

AEML-G Mid Term  
Review Petition FY  
2020-21 to FY  
2024-25  
Executive Summary

## 1 INTRODUCTION

The Hon'ble Commission issued the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019 (hereinafter referred to as the "MYT Regulations, 2019") on 01-08-2019. These Regulations are effective from FY 2020-21 to FY 2024-25. Regulation 5.1(b) of MYT Regulations, 2019 provides for filing of Mid-Term Review (MTR) Petition comprising of:

1. Truing-up for FY 2019-20 to be carried out under MERC(Multi Year Tariff) Regulations, 2015.
2. Truing up for FY 2020-21 and FY 2021-22 as governed under MYT Regulations, 2019.
3. Provisional Truing up for FY 2022-23 as governed under MYT Regulations, 2019.
4. Revised forecast of Aggregate Revenue Requirement (ARR), expected revenue from existing Tariff and charges, expected revenue gap, and proposed category-wise Tariff for fourth and fifth year of control period.

In accordance with the above AEML-G has filled the MTR petition

## 2 TRUE UP OF FY 2019-20

### 2.1 Operational Performance

AEML-G operates one thermal power generating station (Adani Dahanu Thermal Power Station – ADTPS) with capacity of 500 MW. The actual availability of ADTPS in FY 2019-20 was 91.93% as compared to the normative Availability of 85% as per MYT Regulations, 2015. However PLF of ADTPS in FY 2019-20 was lower at 76.22% as compared to the normative PLF of 85% as per MYT Regulations, 2015 due to backing down instructions by MSLDC. In other performance parameters, ADTPS performance was better than the norms in most parameters in FY 2019-20.

### 2.2 Energy Charges

AEML-G has calculated the Energy Charges for FY 2019-20 considering actual price of fuel and calorific values with normative parameters as per MYT Regulations, 2015.

## 2.3 Fixed Charges

AEML-G has calculated the elements of fixed charges for FY 2019-20 in accordance with MYT Regulations, 2015.

- AEML-G has calculated the normative O&M expense for FY 2019-20 as per MYT Regulations, 2015 and compared it with actual O&M expense for FY 2019-20 to determine the Net Entitlement in O&M expense
- AEML-G has considered the actual capitalization in FY 2019-20 and has computed the depreciation for FY 2019-20 as per MYT Regulations, 2015.
- Interest on loans and Return on Equity have been calculated considering normative debt equity ratio as per as per MYT Regulations, 2015.
- Interest on Working Capital (normative) has been calculated as per the formula specified in MYT Regulations, 2015. AEML-G has compared the same with actuals to determine the Net Entitlement in Interest on Working Capital.
- Income Tax has been calculated as per the regulatory Profit Before Tax (PBT) in accordance with MYT Regulations, 2015
- Actual Non Tariff Income and actual Revenue from sale of power has been considered for determining the revenue gap/(surplus).

AEML-G The summary of truing up for FY 2019-20 is shown in the table below:

**Table 1: Truing up Summary for FY 2019-20**

Particulars/ (Rs. Crore)	MYT Order	Truing up (Net Entitlement)
Fuel Related Expenses	1,226.07	1,064.17
Other Fuel Expense	0	3.77
Operation & Maintenance Expenses	162.20	176.94
Depreciation Expenses	34.49	34.63
Interest on Long-term Loan Capital	15.56	15.94
Foreign exchange rate variation	0	13.14
Financing Charges	0	5.23
Refinancing Charges	0	2.83
PV of interest cost saving	0	(0.46)
Interest on Working Capital	22.29	18.44
Income Tax	0	21.21
<b>Total Revenue Expenditure</b>	<b>1,460.61</b>	<b>1,355.84</b>

Particulars/ (Rs. Crore)	MYT Order	Truing up (Net Entitlement)
Add: Return on Equity Capital	96.45	96.79
Less: Non-Tariff Income	18.93	19.61
<b>Aggregate Revenue Requirement</b>	<b>1,538.13</b>	<b>1,433.02</b>
<b>Revenue</b>		
Revenue from sale of electricity - Fixed charges	346.62	346.62
Revenue from sale of electricity - Variable Charges	1,226.83	1,123.30
<b>Total Revenue Gap/(Surplus)</b>	<b>(35.32)</b>	<b>(36.90)</b>

The increase in revenue surplus for FY 2019-20 after truing up as compared to the revenue surplus allowed at the time of MYT Order is primarily due to reduction in fuel expense (net entitlement) in FY 2019-20 partially offset by increase in O&M expenses and financing and refinancing charges which are being claimed at the time of truing up. Also income tax was not allowed for FY 2019-20 in the MYT Order dated 30.03.2020. The income tax on Regulatory PBT method for FY 2019-20 is being claimed now for truing up.

### 3 TRUE UP OF FY 2020-21, FY 2021-22 AND PROVISIONAL TRUE UP OF FY 2022-23

#### 3.1 Operational Performance

The actual availability of ADTPS was 98.78% in FY 2020-21 and 87.97% in FY 2021-22 as compared to the normative Availability of 85% as per MYT Regulations, 2015. The Availability in FY 2022-23 is likely to be 88.96%. PLF of ADTPS was lower at 73.20% in FY 2020-21 and 76.21% in FY 2021-22 as compared to the normative PLF of 85% as per MYT Regulations, 2015 due to backing down instructions by MSLDC. The PLF for FY 2022-23 is likely to be 77.56%.

#### 3.2 Energy Charges

AEML-G has calculated the Energy Charges for FY 2020-21 and FY 2021-22 considering actual price of fuel and calorific values with normative parameters as per MYT Regulations, 2019. For FY 2022-23, AEML-G has calculated the Energy Charges considering the actual

fuel cost in first six months of FY 2022-23 and estimated fuel cost in balance six months of FY 2022-23.

### 3.3 Fixed Charges

AEML-G has calculated has calculated the elements of fixed charges for FY 2020-21, FY 2021-22 and FY 2022-23 in accordance with MYT Regulations, 2019.

- AEML-G has calculated the normative O&M expense for FY 2020-21 and FY 2021-22 as per MYT Regulations, 2019 and compared it with actual O&M expenses to determine the Net Entitlement in O&M expense. FY 2022-23, AEML-G has claimed the O&M expense on provisional basis.
- AEML-G has considered the actual capitalization in FY 2020-21 and FY 2021-22 and has computed the depreciation for FY 2020-21 and FY 2021-22 as per MYT Regulations, 2019. For FY 2022-23, AEML-G has computed the depreciation considering estimated capitalization in FY 2022-23.
- Interest on loans and Return on Equity (grossed up by effective tax rate) have been calculated considering normative debt equity ratio as per as per MYT Regulations, 2019.
- Interest on Working Capital (normative) for FY 2020-21 and FY 2021-22 has been calculated as per the formula specified in MYT Regulations, 2015. Since FY 2020-21 was affected by Covid 19 pandemic, AEML-G has claimed the actual Interest on Working Capital for FY 2020-21. For FY 2021-22, AEML-G has compared the normative Interest on Working Capital with actuals to determine the Net Entitlement in Interest on Working Capital. For FY 2022-23, AEML-G has claimed the Interest on Working Capital on normative basis.
- Actual Non Tariff Income and actual Revenue from sale of power has been considered for determining the revenue gap/(surplus) for FY 2020-21 and FY 2021-22. For FY 2022-23, AEML-G has considered the estimated Non Tariff Income and Revenue from sale of power to determine the revenue gap/(surplus).

The summary of truing up for FY 2020-21 is shown in table below:

**Table 2: Truing up summary for FY 2020-21**

Particulars/ (Rs. Crore)	MYT Order	Truing up (Net Entitlement)
Fuel Related Expenses	1,403.10	998.61
Other Fuel Expense	0.00	0.14
Operation & Maintenance Expenses	168.35	177.69
Depreciation Expenses	36.00	37.93
Interest on Long-term Loan Capital	16.03	13.95
Foreign exchange rate variation	0.00	-5.21
Financing Charges	0.00	2.12
Refinancing Charges	0.00	0.11
Interest on Working Capital	23.03	26.16
<b>Total Revenue Expenditure</b>	<b>1,646.51</b>	<b>1,251.51</b>
Add: Return on Equity Capital	89.55	151.83
Less: Non-Tariff Income	19.95	7.30
<b>Aggregate Revenue Requirement</b>	<b>1,716.09</b>	<b>1,396.04</b>
<b>Revenue</b>		
Revenue from sale of electricity - Fixed charges	312.99	312.99
Revenue from sale of electricity - Variable Charges	1,403.10	1,043.99
<b>Total Revenue Gap/(Surplus)</b>	<b>0</b>	<b>39.06</b>

The revenue gap for FY 2020-21 after truing up is primarily because of increase in RoE for FY 2020-21 being claimed at the time of truing up as compared to the RoE which was allowed for FY 2020-21 in MYT Order. However, the increase has been offset to some extent by reduction in fuel expense (Net Entitlement) in FY 2020-21.

The summary of truing up for FY 2021-22 is shown in table below:

**Table 3: Truing up summary for FY 2021-22**

Particulars/ (Rs. Crore)	MYT Order	Truing up (Net Entitlement)
Fuel Related Expenses	1,444.91	1,081.70
Other Fuel Expense	0	0.22
Operation & Maintenance Expenses	173.50	184.70
Depreciation Expenses	38.73	37.06
Interest on Long-term Loan Capital	17.36	13.53
Foreign exchange rate variation	0	1.21

Particulars/ (Rs. Crore)	MYT Order	Truing up (Net Entitlement)
Financing Charges	0	0.95
Refinancing Charges	0	0.95
PV of interest cost saving	0	0.12
Interest on Working Capital	23.73	18.08
<b>Total Revenue Expenditure</b>	<b>1,698.23</b>	<b>1,338.50</b>
Add: Return on Equity Capital	92.67	154.80
Less: Non-Tariff Income	19.95	16.91
<b>Aggregate Revenue Requirement</b>	<b>1,770.93</b>	<b>1,476.39</b>
<b>Revenue</b>		
Revenue from sale of electricity - Fixed charges	326.03	326.03
Revenue from sale of electricity - Variable Charges	1,444.91	1,130.71
<b>Total Revenue Gap/(Surplus)</b>	<b>-0.01</b>	<b>19.65</b>

The revenue gap for FY 2021-22 after truing up is primarily because of increase in RoE for FY 2021-22 being claimed at the time of truing up as compared to the RoE which was allowed for FY 2021-22 in MYT Order. However, the increase has been offset to some extent by reduction in fuel expense (Net Entitlement) in FY 2020-21.

The summary of provisional truing up for FY 2022-23 is provided below:

**Table 4: Provisional Truing up Summary for FY 2022-23**

Particulars/ (Rs. Crore)	MYT Order	Prov. Truing up
Fuel Related Expenses	1487.97	1370.75
Operation & Maintenance Expenses	178.80	201.75
Scheduling charges	0.00	0.31
Depreciation Expenses	40.23	38.14
Interest on Long-term Loan Capital	18.06	13.28
Interest on Working Capital	24.45	23.69
<b>Total Revenue Expenditure</b>	<b>1749.51</b>	<b>1647.91</b>
Add: Return on Equity Capital	95.51	112.52
Less: Non-Tariff Income	19.95	15.30
<b>Aggregate Revenue Requirement</b>	<b>1825.08</b>	<b>1745.13</b>

Particulars/ (Rs. Crore)	MYT Order	Prov. Truing up
<b>Revenue</b>		
Revenue from sale of electricity - Fixed charge	337.11	337.11
Revenue from sale of electricity - variable charge	1487.97	1370.75
<b>Total Revenue Gap/(Surplus)</b>	<b>0</b>	<b>37.28</b>

The revenue gap for FY 2022-23 after truing up is primarily because of increase in RoE for FY 2022-23 being claimed at the time of provisional truing up as compared to the RoE which was allowed for FY 2022-23 in MYT Order.

#### 4 CUMULATIVE REVENUE GAP/SURPLUS TILL FY 2022-23

The cumulative revenue gap/(surplus) till FY 2022-23 is shown in table below:

**Table 5: Past Gap/Surplus till FY 2022-23 with Carrying/ holding cost**

Particulars	Rs. Crore
Incremental Gap/ (Surplus) for FY 2019-20	(1.59)
Holding cost on Gap/ (Surplus) for FY 2019-20	(3.79)
Gap / (Surplus) for FY 2020-21	39.06
Holding cost on Gap/ (Surplus) for FY 2020-21	10.53
Gap / (Surplus) for FY 2021-22	19.65
Holding cost on Gap/ (Surplus) for FY 2021-22	3.62
Prov. Gap / (Surplus) for FY 2021-22	37.28
<b>Total</b>	<b>104.77</b>

#### 5 REVISED AGGREGATE REVENUE REQUIREMENT FOR FY 23-24 AND FY 24-25

##### 5.1 Operational Performance

For FY 2023-24 and FY 2024-25, AEML-G has projected Availability and PLF of 92.90% and 93.01% respectively. Other operational parameters have been considered at normative level as per MYT Regulations, 2019.

##### 5.2 Energy Charges

For projecting the Energy Charges for FY 2023-24 and FY 2024-25, AEML-G has considered the estimated fuel cost of washed coal, imported coal and raw coal as per MYT Regulations,



2019. The calorific values were considered based on the actual available data for first six months of FY 2022-23. For projecting fuel cost, AEML-G has considered 100% of the coal requirement to be met though washed coal.

### 5.3 Fixed Charges

- AEML-G has claimed the O&M expense for FY 2023-24 and FY 2024-25 at normative level as per MYT Regulations, 2019.
- AEML-G has projected the capitalization for FY 2023-24 and FY 2024-25 and has computed the depreciation for FY 2023-24 and FY 2024-25 on provisional basis.
- Interest on loans and Return on Equity (grossed up by effective tax rate) have been calculated considering normative debt equity ratio as per as per MYT Regulations, 2019.
- Interest on Working Capital has been claimed for FY 2023-24 and FY 2024-25 on provisional basis.
- Non Tariff Income for FY 2023-24 and FY 2024-25 has been considered on provisional basis at the same level as that of FY 2022-23.

The summary of revised ARR for FY 2023-24 and FY 2024-25 is as under:

**Table 6: Revised ARR for FY 2023-24 and FY 2024-25**

Particulars / (Rs. Crore)	FY 2023-24 (MYT Order)	FY 2023-24 (Projections)	FY 2024-25 (MYT Order)	FY 2024-25 (Projections)
Fuel Related Expenses	1536.77	1414.47	1578.00	1416.26
Operation & Maintenance Expenses	184.27	211.41	189.92	221.54
Depreciation	34.02	39.17	34.80	40.20
Interest on Loan Capital	18.76	12.99	19.89	12.52
Interest on Working Capital	25.18	25.60	25.93	25.76
<b>Total Revenue Expenditure</b>	<b>1799.00</b>	<b>1703.64</b>	<b>1848.54</b>	<b>1716.27</b>
Add: Return on Equity Capital	98.20	115.28	101.01	117.75
Less: Non-Tariff Income	19.95	15.30	19.95	15.30
<b>Aggregate Revenue Requirement</b>	<b>1877.25</b>	<b>1803.63</b>	<b>1929.61</b>	<b>1818.73</b>
Past Gap till FY 2022-23 with carrying cost till FY 23-24		104.77		
<b>Total ARR</b>	<b>1877.25</b>	<b>1908.39</b>	<b>1929.61</b>	<b>1818.73</b>

Based on the above, the proposed Annual Fixed Charge (AFC) and variable charges for FY 2023-24 and FY 2024-25 are shown in the table below, which have been proposed for approval by the Hon'ble Commission.

**Table 7: Fixed Cost and Energy Charge for FY 2023-24 and FY 2024-25**

Particulars / (Rs. Crore)	FY 2023-24 (MYT Order)	FY 2023-24 (Projections)	FY 2024-25 (MYT Order)	FY 2024-25 (Projections)
Fixed charge (Rs. Cr)	340.48	493.92	351.60	402.47
Energy charge (Rs./kWh)	4.105	3.839	4.227	3.839

## 6 PRAYER

AEML-G prays that the Hon'ble Commission may be pleased to:

1. Admit the petition as submitted herewith;
2. Approve the actual revenue gap/ surplus arising on account of truing-up for FY 2019-20, FY 2020-21 and FY 2021-22 along with the carrying / holding cost as worked out in this petition;
3. Approve the provisional ARR and revenue gap/ surplus for FY 2022-23 as worked out in this petition;
4. Approve the ARR for fourth and fifth year of the Control Period i.e. for FY 2023-24 and FY 2024-25, as projected in this Petition;
5. Approve the Fixed Charge and Energy Charge for Adani Dahanu Thermal Power Station (ADTPS) for FY 2023-24 and FY 2024-25, as projected in this Petition;
6. Allow specific deviations from the MYT Regulations, 2015 and MYT Regulations, 2019, wherever sought in this Petition;
7. Grant specific prayers, wherever made in this Petition, for reconsideration / relaxation of rulings made in previous Tariff Orders;
8. Allow additions / alterations / modifications/ changes to the Petition at a future date;
9. Condone any inadvertent errors/ inconsistencies/ omissions/ rounding off differences, etc. as may be there in the said Petition;
10. Allow any other relief or pass Order and direction, which the Commission deems fit to be issued.

Mumbai

December 21, 2022



*Kishor Patil*

Kishor Patil

Authorized Representative

Adani Electricity Mumbai Ltd.