

# MAHARASHTRA AIRPORT DEVELOPMENT COMPANY LIMITED

8th Floor, World Trade Centre, Cuffe Parade, Mumbai 400 005. Website: https://madc.maharashtra.gov.in

### PUBLIC NOTICE

Objections / comments on Maharashtra Airport Development Company Limited (MADC)'s Petition for Distribution business, including True Up for FY 2014-15, FY 2015-16 as per MERC (Multi-Year Tariff) Regulations, 2011, Provisional True Up for FY 2016-17 to FY 2018-19 and ARR and Tariff for FY 2019-20 as per MERC (Multi-Year Tariff) Regulations, 2015 and its Amendments (Case No. 96 of 2017)

1. MADC has filed a Petition for approval of Petition for Distribution business, | 11. The Power purchase cost for MADC is as under: including True up for FY 2014-15, FY 2015-16 as per MERC (Multi Year Tariff) Regulations, 2011, Provisional True up for FY 2016-17 to FY 2018-19 and approval of ARR and Tariff for FY 2019-20 as per MERC (Multi Year Tariff) Regulations, 2015 and its Amendments, in Case No. 96 of 2017, before the Maharashtra Electricity Regulatory Commission (MERC) under Sections 61 and 62 of the Electricity Act, 2003 (Act) and Regulation 8 of the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015. The Commission has admitted the Petition on 26 June, 2019 and directed MADC to publish a Public Notice under Section 64(2) of the Act.

#### **Background**

- 2. Maharashtra Airport Development Company Limited ("MADC"), the Petitioner herein was constituted in the year 2002 as a special purpose company by Government of Maharashtra to develop a Multi-modal International Hub Airport at Nagpur ("MIHAN") in the State of Maharashtra to provide the regional air connectivity. The Commission, vide Order dated 3 August, 2012 in the matter of the Petition of the Petitioner as per the Case No.16 of 2011, declared the Petitioner to be the Deemed Distribution Licensee for the notified SEZ area of MIHAN, and initiated the preparation of draft Specific Conditions of License Regulations for it.
- 3. On 02.01.2007, with a view to provide an efficient, uninterrupted supply of power in the MIHAN area, the Petitioner issued an advertisement inviting proposals from interested parties for the selection of a joint venture partner for the development of a Coal based Power Plant. Pursuant to the above mentioned advertisement on 24.04.2007, MADC selected Abhijeet Group to implement the Project in association with the Petitioner on a Build, Operate and Transfer basis.
- 4. AMNEPL was created as joint venture with the Abhijeet group and as of today MADC holds 26% of the Issued Equity Capital in AMNEPL. On 22.06.2007, the Memorandum of Association, the Articles of Association of AMNEPL was executed. A Concession Agreement ("The Agreement") was executed between MADC and AMNEPL on 07.11.2007 pursuant to the competitive bidding process.
- 5. Thereafter, the development of the Project was initiated by AMNEPL and simultaneously, the Petitioner started the development of the Distribution Network. The first unit of the Project was declared commissioned on January 6, 2011 by AMNEPL. Thereafter the remaining units were declared commissioned by AMNEPL with the fourth unit being declared as commissioned on August 1, 2011. Thereafter a dispute between the Petitioner and AMNEPL and default notices were issued by both, the Petitioner and AMNEPL upon each other. On 24.10.2013, AMNEPL arbitrarily and unilaterally issued the 'notice of intent to terminate' the Agreement to the Petitioner.
- 6. Thereafter, the Project was shut down by AMNEPL on 05.11.2013 unilaterally, and power was being supplied by AMNEPL using the DG sets. On 26.11.2013, the Petitioner replied to the said 'notice of default' as well as 'notice of intent to terminate' and urged AMNEPL to withdraw the said notices as they were misconceived and issued in complete derogation of the mechanism prescribed under the Agreement. On 24.01.2014, AMNEPL extended the cure period of its notice dated 24.10.2013 further by a period of two months but in the mid of March 2014, AMNEPL had shut down their DG Sets and stopped supplying power to consumers. Thereafter the Petitioner also issued a 'notice of default' dated 13.03.2014, pointing out the various defaults on the part of AMNEPL
- 7. The Commission allowed the Petitioner to procure power on short term basis in absence of any long/medium term power procurement arrangement. Vide its Daily Order dated 13 October 2016, the Commission allowed the Petitioner to charge consumers based on the category-wise tariff applicable to MSEDCL consumers, as modified from time to time, as the ceiling tariff, till its ARR and tariff are determined. In the order dated 10 May, 2016 (Case 47 of 2015), the Petitioner was directed to file MYT petition till August 2016. Deadline for filing MYT Petition was extended from time to time on request of the Petitioner. Subsequently, vide notice dated 16 June, 2017; the Commission initiated suo-moto proceedings in Case No. 96 of 2017. Finally, MADC filed a Tariff Petition from its commissioning in FY 2014-15 to FY 2019-20 which is summarized as below.

Truing-Up for FY 2014-15, FY 2015-16 as per MYT Regulations 2011 and Provisional Truing-Up of FY 2016-17, FY 2017-18 as per MYT Regulations 2015

8. The summary of combined ARR for Wires & Retail Supply Business of MADC for Truing-Up for FY 2014-15, FY 2015-16 based on audited values, and provisional Truing-Up of FY 2016-17, FY 2017-18 based on provisional values, is shown below:

## Table 1: Aggregate Revenue Requirement of MADC (Rs. Crore)

e-			FY 2015-16	FY 2016-17	FY 2017-18
No.			Truing up	Provisional truing up	Provisional truing up
1	Power Purchase Expenses	3.26	8.34	10.86	17.32
2	Operation and Maintenance Expenses	0.77	2.09	2.16	2.24
2.1	Employee Expenses	0.62	0.64	0.66	0.68
2.2	Administrative & General Expenses	0.02	0.41	0.42	0.44
2.3	Repair & Maintenance Expenses	0.13	1.04	1.08	1.12
3	Depreciation	1.08	3.04	3.04	3.04
4	Interest on long-term loan capital	0.65	3.33	2.91	2.60
5	Interest on Working Capital	0.04	0.18	0.29	0.17
6	Interest on Consumer Security Deposits	0.00	0.00	0.00	0.37
7	Provisioning for bad & doubtful debts	0.01	0.02	0.04	0.04
8	Income Tax	0.00	0.00	0.48	0.48
9	Transmission charges (intra-State)	0.11	0.39	0.50	0.67
10	Contribution to contingency reserves	0.00	0.16	0.33	0.49
11	Total Revenue Expenses	5.92	17.55	20.61	27.42
12	Return on Equity Capital	0.42	2.37	2.37	2.36
13	Aggregate Revenue Requirement	6.34	19.92	22.98	29.78
14	Less: Non-Tariff Income	0.18	0.51	0.42	0.54
15	Net Aggregate Revenue Requirement	6.16	19.41	22.56	29.24
16	Sales (MU)	6.90	25.43	33.67	45.63
17	Average Cost of Supply (Rs/kWh)	8.93	7.63	6.70	6.41

9. The Energy Sales of MADC are as under:

Table 2: Energy Sales in FY 2014-15, 2015-16, FY 2016-17 & FY 2017-18 (in MU)

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Particulars	Actual	Actual	Actual	Actual
Industrial	5.75	21.82	29.21	33.97
Commercial	0.87	2.55	2.48	9.64
HT Category (MU)	6.62	24.37	31.69	43.61
Industrial	0.06	0.57	1.11	1.17
Commercial	0.13	0.26	0.35	0.31
Street Light	0.09	0.23	0.52	0.53
LT Category (MU)	0.28	1.07	1.98	2.02
Total (MU)	6.90	25.43	33.67	45.63

10. The revenue from sale of Electricity for MADC is as under:

## Table 3 : Revenue in EV 2014-15 2015-16 EV 2016-17 & EV 2017-18 (Re. Crore)

Table 3 : Revenue in FY 2014-15, 2015-16, FY 2016-17 & FY 2017-18 (Rs. Crore)						
Category	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
HT Category						
Industrial	2.71	9.39	12.82	14.91		
Commercial	0.05	1.19	1.20	4.66		
Sub-Total	2.76	10.58	14.02	19.57		
LT Category						
Industrial	0.03	0.30	0.48	0.52		
Commercial	0.05	0.13	0.17	0.15		
Street Light		0.09	0.21	0.21		
Sub-Total	0.08	0.52	0.86	0.88		
Total	2.84	11.10	14.88	20.45		

Table 4: Power Purchase Cost in FY 2014-15, 2015-16. FY 2016-17 & FY 2017-18 (Rs. Crore)

### FY 2014-15 - Actual

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
	Short term Sources			
	IEX	7.09	2.42	3.41
	Lloyds	2.52	0.84	3.33
	Total	9.62	3.26	3.39

#### FY 2015-16 - Actual

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
	Short term Sources			
	IEX	5.83	1.74	2.98
	Lloyds	0.00	0.09	
	MSEDCL	21.19	6.51	3.07
	Total	27.02	8.34	3.09

#### FY 2016-17 - Actual

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
	MSEDCL			
1	Apr-Feb	31.64	9.78	3.09
2	Mar	3.24	1.08	3.33
	Total	34.88	10.86	3.11

#### FY 2017-18 - Actual

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
	MSEDCL			
1	Apr-Aug	17.75	5.91	3.33
2	Sep-Mar	28.44	11.41	4.01
	Total	46.19	17.32	3.75

12. The Operational parameters for MADC are as under:

#### Table 5 : Operational Parameters in FY 2014-15, FY 2015-16, FY 2016-17 & FY 2017-18

Sr.	Particulars			FY 2016-17	
No.	- I di ticulai 3	Actual	Actual	Provisional	Provisional
1	Distribution Loss (%)	3.43	3.25	1.74	1.78
2	Billing Efficiency (%)	97	97	98	98
3	Collection Efficiency (%)	87	77	74	71

13. MADC's Capital Expenditure and Capitalisation (with IDC) for FY 2014-15 to FY 2017-18 is given as below

Sr.	Dantiacilana	Act	tual	Prov	Projected		
No.		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
1	Capital Expenditure	62.69	0	0	0	0	0
2	Capitalisation	62.69	0	0	0	0	0
3	IDC	3.30	0	0	0	0	0
4	Capitalisation + IDC	65.99	0	0	0	0	0

Provisional Truing-Up for FY 2018-19 and Projections for FY 2019-20 14. MADC has estimated ARR FY 2018-19 and FY 2019-20 as below.

#### Table 6: Aggregate Revenue Requirement of MADC for FY 2018-19 and FY 2019-20 (excluding past recoveries) (Rs. Crore)

Sr.	Particulars	FY 2018-19	FY 2019-20	
No.	Faiticulais	Provisional Truing-Up	Projections	
1	Power Purchase Expenses	36.37	63.11	
2	Operation and Maintenance Expenses	2.38	2.46	
3	Depreciation	3.04	3.04	
4	Interest on long-term loan capital	2.28	1.96	
5	Interest on Working Capital	0.17	0.17	
6	Interest on Consumer Security Deposits	0.38	0.39	
7	Provisioning for bad & doubtful debts	0.08	0.11	
8	Income Tax	0.48	0.49	
9	Transmission charges (intra-State)	1.08	1.77	
10	Contribution to contingency reserves	0.66	0.82	
11	Total Revenue Expenses	46.92	74.32	
12	Return on Equity Capital	2.37	2.37	
13	Aggregate Revenue Requirement	49.29	76.69	
14	Less: Non-Tariff Income	0.51	0.51	
15	Aggregate Revenue Requirement from			
	Wire and Supply	48.78	76.18	
16	Sales (MU)	73.27	120.91	
17	Average Cost of Supply (Rs/kWh)	6.66	6.30	
18	Percentage Increase in Average Cost of			
	Supply w.r.t. FY 2017-18	4%	-5%	

 The Energy Sales for MADC for remaining Control Period is given in the Table below. Table 7: Category-wise Sales Projections for FY 2018-19 and FY 2019-20 (MU)

FY 2018-19 FY 2019-20

Particulars		20.0 20	
rarticulars	Provisional True-Up	Projected	
Industrial	48.15	89.37	
Commercial	22.49	27.32	
HT Category (MU)	70.64	116.69	
Industrial	1.09	1.73	
Commercial	0.92	1.57	
Street Light	0.60	0.88	
Public Services	0.02	0.03	
LT Category (MU)	2.64	4.22	
Total (MU)	73.27	120.91	
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16. The revenue from sale of Electricity for MADC for FY 2018-19 and FY 2019-20 is given in

#### Table 8: Revenue at existing tariff for FY 2018-19 and at proposed tariff for FY 2019-20 (Rs. Crore)

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Particulars	FY 2018-19	FY 2019-20			
HT Category	32.00	51.60			
LT Category	1.17	1.48			
Total	33.17	53.08			

17. The Energy Balance for MADC for remaining Control Period is given in the Table below: Table 9: Projected Energy Balance for FY 2018-19 and FY 2019-20

Sr.	Particulars Uol		FY 2018-19	FY 2019-20
No.	Particulars	OOW	Prov. True-up	Projected
1	Power Purchase at AMNEPL substation			
1.1	MSEDCL	MU	75.49	124.56
1.2	Scheduling Loss	%	0.00%	0.00%
1.3	Scheduling Loss	MU	0.00	0.00
2	Total Energy Available at 220kV Substation	MU	75.49	124.56
	Energy Requirement at 220kV Substation			
3	AMNEPL dedicated transmission line loss	%	1.17%	1.17%
3.1	AMNEPL dedicated transmission line loss	MU	0.88	1.46
4	Distribution network loss		1.78%	1.78%
4.1	Distribution network loss	MU	1.33	2.19
5	Total Energy Available for Sale at 33kV		74.60	123.10
6	HT Sales			
6.1	Sales to Own Supply Consumers	MU	70.64	116.69
7	LT Sales			
7.1	Sales to Own Supply Consumers	MU	2.64	4.22

18. Power Purchase Cost for MADC for remaining Control Period is given in the Table below: Table 10 : Projected Power Purchase Cost for FY 2018-19 and FY 2019-20 (Rs. Crore) FY 2018-19 - Projected

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
1	2	3	4	5
	Short term Sources			
1	Apr-Aug	32.58	13.06	4.01
2	Sep-Mar	42.91	20.98	4.89
	RPO			
	Solar		0.35	1
	Non-Solar		1.98	1
	Total	75.49	36.37	4.82

### FY 2019-20 - Projected

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
	Short term Sources			
1	Apr-Aug	53.75	26.29	4.89
2	Sep-Mar	70.80	34.96	4.94
	RPO			
	Solar		0.44	1
	Non-Solar		1.43	1
	Total	124.56	63.11	5.07

19. Capital Expenditure and Capitalisation for FY 2018-19 and FY 2019-20 is nil. Revenue Gap

20. Revenue Gap for MADC at existing tariff is given in the Table below:

Table 11: Revenue Gap for MADC at existing tariff (Rs. Crore)

No	Particulars	FY	FY	FY	FY	FY	FY
		14-15	15-16	16-17	17-18	18-19	19-20
1.	Opening Gap	0.00	3.51	12.67	22.13	33.43	53.07
2.	Addition of Gap	3.32	8.31	7.68	8.79	15.61	21.87
3.	Closing Gap	3.32	11.82	20.34	30.92	49.04	74.94
4.	Interest Rate (%)	11.50%	11.04%	10.80%	9.50%	9.75%	9.75%
5.	Carrying Cost	0.19	0.85	1.78	2.52	4.02	6.24

21. Tariff Proposal of MADC

#### Table 12: Proposed Retail Tariff for FY 2019-20

Category	FY 2019-20
HT Industrial ABR (Rs./kWh)	4.25
HT Commercial ABR (Rs./kWh)	5.00
HT Category ABR (Rs./kWh)	4.42
LT-A (Below 20kW) ABR (Rs./kWh)	2.90
LT-B (Above 20kW) ABR (Rs./kWh)	3.59
LT Category ABR (Rs./kWh)	3.50
Overall ABR (Rs./kWh)	4.39

Consumer	Fixed/Demand Charges		Energy Charges (Rs/kWh)		Wheeling Charges (Rs/kWh)	
Category	FY 18-19 Existing	FY 19-20 Proposed	FY 18-19 Existing	FY 19-20 Proposed	FY 18-19 Existing	FY 19-20 Proposed
HT Category						
Industrial	168	161	3.10	3.18	0.70	0.61
Commercial	168	161	3.14	3.26	0.70	0.61
LT Category						
LT-A (Below 20kW)	97	92	0.80	1.01	2.28	2.02
LT-B (Above 20kW)	97	92	0.84	1.04	2.28	2.02

Table 13 : Schedule of Charges proposed by MADC for FY 2019-20

No.	Schedule of Charges	UoM	FY 2019-20
1.	Payment made after 60 days and before 90 days from the date of billing	% p.a.	12%
2.	Payment made after 90 days and upto 180 days from the date of billing	% p.a.	15%
3.	Payment made after 180 days from the date of billing	% p.a.	18%
4.	Delayed Payment Charges	% p.a.	1.25
5.	Supervision Charges	% p.a.	1.3
6.	Cost of meter and meter box	Rs per connection	30,000
7.	Application registration and processing charges	Rs per connection	900
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- 22. MADC does not have any existing or proposed Cross Subsidy Surcharge.
- 23. Copies of the following documents can be obtained on written request from the offices of MADC mentioned below:
  - a. Executive Summary of the Petition (free of cost, in English or Marathi)
  - b. Detailed Petition documents along with CD (in English) (on payment of Rs. 150/- by Cash / DD / Cheque drawn on "Maharashtra Airport Development Co.Ltd"
  - c. Detailed Petition documents (in English) (on payment of Rs. 100/-).
- d. CD of detailed Petition document (in English) (on payment of Rs. 50/-).

## Office:

Office	Address	Telephone No.
Registered Office / Head Office	Maharashtra Airport Development Co.Ltd, 8th Floor, World Trade Centre, Centre-1, Cuffe Parade, Mumbai-400005	022-49212121 022-22163871
Divisional Office 1	MADC Ltd, Central Facility Building, B-Wing (North) 1st Floor, MIHAN SEZ Khapri (Rly), Nagpur-441108	

- 24. The Commission has directed MADC to invite suggestions/ 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-400005 or by Fax or E-mail [Fax: 022 22163976, E-Mail: mercindia@merc.gov.in] by 31 July, 2019 along with proof of service on the Vice Chairman & Managing Director (Kind Attention: R.K.Gupta, Consultant (Power)), 8th Floor, World Trade Centre, Centre-1, Cuffe Parade, Mumbai-400 005 [Fax: 022 22163814, Email ID: vcmd@madcindia.org CC: ramkishor.gupta@yahoo.in] and should carry the full name, postal address and e-mail address, if any, of the sender. It should be indicated whether the suggestion/ objection is being filed on behalf of any organization of 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-1, Cuffe Parade, Colaba, Mumbai - 400005 on 20 August, 2019 at 10:00 Hours, for which no separate notice will be given.
- MADC shall reply to each of the suggestions / objections received within three days of its receipt, but not later than 3 August, 2019 for all the suggestions & objections received till 31 July, 2019 Rejoinders may be submitted on replies provided by MADC either during the Public Hearing or by 23 August, 2019
- The detailed Petition document and the Executive Summary are available on MADC's website <a href="https://madc.maharashtra.gov.in">https://madc.maharashtra.gov.in</a>, and the Executive Summary is also available on the websites of the Commission www.merc.gov.in in downloadable format (free of cost).

Signature: Sd/-Name: R. K. Gupta **Designation : Consultant (Power)** 

Place: Mumbai **Date**: 05<sup>th</sup> July, 2019 Maharashtra Airport Development Co. Ltd.