

VIDARBHA INDUSTRIES POWER LTD.
H-Block, 1st Floor, DAKC, Navi Mumbai 400710

PUBLIC NOTICE

[Case No. 199 of 2017]

Inviting Suggestions/Objections on VIPL-Generation's Petition for Revised Truing up of ARR for FY 2014-15, Truing up of ARR for FY 2015-16 and FY 2016-17, Provisional Truing up of ARR for FY 2017-18, Revised ARR and Tariff for FY 2018-19 and FY 2019-20

- Vidarbha Industries Power Limited— Generation (VIPL-G) has filed a Petition for Revised Truing up of ARR for FY 2014-15, Truing up of ARR for FY 2015-16 and FY 2016-17, Provisional Truing up of ARR for FY 2017-18, Revised ARR and Tariff for FY 2018-19 and FY 2019-20 before the Maharashtra Electricity Regulatory Commission (MERC) under Sections 61 and 62 of the Electricity Act, 2003, MERC (Multi Year Tariff) Regulations, 2011 and MERC (Multi Year Tariff) Regulations, 2015.
- The Commission has admitted the Petition on **Friday, 28 September, 2018** and directed VIPL-G to publish a Public Notice under Section 64(2) of the Electricity Act, 2003 inviting Suggestions/ Objections.
- The salient features of the Petition are summarised below:

Table 1: Norms of Operation from FY 2015-16 to FY 2017-18

Particulars	UoM	FY 2015-16		FY 2016-17		FY 2017-18	
		MYT Approved	Actual	MYT Approved	Actual	MYT Approved	Revised Estimates
Availability	%	85.00	97.32	85.00	88.39	85.00	75.09
PLF	%	85.00	76.32	85.00	71.57	85.00	63.05
Heat Rate	kcal/kWh	2401	2425	2400	2358	2400	2355
Auxiliary Power Consumption*	%	9.04	9.04	9.03	8.41	9.13	8.29
Secondary Oil Consumption	ml/kWh	1.00	0.16	0.50	0.13	0.50	0.11
Gross Generation	MU	4468	4022	4468	3762	4468	3314
Net Generation	MU	4064	3659	4064	3446	4060	3114

*Including Aux. Consumption of Water Pumping System

Table 2: Truing up of FY 2014-15

Particulars	FY 2014-15	
	MYT Approved	Actual
Expenditure		
Total Fuel Related Expenses	1154.05	1166.27
Operation & Maintenance Expenses	105.00	76.86
Depreciation	203.42	203.42
Interest on Long-term Loan Capital	282.00	282.00
Interest on Working Capital	76.92	33.42
Other Expenses	31.28	31.28
Income Tax	31.70	31.70
Total Expenditure (A)	1884.37	1824.94
Return on Equity	179.49	179.49
Less: Reduction in Fixed Charges on account Availability lower than Target Availability		1.67
Add: 2/3rd of Efficiency gain in Fuel Cost		-8.14
Add: 2/3rd of Efficiency gain in O&M Expenses		18.76
Add: 2/3rd of Efficiency gain in Working Capital Interest		29.00
Less: Non Tariff Income	16.67	16.67
Total of RoE+ Gains+ Incentive (B)		200.76
Revenue		
As approved by Commission in MYT Order Dated 20.06.2016		1570.65
Total Revenue (C)		1570.65
Revenue Gap / (Surplus) = [(A) + (B)] - (C)		455.00

Table 3: Truing up of FY 2015-16

Particulars	FY 2015-16	
	MYT Approved	Actual
Expenditure		
Total Fuel Related Expenses	1079.65	1072.33
Operation & Maintenance Expenses	111.00	98.82
Depreciation	216.20	216.00
Interest on Long-term Loan Capital	311.77	301.50
Interest on Working Capital	86.01	47.97
Other Expenses	30.48	30.48
Income Tax	31.70	44.05
Total Expenditure (A)	1866.81	1811.15
Return on Equity	201.72	201.72
Add: Incentive for Higher PLF		9.60
Add: 2/3rd of Efficiency gain in Fuel Cost		4.88
Add: 2/3rd of Efficiency gain in O&M Expenses		8.12
Add: 2/3rd of Efficiency gain in Working Capital Interest		25.36
Less: Other Income		8.19
Total of RoE+ Gains+ Incentive (B)	201.72	241.49
Revenue		
Revenue from sale of electricity as per MYT Order Dated 20.06.2016		1703.36
Total Revenue (C)		1703.36
Revenue Gap / (Surplus) = [(A) + (B)] - (C)		349.28

Table 4: Truing up of FY 2016-17

Particulars	FY 2016-17	
	MYT Approved	Actual
Expenditure		
Total Fuel Related Expenses	898.66	866.79
Operation & Maintenance Expenses	136.11	129.19
Depreciation	218.44	218.26
Interest on Long-term Loan Capital	285.42	293.93
Interest on Working Capital	60.54	53.49
Other Expenses	11.47	11.47
Income Tax	31.70	58.27
Total Expenditure (A)	1642.35	1631.40
Return on Equity	205.10	205.09
Add: Incentive for Higher PLF	0.00	0.00
Add: 1/3rd of Efficiency gain in Fuel Cost	0.00	10.62
Add: 1/3rd of Efficiency gain in O&M Expenses	0.00	2.31
Add: 1/3rd of Efficiency gain in Working Capital Interest	0.00	2.35
Less: Other Income		7.42
Total of RoE+ Gains+ Incentive (B)	205.10	212.95
Revenue		
Revenue from sale of electricity as per MYT Order Dated 20.06.2016		1661.69
Total Revenue (C)		1661.69
Revenue Gap / (Surplus) = [(A) + (B)] - (C)		182.66

Table 5: Provisional Truing Up of FY 2017-18

Particulars	FY 2017-18	
	MYT Approved	Revised Estimates
Expenditure		
Fuel Related Expenses	896.59	896.59
Operation & Maintenance Expenses	141.99	134.38
Depreciation Expenses	219.05	219.22
Interest on Long-term Loan	270.09	264.38
Interest on Working Capital	54.29	64.94
Other Expenses	22.55	17.68
Income Tax	31.70	58.27
Total Expenditure (A)	1636.26	1655.46
Add: Return on Equity Capital	205.62	205.67
Less: Reduction in Fixed Charges on account Availability lower than Target Availability		111.30
Less: Non-Tariff Income	4.25	4.94
Aggregate Revenue Requirement (B)	1837.63	1744.89
Revenue (C)		
Revenue from sale of electricity as per MYT Order Dated 20.06.2016		1476.11
Revenue Gap / (Surplus) = (B) - (C)		268.77

Table 6: Operational Parameters for the rest of Control Period

Particulars	UoM	FY 2018-19		FY 2019-20	
		MYT Approved	Projected	MYT Approved	Projected
Availability	%	85.00	85.00	85.00	85.00
PLF	%	85.00	85.00	85.00	85.00
Heat Rate	kcal/ kWh	2400	2400	2400	2400
Auxiliary Power Consumption*	%	9.13	9.13	9.13	9.13
Secondary Oil Consumption	ml/kWh	0.50	0.50	0.50	0.50
Gross Generation	MU	4467.60	4467.60	4479.84	4479.84
Net Generation	MU	4059.72	4059.72	4070.86	4070.86
Transit Loss – Domestic Coal (%)	%	0.8%	0.8%	0.8%	0.8%
Transit Loss – Imported Coal (%)	%	0.2%	0.2%	0.2%	0.2%

*Including Aux. Consumption of Water Pumping System and RO Plant

Table 7: Gross Calorific Value and Fuel Price for Third Control Period of FY 2016-17 to 2019-20

Particulars	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
	GCV*	Fuel Price**	GCV*	Fuel Price**	GCV*	Fuel Price**	GCV*	Fuel Price**
Domestic Coal	3740	3560	3735	3950	3544	3751	3544	3751
Imported Coal	4754	5785	4741	7541	4741	7541	4741	7541
Light Diesel Oil (LDO)	9499	39582	9459	41863	9420	45581	9420	45581

* GCV as Fired: in kcal/kg for Coal and kcal/ml for LDO

** Landed Fuel Price: Rs/MT for Coal and Rs/KL for LDO

Table 8: Capitalisation from FY 2015-16 to FY 2019-20

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
DPR Scheme	60.85	18.96	6.11	-	-
Non DPR	-	-	-	-	-
Total Capitalisation	60.85	18.96	6.11	-	-

Table 9: Annual Revenue Requirement for FY 2018-19 and FY 2019-20

Particulars	FY 2018-19		FY 2019-20	
	MYT Approved	Projected	MYT Approved	Projected
Fuel Expenses	887.50	1172.70	891.06	1176.16
Other Expense	23.68	23.68	24.86	24.86
Operation & Maintenance Expenses	148.17	148.17	154.71	154.49
Depreciation	219.05	219.37	219.05	219.37
Interest on Long-term Loan Capital	254.01	251.76	239.08	235.88
Interest on Working Capital	37.59	65.15	32.53	65.20
Income Tax	31.70	58.27	31.70	58.27
Total Expenditure	1601.70	1939.11	1592.98	1934.23
Add : Return on Equity	205.62	205.81	205.62	205.81
Less: Non Tariff Income	4.25	4.94	4.25	4.94
Cumulative Revenue Gap/(Surplus) till end of FY 17-18		1255.76		
Annual Revenue Requirement	1803.07	3395.74	1794.35	2135.10

Table 10: Capacity Charges and Energy Charge Rate for FY 2018-19 and FY 2019-20

Particulars	FY 2018-19		FY 2019-20	
	MYT Approved	Projected	MYT Approved	Projected
Capacity (Fixed) Charges (Rs. Crore)	915.57	943.60	903.30	934.09
Energy Charge Rate ex-bus (Rs./kWh)	2.19	2.95	2.19	2.95

Table 11: Carrying Cost for Revenue Gap

Particulars	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SBAR and MCLR	14.75%	14.75%	10.79%	10.20%	10.20%
Opening Balance of Principal	0	455	804	987	1,256
Addition	455.1	349.3	182.7	268.8	
Closing Balance of Principal	455	804	987	1,256	1,256
Average Balance	228	630	896	1,121	1,256
Carrying Cost on addition	34	93	97	114	64
Total Carrying Cost					402

4. Copies of the following documents may be obtained on written request from the offices of VIPL-G mentioned below:

- Executive Summary of the Petition (free of cost, in Marathi or English).
- Detailed Petition documents along with CD (in English) (on payment of Rs.150 by Cash/ DD drawn on "Vidarbha Industries Power Limited".
- Detailed Petition documents (in English) (on payment of Rs. 100).
- CD of detailed Petition document (in English) (on payment of Rs. 50).

Office	Address	Tele / Fax No.
Office	Vidarbha Industries Power Limited, H-Block, 1st Floor, DAKC, Navi Mumbai 400710	Tel: +91-22-33033275 Fax: +91-22-33033669
Nagpur Site Office	Vidarbha Industries Power Limited, D-3, MIDC Industrial Area, Butibori, Nagpur-441 122	Tel: +91-7104-305601 Fax: +91-7104-305720

5. The Commission has directed VIPL-G to invite suggestions and objections from the public on its Petition through this Notice. **Suggestions/objections may be sent in English or in Marathi in six (1+5 Copies) to the Secretary, Maharashtra Electricity Regulatory Commission, 13th Floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai-400 005 or by Fax or Email [Fax No. 022 22163976 E-Mail: mercindia@merc.gov.in] by Saturday, 20 October, 2018, along with proof of service on Shri. Shantanu S Dolas, Senior Manager, H-Block, 1st Floor, DAKC, Navi Mumbai 400710. [Fax No 022 33033669, Email id: shantanu.dolas@realianceada.com], and should carry the full name, postal address and E-mail address, if any of the sender. It should be indicated whether suggestion/objection is being filed on behalf of any organisation or category of consumers. It should also be mentioned if the sender wants to be heard in person, in which case opportunity would be given by the Commission at the Public hearing to be held at **Office of the Commission, 13th Floor, World Trade Centre, Cuffe Parade, Colaba, Mumbai-400005 on Tuesday, 23 October, 2018 at 10.00 Hours**, for which no separate notice will be given.**

6. VIPL-G shall reply to each of the suggestions and objections received within three days of their receipt but not later than **Monday, 22 October, 2018** for all the suggestions and objections received till **Saturday, 20 October, 2018**. Rejoinders may be submitted on replies provided by VIPL-G either during the Public Hearing or by **Friday, 26 October, 2018**.

7. The detailed Petition document and the Summary are available on VIPL-G's website www.reliancepower.co.in and the Executive Summary is also available on the websites of the Commission, www.merc.gov.in/ www.mercindia.org.in in downloadable format (free of cost).

Mumbai
Date: 29 September, 2018

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Shantanu S Dolas
Senior Manager
Vidarbha Industries Power Limited