

**ADANI TRANSMISSION (INDIA)  
LIMITED**

**REVISED PETITION TOWARDS :-**

**Multi-Year Tariff Petition for Truing-up for FY 2017-18 & FY 2018-19; Provisional True-up for FY 2019-20 and Projection of Annual Revenue Requirement for FY 2020-21 to FY 2024-25.**

**FILED WITH :-  
MAHARASHTRA ELECTRICITY  
REGULATORY COMMISSION**

## **EXECUTIVE SUMMARY**

# 1. Executive Summary

## 1.1 INTRODUCTION

1. The Hon'ble Commission had approved ARR for the Control Period from FY 2012-13 to FY 2015-16 vide its MYT Order dated 10.01.2013 in Case No. 44 of 2012.
2. The Mid-term Performance Review Petition was filed by ATIL (formerly in the name of APML-T) on 09.12.2013. The Hon'ble Commission issued Order on the Mid-term Performance Review on 03.07.2014 in Case No. 190 of 2013 approving true-up of ARR for FY 2012-13, the provisional true-up of ARR for FY 2013-14 and revised projection of ARR for FY 2014-15 and FY 2015-16.
3. The Hon'ble Commission approved the amendment of Transmission Licence of the Petitioner vide its Order in Case No. 136 of 2014 dated 09.07.2015 and included Bus Reactors and associated bays at Tiroda Substation as a part of Licensed Transmission Assets.
4. The Hon'ble Commission issued order dated 28.06.2016 in case No. 07 of 2016. The Hon'ble Commission by order approved
  - a) True Up of ARR for the year 2012-13, 2013-14 & 2014-15
  - b) Provisional True-Up for the year 2015-16 &
  - c) Approval of ARR for third Control Period i.e. from 2016-17 to 2019-20.
5. The Hon'ble Commission while doing so, inter-alia decided
  - a) Disallowance of Capital Cost of Bus Reactor along with Associated O&M Costs.
  - b) Disallowance of excess of Actual O&M Expenses claimed over and above Normative O&M expenses by treating such excess as Controllable against the claim of Petitioner as Uncontrollable.
  - c) Consideration of accrued but not received Delayed Payment Charges (DPC) as Non Tariff Income and thereby reducing Provisionally approved ARR for the year 2015-16 and
  - d) Disallowance of one time cost of Demerger.

6. The Petitioner had challenged the above disallowances enumerated as (a) to (d) by way of appeal under Section 111 before Hon'ble APTEL. The appeal was registered as appeal No. 250 of 2016.
7. The Hon'ble APTEL by its order dated 29.05.2019 partly allowed appeal No. 250 of 2016. The Hon'ble APTEL approved claim of the Petition to consider Capital Cost of Bus Reactors, consequential tariff along with Carrying cost and also decided that DPC shall not be considered as Non-Tariff Income.
8. Hon'ble MERC approved Mid Term Performance Review Petition filed by the Petitioner for Truing-Up of Aggregate Revenue Requirement (ARR) for FY 2015-16 and FY 2016-17, Provisional Truing-Up of ARR for FY 2017-18 and Revised Forecast of ARR for FY 2018-19 to FY 2019-20 by its order dated 12.09.2018 in case No. 170 of 2017.
9. The Petition has approached Hon'ble APTEL to challenge following disallowance by the Hon'ble Commission while passing its order dated 12.09.2018 in case No. 170 of 2017.
  - a. Not to allow additional capital cost of Rs 4.35 Cr towards capitalisation of additional spares on 01.04.2015 as it is after cut-off date of 2 years of capitalisation.
  - b. Allowed normative O&M Cost plus 1/3<sup>rd</sup> of excess of actual cost over normative cost. However, it did not allow our actual O&M Cost.
  - c. Considered DPC as non-tariff income for the year 2015-16.
  - d. Considered normative Interest on working capital as efficiency gains as working capital is funded through internal accruals and no identifiable loan is available for funding working capital requirement.
  - e. Not allowed contribution to contingency reserve for the year 2015-16 & 2016-17 as no investment was made against contingency reserve in accordance with Regulations.
  - f. Not allowed actual rate of interest on long term loan. However, it allowed rate of interest on long term loan paid for long term loans from financial institutions other than ICD loan.

The Appeal filed by the Petition with Hon'ble APTEL has been registered as Appeal No. 402 of 2018.

10. The Petitioner is filing the present Petition without prejudice to its rights and contentions in Appeal No. 402 of 2018.
11. There are no other pending litigations for ATIL (Tiroda-Warora) as on the date of filing of this Petition except for the ones mentioned herein above.

## 1.2 STATUTORY PROVISIONS

12. The Petitioner, being a Transmission Licensee endeavours to operate under the stipulated regulatory regime. The Transmission Business is governed and regulated under following Act, Policy and Regulations:
  - Electricity Act 2003;
  - National Electricity Policy;
  - National Tariff Policy; and
  - MERC (Multi Year Tariff) Regulations, 2015 and 2019
  
13. The Hon'ble Commission has notified MYT Regulations, 2019 for determination of tariff for Generation, Transmission and Distribution on 01.08.2019. Regulation 5 (1) (a) specifies Multi-Year Tariff Petition ("MYT") to be filed by 01.11.2019 by Transmission Licensees, comprising:
  - a) Truing-up for FY 2017-18 and FY 2018-19 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015;
  - b) Provisional Truing-up for FY 2019-20 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015;
  - c) Aggregate Revenue Requirement for each year of the Control Period 2020-25 under MERC MYT Regulations, 2019;

In view of the above, ATIL submits the following

- a) Petition for True-up of ARR for FY 2017-18 and 2018-19 as per provisions of MYT Regulations, 2015.
- b) Petition for Provisional True-Up of ARR for the year FY 2019-20 as per provisions of the MYT Regulations, 2015.
- c) Determination of of ARR for the year FY 2020-2021 to 2024-25 as per provisions of the MYT Regulations, 2019.
- d) The Hon'ble APTEL by its order dated 29.05.2019 has decided Appeal No. 250 of 20116 filed by the Petitioner against Hon'ble MERC Order dated 28.06.2016 in case No. 7 of 2016. The Hon'ble APTEL directed Hon'ble

Commission to pass consequential order for revision of tariff. The Petitioner by its letter dated 04.06.2019 had requested Hon'ble Commission to pass consequential order for revision of tariff. The Petitioner has submitted working of revision in tariff for implementing Hon'ble APTEL Order dated 29.05.2019.

### 1.3 IMPACT OF HON'BLE APTEL ORDER DATED 29.05.2019 IN APPEAL NO. 250 OF 2016.

14. The Hon'ble APTEL has decided appeal filed by the Petitioner No. 250 of 2016 by its order dated 29.05.2019. Hon'ble APTEL directed Hon'ble Commission as under

*We direct the Respondent Commission (MERC) to accordingly pass consequential orders for revision of tariff in accordance with our findings as stated supra.*

15. In its Order APTEL has decided as under

*5.11 In view of above, we opine that the decision of the Respondent Commission to deny the capital cost and consequential tariff to the Appellant is not justified. .... **The Commission has to consider the costs incurred by the Licensee for installation of Bus Reactors and allow corresponding tariff including carrying cost.***

*6.17 In view of above, there is no doubt that such treatment to consider DPC as not tariff income is incorrect. Also, in such a situation a pragmatic way to ensure that Principle of Equity prevails would be to not consider DPC as Non-Tariff Income. **Accordingly we decide that DPC shall not be considered as Non-Tariff Income (emphasis provided).***

16. Further Petitioner by its letter dated 04.06.2019, requested Hon'ble Commission to pass consequential orders for revision of tariff at the earliest. Since no consequential orders is passed by the Hon'ble Commission, the Petitioner hereby claim consequential revision in tariff to implement Order of Hon'ble APTEL referred hereinabove. Since Tariff till 2016-17 has already been trued-up, the Petitioner has worked out additional element-wise Tariff for each years 2012-13 to 2016-17. Such additional element wise tariff has been worked out by comparing Revised allowable tariff with Approved Trued-up tariff. The Petitioner has also worked out Carrying cost for each year till 31.03.2020. The Petitioner provides herewith Year-wise Table of differential tariff including carrying cost, considering decision of Hon'ble APTEL.

**Table 1.1: Year wise differential tariff to implement Order of Hon'ble APTEL dated 29.05.2019 in Appeal No. 250 of 2016**

(Rs Cr)

Carrying Cost Working	Impact of Judgement	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
<b>Principal Amount/ Interest Rate</b>		14.75 %	14.75 %	14.29 %	10.79 %	10.19 %	10.19 %	9.89 %	9.96 %	
<b>Impact of Bus Reactor</b>										
2012-13	4.44		0.65	0.63	0.48	0.45	0.45	0.44	0.44	7.99
2013-14	6.51			0.93	0.70	0.66	0.66	0.64	0.65	10.77
2014-15	6.54				0.71	0.67	0.67	0.65	0.65	9.88
2015-16	8.22					0.84	0.84	0.81	0.82	11.53
2016-17	8.83						0.90	0.87	0.88	11.48
Total	34.54	0.00	0.65	1.56	1.89	2.62	3.52	3.42	3.44	51.65
<b>Impact of DPC</b>										
2015-16	21.85					2.23	2.23	2.16	2.18	30.64
Total	21.85					2.23	2.23	2.16	2.18	30.64
<b>Total Impact</b>										
Total Impact	56.39	-	0.65	1.56	1.89	4.85	5.75	5.58	5.62	82.29

#### 1.4 TRUE-UP OF ARR FOR FY 2017-18 AND FY 2018-19

- True-up of ARR outlines the actual performance of the Petitioner vis-à-vis approval of this Hon'ble Commission in the MTPR Order dated 12.09.2018 in case No. 170 of 2019 for FY 2017-18 & FY 2018-19.

18. A comparison of approved ARR vis-à-vis actual ARR is given in the table below. This claim by the Petitioner is without prejudice to its rights and outcome of appeal No. 402 of 2018 filed with Hon'ble APTEL.

**Table 1.2: Comparison of Actual Vs. Approved ARR for FY 2017-18 & FY 2018-19**  
(Rs. Crore)

Sr. No.	Particulars	FY 2017-18		FY 2018-19	
		MTPR Approved	(Actual)	MTPR Approved	(Actual)
1	O&M Expenses	6.06	9.64	6.35	11.92
2	Depreciation	36.15	37.37	36.27	37.50
3	Interest on Long-term Loan	35.99	40.41	31.76	35.67
4	Interest on Working Capital	2.47	2.51	2.07	2.40
5	Income Tax Expense	8.64	7.56	8.72	6.01
6	Contribution to Contingency Reserves	1.71	3.54	1.71	3.54
7	<b>Total Revenue Expenditure</b>	<b>91.00</b>	<b>101.03</b>	<b>86.88</b>	<b>97.04</b>
8	Return on Equity Capital	31.83	32.91	32.15	33.03
9	<b>Aggregate Revenue Requirement</b>	<b>122.84</b>	<b>133.94</b>	<b>119.03</b>	<b>130.06</b>
10	Less: Non-Tariff Income	0.31		0.37	0.64
11	Less: Income from Other Business				
12	Less: Income from Open Access charges				
13	<b>Net Aggregate Revenue Requirement</b>	<b>122.53</b>	<b>133.94</b>	<b>118.65</b>	<b>129.42</b>

19. In addition to the above parameters of ARR, the Petitioner has computed carrying cost up to 31.03.2020 for the differential/additional ARR claimed in this Petition compared to the approved ARR.
20. The Petitioner is eligible for incentive of Rs. 1.03 Crore, and Rs 0.98 Crore for the year 2017-18 and 2018-19 respectively in view of actual availability of 99.83%, and 99.92% respectively for FY 2017-18 and FY 2018-19 which is above normative

availability of 99% for the purpose of incentive as stipulated under MYT Regulations 2015.

21. Therefore, the Revenue Gap works out to Rs 16.75 Crore (Considering carrying cost on ARR & incentive) for FY 2017-18 and Rs. 20.46 Crore (Considering carrying cost on ARR & incentive) for FY 2018-19;
22. A table showing the computation of Revenue Gap is shown below; the table also shows the computation of Revenue Gap as per MYT Regulations.

**Table 1.3: True-up Summary**

**(Rs. Crore)**

Sr. No.	Particulars	Formula	Actual for FY 2017-18	Actual for FY 2018-19
1	ARR approved in the MYT Order	a	122.53	118.65
2	Gain (loss) on account of Uncontrollable factor to be passed on to the consumers	b	11.40	10.58
3	1/3 <sup>rd</sup> Gain (loss) on account of Controllable factor to be passed on to the consumers	c	0.58	0.06
<b>4</b>	<b>Trued-up ARR</b>	<b>d = a+b+c</b>	<b>134.51</b>	<b>129.29</b>
5	Availability Incentive	e	1.01	0.99
6	Carrying Cost for Delay in Recovery of ARR for FY 17-18	f	2.66	
8	Carrying Cost for Delay in Recovery of Incentive of FY 2017-18	g	0.18	
9	Carrying Cost for Delay in Recovery of ARR for FY 18-19	h		1.68
10	Carrying Cost for Delay in Recovery of Incentive of FY 2018-19	i		0.10
11	Total revenue recovered from TSUs during the year	j	123.44	113.50
<b>14</b>	<b>Revenue Gap/(Surplus)</b>	<b>k=d+e+f+g+h+i+j</b>	<b>14.91</b>	<b>18.55</b>

23. The Petitioner requests the Hon'ble Commission to approve the actual performance of ATIL as submitted.

Since, the ARR of FY 2017-18 and FY 2018-19 is yet to be finally trued up, accordingly the Petitioner is entitled for carrying cost in delay of recovery of ARR of FY 2017-18 and FY 2018-19 till the disposal of this petition and till the

publication of final InSTS Order and thereby recovery of differential in pursuance of the same. However in this petition carrying cost has been calculated upto 31.3.2020. The Petitioner reserves the right to claim additional carrying cost applicable from 1.4.2020 for the said delay in recovery of FY 2017-18 and FY 2018-19 in the next Petition to be filed by the Petitioner.

## 1.5 PROVISIONAL TRUE-UP OF ARR FOR FY 2019-20

24. For FY 2019-20, ATIL has compared actual performance for the first half year based on un-audited half yearly accounts and estimates for the second half with the approved ARR in the MYT Order. A comparison of the approved and revised ARR for FY 2019-20 is provided in the table below.

**Table 1.4: Comparison of Approved Vs. Estimated ARR for FY 2019-20**  
(Rs. Crore)

Particulars	MTPR Approved	Estimated
Operation & Maintenance Expenses	6.65	12.30
Depreciation Expenses	36.38	37.64
Interest on Long-term Loan Capital	27.52	30.49
Interest on Working Capital and on consumer security deposits	2.06	2.41
Income Tax	8.69	8.99
Contribution to contingency reserves	1.72	3.56
<b>Total Revenue Expenditure</b>	<b>83.03</b>	<b>95.39</b>
Return on Equity Capital	32.04	33.15
<b>Aggregate Revenue Requirement</b>	<b>115.08</b>	<b>128.54</b>
Less: Non Tariff Income	0.49	
Less: Income from Other Business		
Less: Income from Open Access charges		
<b>Aggregate Revenue Requirement from Transmission Tariff</b>	<b>114.58</b>	<b>128.54</b>

25. The Petitioner has not claimed at present any carrying cost and incentive for FY 2018-19. Incentive and carrying cost for FY 2019-20 would be claimed at the time of final true-up for that year.

## 1.6 FORECAST OF TARIFF FOR FY 2020-21 & FY 2024-25

26. The Petitioner has projected ARR for five years of the fourth Control Period for FY 2020-21 to FY 2024-25 based on the principles outlined in the MYT Regulations, 2019. The following table provides a summary of Revised Forecast ARR vis-à-vis

MYT approved by the Hon'ble Commission under various heads of the Aggregate Revenue Requirement.

**Table 1.5: Forecast of ARR for FY 2020-21 to FY 2024-25**

(Rs. Crore)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	Projection	Projection	Projection	Projection	Projection
	(l)	(m)	(n)	(o)	(p)
Operation & Maintenance Expenses	12.27	12.78	13.26	13.74	14.29
Depreciation Expenses	37.66	37.66	37.66	37.66	37.66
Interest on Loan Capital	25.54	20.55	15.56	10.57	5.58
Interest on Working Capital and on Consumer Security Deposits	2.30	2.25	2.19	2.14	2.09
Income Tax					
Contribution to contingency reserves	3.57	3.57	3.57	3.57	3.57
<b>Total Revenue Expenditure</b>	<b>81.34</b>	<b>76.80</b>	<b>72.23</b>	<b>67.68</b>	<b>63.18</b>
Add: Return on Equity Capital	38.18	38.18	38.18	38.18	38.18
<b>Aggregate Revenue Requirement</b>	<b>119.52</b>	<b>114.98</b>	<b>110.42</b>	<b>105.86</b>	<b>101.37</b>
Less: Non Tariff Income	0	0	0	0	0
Less: Income from Other Business					
Less: Income from Open Access charges					
<b>Aggregate Revenue Requirement from Transmission</b>	<b>119.52</b>	<b>114.98</b>	<b>110.42</b>	<b>105.86</b>	<b>101.37</b>

## 1.7 PROPOSED RECOVERY OF PAST PERIOD AND ITS IMPACT ON ARR

27. The Petitioner proposes to recover the impact of gap/ (surplus) for the Past period (FY 15-16, FY 16-17 & FY 17-18) in FY 2018-19. Accordingly the claim of Cumulative ARR (standalone ARR plus past period Revenue Gap) has been shown in the below mentioned table:

**Table 1.6: Impact of Past Period Recovery on ARR requirement of FY 2020-21  
(Rs. Crore)**

<b>Particulars</b>		<b>FY 2020-21</b>	<b>FY 2021-22</b>
Stand alone ARR for the year	a	119.52	114.98
Revenue Gap/ (Surplus) - FY 2017-18	b=c+d+e+f	14.91	-
Availability Incentive	c	1.01	-
Revenue Gap/ (Surplus)	d	11.07	-
Carrying Cost for Delay in Recovery of ARR for FY 17-18	e	2.66	-
Carrying Cost for Delay in Recovery of Incentive of FY 2017-18	f	0.18	-
Revenue Gap/ (Surplus) - FY 2018-19	g=h+i+j+k+l	18.55	-
Availability Incentive	h	0.99	-
Revenue Gap/ (Surplus)	i	10.64	-
Under Recovery of Tariff to be recovered for FY 2018-19	j	5.15	
Carrying Cost for Delay in Recovery of True up ARR for FY 18-19	k	1.68	-
Carrying Cost for Delay in Recovery of Incentive of FY 2018-19	l	0.10	-
Revenue Gap/ (Surplus) - FY 2019-20	m	13.98	-
Revenue Gap - APTEL Judgement	n=o+p+q	100.01	
Revenue Gap - Bus Reactor - APTEL Judgement	o	34.54	
Carrying Cost - Bus Reactor - APTEL Judgement	p	17.10	
Revenue Gap - DPC - APTEL Judgement	q	21.85	
Carrying Cost - DPC - APTEL Judgement	r	8.79	
Additional Income Tax Liability - APTEL Judgement	s=(o+p+q+r)*21.54%	17.72	

Particulars		FY 2020-21	FY 2021-22
Revenue Gap/(Surplus)	$t=b+g+m+n$	147.45	-
Cumulative ARR Recovery	$u=a+t$	266.97	114.98

## 1.8 PRAYERS

28. In view of the above, the Petitioner respectfully prays that the Hon'ble Commission may be pleased to:
- a) Admit the present Petition for True-up of ARR for FY 2017-18, & FY 2018-19; Provisional True-up of ARR for FY 2019-20 and Annual Revenue Requirement for FY 2020-21 & FY 2024-25.
  - b) Allow consequential revision in tariff to implement Order dated 29.05.2019 of Hon'ble APTEL in Appeal No. 250 of 2016 along with revision in availability incentives and carrying cost.
  - c) Allow the Operation and Maintenance Expense as claimed in this Petition.
  - d) Allow True-up of ARR for FY 2017-18, and FY 2018-19 based on the audited accounts and approve the revenue gap of these years as presented in this Petition along with carrying cost and incentive.
  - e) Allow Provisional True-up of ARR for FY 2019-20 based on the un-audited accounts up to 30.09.2019.
  - f) Allow ARR for FY 2020-21 to FY 2024-25 as proposed by ATIL in the Petition.
  - g) Allow cumulative Revenue Gap including carrying cost and Incentive and also allow its recovery through the new Intra State Transmission System Tariff Order or amendment of the existing Intra State Transmission System Tariff Order.
  - h) Allow the Petitioner to carry out additions / alterations / changes / modifications to the application at a future date, if necessary.

- i) Condone any inadvertent omissions / errors / shortcomings and permit ATIL to add / change / modify / alter this filing and make further submissions as may be required at a future date.
- j) Pass such further Orders, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case.