

However, in the state of Meghalaya the scenario is a bit different as it is having maximum generation from hydro sources which enjoy the must run status and cannot be backed down.

Since the pattern of the open access consumption in the state has been such that the maximum open access is availed in the off-peak hours when the market rates are much lower and the power is consumed from DISCOM during the peak hours. Hence, DISCOM has no option but to sell the power from the must run plants in the market at a much lower rate than the cost of power purchase resulting in under recovery of the power purchase cost.

Hence, to ensure that the fixed charges liability are recovered completely MePDCL proposes the following, methodology for computation of additional surcharge.

Step 1: Computation of the fixed charges liability of MePDCL.

Step 2: Computation of Fixed Charges recovered from the Consumer.

Step 3: The differential amount which recovered as a part of energy charges.

Step 4: The per unit fixed charge that is recovered through energy charges.

Particular	UOM	Value
Fixed Charges Liability Hydro Projects (ISGS)-A	Rs. Cr.	256.85
Fixed Charges Liability Hydro Projects (SGS)-B	Rs. Cr.	567.88
Fixed Charge Liability Thermal-C	Rs. Cr.	241.90
Fixed Charge Transmission (ISTS)-D	Rs. Cr.	0.00
Distribution Fixed Cost-E	Rs. Cr.	0.00
Inter-State Transmission Fixed Cost-F	Rs. Cr.	0.00
Total Fixed Charge Liability- G=Sum (A to F)	Rs. Cr.	1066.63
Fixed Charges Recovery- H	Rs. Cr.	355.58
Fixed Charges Recovered Through EC I= G-H	Rs. Cr.	711.05
Projected Sales-J	MU	2168.43
Per Unit Recovery of FC through EC $K=(I/J)*10$	Rs./kWh	3.28

Note- Since the distribution fixed cost and the transmission fixed cost is recovered through wheeling charges separately, the same has not been considered here.

Since, the projected energy of 2168.43 MU is on the basis of the assumption that there is no open access, any lower consumption from this level due to open access will impact the recovery of the portion of the fixed charges liability which is recovered through energy charges.

Hence, MePDCL proposes the additional surcharge of Rs. 3.28/ kWh in case any consumer goes for the open access. This will be charged to the open access consumer in addition to the wheeling charges and cross subsidy surcharge.