

AEML-T 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:

- Truing-up for FY 2019-20 to be carried out under MERC(Multi Year Tariff) Regulations, 2015.
- Truing up for FY 2020-21 and FY 2021-22 as governed under MYT Regulations, 2019.
- Provisional Truing up for FY 2022-23 as governed under MYT Regulations,2019.
- 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-T has filled the MTR petition

2 TRUING UP FOR FY 19-20

AEML-T is submitting the actuals for FY 19-20, with respect to capital expenditure, revenue expenditure and revenue income for the purpose of truing-up.

2.1 CAPITAL EXPENDITURE AND CAPITALIZATION

The capital expenditure and capitalization are as follows:

Table 1: Capitalization for FY 2019-20

Particulars / (Rs. Crore)	Capitalization with IDC (MYT Order)	Capitalization with IDC (Actuals)
DPR	316.33	274.29

Particulars / (Rs. Crore)	Capitalization with IDC (MYT Order)	Capitalization with IDC (Actuals)
Non DPR	33	24.28
Total	349.33	298.73

2.2 Parameters for ARR determination for FY 19-20

- a. Depreciation: computed as per provisions of MYT Regulations, 2015.
- b. Interest on loan capital: weighted average rate of interest on the basis of actual loan portfolio during the year considered and interest compounded as per provisions of MYT Regulations, 2015
- c. Return on Equity: Computed as per provisions MYT Regulations, 2015
- d. Operation & Maintenance (O&M) Expenses: Actual expenses compared with normative expenses and net entitlement derived thereon as per the provision of MYT Regulation, 2015.
- e. Interest on Working Capital (IoWC): Actual Interest is compared with normative interest (Computed considering normative working capital and interest rates as per provisions of MYT Regulations, 2015) and net entitlement derived there on.
- f. Contribution to Contingency Reserves: Computed as per the provisions of MYT Regulations, 2015.
- g. Income tax: Computed income tax based on approved methodology of determining standalone Regulatory Profit before Tax (PBT) for Transmission Business.
- h. Non-Tariff Income (NTI): As per actuals, However certain elements not considered as elaborated in the petition .
- i. Income from Other Business: Computed as per provisions of MYT Regulations, 2015.
- j. Revenue from InSTS: As per actual netting off rebate.
- k. Availability Incentive: Computed as per provisions of MYT regulations, 2015.

2.3 REVENUE GAP/SURPLUS FOR FY 2019-20

The Revenue gap/Surplus for FY19-20 is arrived at on comparing the revenue received from InSTS and the Aggregate Revenue Requirement (net on Non-Tariff income and income from other business).

Table 1: Truing up Summary for FY 2019-20

Particulars (Rs. Crore)	MYT Order	Normative	Actual	Net Entitlement
Operation & Maintenance Expenses	60.66	74.74	67.30	69.78
Impact of SC Judgment on PF	0	0.21	0.21	0.21
Depreciation Expenses	74.50	71.02	71.02	71.02
Interest on Long-term Loan Capital	50.42	48.78	48.78	48.78
Financing charges	0	9.72	9.72	9.72
Refinancing charges	0	6.78	6.78	6.78
Share of refinancing benefit	0	0.80	0.80	0.80
Foreign Exchange Rate Variation	0	0.23	0.23	0.23
Interest on Working Capital and on security deposits	5.83	6.01	5.31	2.00
Income Tax	33.06	16.38	16.38	16.38
Contribution to Contingency reserves	4.04	4.04	4.04	4.04
Total Revenue Expenditure	228.51	238.71	230.58	229.75
Return on Equity Capital	89.60	88.43	88.43	88.43
Aggregate Revenue Requirement	318.11	327.14	319.00	318.17
Less: Non Tariff Income	3.77	4.87	4.87	4.87
Add: Availability Incentive	0	2.37	2.37	2.37
Add: Early payment incentive to TSUs	0	0.40	0.40	0.40
Aggregate Revenue Requirement from Transmission Tariff	314.34	325.04	316.91	316.08
Revenue from transmission tariff	318.44	318.48	318.48	318.48
Revenue Gap/(Surplus)	(4.10)	6.56	(1.57)	(2.40)

The variation between revenue surplus approved in MYT Order and the revenue surplus after truing up is because of variation in ARR elements between values approved in the MYT Order and values after truing up.

3 TRUING UP FOR FY 20-21 AND FY 21-22

AEML-T is submitting the actuals for FY 20-21 and FY 21-22 with respect to capital expenditure, revenue expenditure and revenue income for the purpose of truing-up.

3.1 CAPITAL EXPENDITURE AND CAPITALIZATION

The capital expenditure and capitalization are as follows:

Table 3: Capitalization FY 2020-21.

Particulars / (Rs. Crore)	Capitalization with IDC (MYT Order)	Capitalization with IDC (Actuals)
DPR	189.09	208.44
Non DPR	32.78	34.25
Total	221.87	242.69

Table 4: Capitalization FY 2021-22.

Particulars / (Rs. Crore)	Capitalization with IDC (MYT Order)	Capitalization with IDC (Actuals)
DPR		27.27
Non DPR		11.43
Total	53.54	38.70

3.2 Parameters for ARR determination for FY 20-21 & FY 21-22

- Depreciation: computed as per provisions of MYT Regulations, 2019.
- Interest on loan capital: weighted average rate of interest on the basis of actual loan portfolio during the year considered and interest compounded as per provisions of MYT Regulations, 2019
- Return on Equity: Computed as per provisions MYT Regulations, 2019
- Operation & Maintenance (O&M) Expenses: Actual expenses compared with normative expenses and net entitlement derived thereon as per the provision of MYT Regulation, 2019.
- Interest on Working Capital (IoWC): Actual Interest is compared with normative interest (Computed considering normative working capital and interest rates as per provisions of MYT Regulations, 2019)

- f. Contribution to Contingency Reserves: Computed as per the provisions of MYT Regulations, 2019.
- g. Non-Tariff Income (NTI): As per actuals, however certain elements not considered as elaborated in the petition.
- h. Income from Other Business: Computed as per provisions of MYT Regulations, 2019.
- i. Revenue from InSTS: As per actual netting off rebate.

3.3 REVENUE GAP/SURPLUS FOR FY 2020-21 AND FY 2021-22

The Revenue gap/Surplus for FY 2020-21 and FY 2021-22 is arrived at on comparing the revenue received from InSTS and the Aggregate Revenue Requirement (net on non-Tariff income and income from other business).

Table 2: Truing up Summary for FY 2020-21

Particulars (Rs. Crore)	MYT Order	Normative	Actual	Net Entitlement
Operation & Maintenance Expenses	50.36	62.98	59.83	60.88
Impact of SC Judgment on PF	0	0.18	0.18	0.18
Depreciation Expenses	93.10	88.33	88.33	88.33
Interest on Long-term Loan Capital	60.93	53.31	53.31	53.31
Financing charges	0	4.32	4.32	4.32
Foreign Exchange Rate Variation	0	0.27	0.27	0.27
Interest on Working Capital and on security deposits	6.04	5.47	7.77	7.77
Contribution to Contingency reserves	4.91	4.78	4.78	4.78
Total Revenue Expenditure	215.34	219.64	218.79	219.84
Return on Equity Capital	112.59	122.38	122.38	122.38
Aggregate Revenue Requirement	327.92	342.03	341.17	342.22
Less: Non Tariff Income	2.81	6.30	6.30	6.30
Add; Early payment incentive to TSUs	0	0.38	0.38	0.38
Aggregate Revenue Requirement from Transmission Tariff	325.11	336.11	335.25	336.30
FY 17-18 Revenue gap/ (surplus) - incremental	2.06	2.06	2.06	2.06
Carrying / (Holding) cost for FY 17-18	(2.58)	(2.58)	(2.58)	(2.58)
FY 18-19 Revenue gap/ (surplus)	(2.29)	(2.29)	(2.29)	(2.29)

Particulars (Rs. Crore)	MYT Order	Normative	Actual	Net Entitlement
Carrying / (Holding) cost for FY 18-19	(0.88)	(0.88)	(0.88)	(0.88)
FY 16-17 - Impact of Review Petition with (holding) cost	(1.75)	(1.75)	(1.75)	(1.75)
FY 19-20 revenue gap/ (surplus)	(4.11)	(4.11)	(4.11)	(4.11)
Net ARR	315.56	326.56	325.70	326.75
Revenue from transmission tariff	315.57	315.61	315.61	315.61
Revenue Gap/(Surplus)	0	10.95	10.10	11.15

Table 3: Truing up Summary for FY 2021-22

Particulars (Rs. Crore)	MYT Order	Normative	Actual	Net Entitlement
Operation & Maintenance Expenses	51.71	64.28	59.18	60.88
Impact of SC Judgment on PF	0	0.15	0.15	0.15
Depreciation Expenses	99.60	97.88	97.88	97.88
Interest on Long-term Loan Capital	60.93	54.80	54.80	54.80
Financing charges	0	3.53	3.53	3.53
Refinancing charges	0	4.00	4.00	4.00
PV of interest cost saving	0	1.61	1.61	1.61
Foreign Exchange Rate Variation	0	0.10	0.10	0.10
Interest on Working Capital and on security deposits	6.55	5.89	7.73	6.51
Contribution to Contingency reserves	5.46	5.38	5.38	5.38
Total Revenue Expenditure	224.25	237.62	234.36	234.84
Return on Equity Capital	119.59	163.27	163.27	163.27
Aggregate Revenue Requirement	343.84	400.89	397.63	398.10
Less: Non Tariff Income	4.48	6.11	6.11	6.11
Add; Early payment incentive to TSUs		0.42	0.42	0.42
Net ARR	339.36	395.20	391.94	392.41
Revenue from transmission tariff	339.36	339.36	339.36	339.36

Particulars (Rs. Crore)	MYT Order	Normative	Actual	Net Entitlement
Revenue Gap/(Surplus)	0	55.84	52.58	53.05

The revenue gap for FY 2020-21 and FY 2021-22 are arising mainly on account of higher RoE being claimed at the time of truing up.

4 PROVISIONAL TRUING UP FOR FY 2022-23

AEML-T is submitting the provisional actuals for FY 2022-23 with respect to capital expenditure, revenue expenditure and revenue income.

4.1 CAPITAL INVESTMENT PLAN AND CAPITALISATION FOR FY 2022-23.

The estimated capex and capitalization for FY 2022-23 works out to be as follows:

Table: 7 Estimated Capex and Capitalization for FY 22-23.

Particulars / (Rs. Crore)	Capitalization with IDC (MYT Order)	Capital Expenditure (Estimates)	Capitalization with IDC (Estimates)
DPR		415.45	1.28
Non DPR Schemes		15.18	10.26
Total	53.54	430.63	11.54

4.2 Parameters for ARR determination for FY 22-23

- Depreciation: computed as per provisions of MYT Regulations, 2019.
- Interest on loan capital: weighted average rate of interest on the basis of actual loan portfolio during the year considered and interest compounded as per provisions of MYT Regulations, 2019
- Return on Equity: Computed as per provisions MYT Regulations, 2019
- Operation & Maintenance (O&M) Expenses: Actual expenses compared with normative expenses and net entitlement derived thereon as per the provision of MYT Regulation, 2019.

- e. Interest on Working Capital (IoWC): Actual Interest is compared with normative interest (Computed considering normative working capital and interest rates as per provisions of MYT Regulations, 2019).
- f. Contribution to Contingency Reserves: Computed as per the provisions of MYT Regulations, 2019.
- g. Non-Tariff Income (NTI): As per actuals, However certain elements not considered as elaborated in the petition .
- h. Income from Other Business: Computed as per provisions of MYT Regulations, 2019.
- i. Revenue from InSTS: As per actual netting off rebate.

4.3 PROVISIONAL REVENUE GAP/SURPLUS FOR FY 2022-23.

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	Estimates
Operation & Maintenance Expenses	53.66	66.41
Impact of SC Judgment on PF	0	0.15
Depreciation Expenses	101.21	99.01
Interest on Long-term Loan Capital	55.24	47.98
Interest on Working Capital and on security deposits	6.62	6.61
Contribution to Contingency reserves	5.60	5.47
Total Revenue Expenditure	222.33	225.64
Return on Equity Capital	122.32	118.73
Aggregate Revenue Requirement	344.65	344.37
Less: Non Tariff Income	4.86	3.98
Net ARR	339.79	340.40
Revenue from transmission tariff	339.77	339.77
Revenue Gap/(Surplus)	0	0.63

The revenue gap for FY 2022-23 is arising due to variation in ARR elements between values approved in the MYT Order and values after truing up.

5 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
FY 19-20 Revenue gap/ (surplus) - incremental	1.71
Carrying / (Holding) cost for FY 19-20	(0.61)
FY 20-21 Revenue gap/ (surplus)	11.15
Carrying / (Holding) cost for FY 20-21	3.01
FY 21-22 Revenue gap/ (surplus)	53.05
Carrying / (Holding) cost for FY 21-22	9.77
FY 22-23 revenue gap/ (surplus)	0.63
Total Gap/(surplus) till FY 22-23	78.70

6 REVISED AGGREGATE REVENUE REQUIREMENT FOR FY 23-24 & FY 24-25

AEML-T has presented the revised ARR projections for FY 2023-24 and FY 2024-25 in accordance with MYT Regulations, 2019.

6.1 Capital Expenditure and Capitalization

The Hon'ble Commission had approved capitalization of Rs. 53.54 Crore on provisional basis for FY 2023-24 and FY 2024-25 in the MYT Order dated 30.03.2020. The projected capital expenditure and capitalization for FY 2023-24 and FY 2024-25 is as shown in the table below:

Table 10: Projected Expenditure and Capitalization for FY 2023-24 and FY 2024-25

Particulars / (Rs. Crore)	FY 2023-24 (Projected)		FY 2024-25 (Projected)	
	Capital Expenditure	Capitalization with IDC	Capital Expenditure	Capital Expenditure
DPR	1408.2	96	1434.69	1367.96
Non DPR Schemes	25.00	30.98	20.00	20.53
Total	1433.20	126.98	1454.69	1388.49

6.2 Projected ARR for FY 2023-24 and FY 2024-25.

The projected ARR for FY 2023-24 and FY 2024-25 is as shown in the table below:

Table 6: Projected 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)
Operation & Maintenance Expenses	55.73	68.12	57.87	71.73
Impact of SC Judgment on PF	0.00	0.15	0.00	0.15
Depreciation Expenses	103.71	102.22	101.68	137.67
Interest on Long-term Loan Capital	49.35	43.64	43.45	77.87
Interest on Working Capital and on security deposits	6.70	7.63	6.73	8.18
Contribution to Contingency reserves	5.73	5.50	5.87	5.82
Total Revenue Expenditure	221.22	227.25	215.60	301.42
Return on Equity Capital	125.04	122.26	127.77	160.82
Aggregate Revenue Requirement	346.27	349.51	343.37	462.24
Less: Non Tariff Income	5.25	3.98	5.65	3.98
Net ARR	341.02	345.53	337.72	458.26
Past Gap with carrying cost till FY 23-24		78.70		
Total ARR	341.02	424.23	337.72	458.26

The variation in ARR for FY 2023-24 is arising because of recovery of past gap till FY 2022-23 in FY 2023-24. The variation in ARR for FY 2024-25 is arising because of higher capitalization expected in FY 2024-25 as compared to capitalization approved in MYT Order for FY 2024-25.

7 PRAYERS

AEML-T 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. Allow specific deviations from the MYT Regulations, 2015 and MYT Regulations, 2019, wherever sought in this Petition.
6. Grant specific prayers, wherever made in this Petition, for reconsideration / relaxation of rulings made in previous Tariff Orders.
7. Allow additions / alterations / modifications/ changes to the Petition at a future date;
8. Condone any inadvertent errors/ inconsistencies/ omissions/ rounding off differences, etc. as may be there in the said Petition.
9. Allow any other relief or pass Order and direction, which the Commission deems fit to be issued.

Mumbai

December 21, 2022



Kishor Patil

Authorized Representative

Adani Electricity Mumbai Ltd.