

EXECUTIVE SUMMARY

The Hon'ble commission had issued the MYT Regulations, 2011 on 4th February, 2011. MSPGCL had filed a petition for exemption of MYT principle vide its petition dated 30th March 2011. The Hon'ble Commission passed the order on 23rd August, 2011 (Case 44of 2011) and allowed an exemption of two years to MSPGCL from filing an MYT petition.

The Commission subsequently directed MSPGCL to submit their MYT Business Plan and MYT Petition for the second Control Period from FY 2013-14 to FY 2015-16. MSPGCL submitted its MYT Business Plan Petition for the second Control Period on 31 August, 2012.

The Commission issued the Order for Approval of MYT Business Plan for MSPGCL vide its Order dated 12th February, 2013 wherein it directed MSPGCL to submit the MYT Petition within 60 days from the date of issuance of the Business Plan Order. The truing up petition for the FY 2011-12 and APR FY 2012-2013 was to be submitted as per MERC Tariff Regulations, 2005, as a separate section, in the MYT Petition for FY 2013-14 to FY 2015-16.

In accordance with the above, MSPGCL is hereby submitting the petition for approval of final true-up for 2011-12, APR for FY 2012-13 based on the MERC Tariff Regulations, 2005 and MYT Application for FY 2013-14 to FY 2015-16 as per the provisions of MERC MYT Regulations 2011.

A. True-up for 2011-12

The summary of FY 11-12 true-up projected by the Petitioner is provided in the table below:

Table: Summary of True up for FY 2011-12

All figures in Rs. Crore

Expense side Summary:

Particulars	FY 11-12 (Rs. Cr)
Cost of Generation	9,681.43
Lease Rentals	334.02
O & M Expenses	1,431.57
Depreciation including AAD	621.23
Interest & Finance Charges on Long Term Loans	461.44
Interest on working capital	490.76
Income tax	41.2
Return on Equity	571.89
Other Expenses	4.09
Prior period expenses	46.26
Total Expense	13,683.89
Less NTI (MSPGCL)	110.57
Add Adjustments in NTI against provisioning for advance tax	6.81
Add Impact due to review Petition in Case 77 of 2012	40.92
Additional impact due to EL encashment	0.02
ARR (Actual/ Normative)	13,621.07

Revenue Side summary:

Particulars	FY 11-12 (Rs. Cr)
Audited Revenue from SoP as per Accounts	12,554.66
Less: Other Adjustments due to other Orders and provisioning	207.82
Revenue for truing up	12,346.84

The net true up amount, considering the Expense side summary and Revenue side summary is as provided in the table below:

Particulars	FY 11-12 Truing up (Rs. Cr.)
Expense Side Summary (A)	13,621.07
Revenue Side Summary (B)	12,346.84
Net True up amount (B-A)	(1,274.23)

MSPGCL requests the Commission to allow the total true up amount of Rs. 1274.23 crores considering the restraints faced by the Company on account of inherent issues related to shortfall in receipt of coal, quality of coal, wet coal and other related issues. MSPGCL further submits that as per the directives of Hon'ble Commission, it has submitted the sharing of gains and losses for FY 2011-12 as follows:

Particulars	MERC Approved (A) Case 6 of 2012	As per Tariff Norms for FY 2011-12 (B)	Actual as per Audited Accounts/ Tariff Norms for 2011-12 (C)	Deviation (B-C)	Efficiency Gain and loss	Net Entitlement
Fuel Cost	8,685.74	9,494.58	9,681.43	(186.85)	(62.28)	9,556.87
Lease Rentals	330.84	330.84	334.02			334.02
O & M Expenses	1,392.45	1,392.45	1,431.57	(39.12)	(13.04)	1,405.49
Depreciation including AAD	569.25	569.25	621.23			621.23
Interest & Finance Charges on Long Term Loans	461.78	461.78	461.44			461.44
Interest on working capital	444.61	462.44	393.30	69.14	23.05	439.39
Income tax	113.33	113.33	41.20			41.20
Return on Equity	566.44	566.44	571.89			571.89
Other Expenses	8.08	8.08	4.09			4.09
Prior period expenses	35.47	35.47	46.26			46.26
Total Expense	12,608.00	13,434.67	13,586.43			13,481.88
Less NTI (MSPGCL)	125.41	125.41	110.57			110.57

Particulars	MERC Approved (A) Case 6 of 2012	As per Tariff Norms for FY 2011-12 (B)	Actual as per Audited Accounts/ Tariff Norms for 2011-12 (C)	Deviation (B-C)	Efficiency Gain and loss	Net Entitlement
Add Adjustments in NTI against provisioning for advance tax			6.81			6.81
Add Impact due to review Petition in Case 77 of 2012			40.92			40.92
Additional impact due to EL encashment			0.02			0.02
ARR (Actual/ Normative)	12,482.60	13,309.26	13,523.61			13,419.06
Reduction in AFC due to low availability						552.39
Total Fixed Charge						12,866.66
Audited Revenue from SoP as per Accounts						12,554.66
Less: Other Adjustments due to other Orders and provisioning						207.82
Revenue for truing up						12,346.84
Net truing up						(519.82)

B. Availability of coal

Availability of quality coal is one of the major constraints being faced by MSPGCL. From the historical trends, the average realization of domestic coal had been in the range of 70-75%. In order to meet the shortfall, CIL has proposed a mechanism to blend the domestic coal shortfall with imported coal and supply the coal to various power stations as per their normative requirements. The exact price pooling mechanism is yet to be implemented by CIL. Therefore, going forward, it is expected

that the coal companies may be able to supply coal as per the agreed quantum mentioned in the FSA.

MSPGCL is also pursuing development of the captive blocks allocated to the company. MSPGCL is also making endeavors for acquiring more domestic coal mines to meet its future coal requirement. MSPGCL would also pursue means such as e-auction to get additional quantum of coal as and when available.

C. Additional Impact due to Case No 28 of 2013 – Implementation of APTEL Judgments Appeal 34 of 2012 and 47 of 2012.

MSPGCL had filed an Appeal (34 of 2012) against MERC's order dated 22nd December 2011 on the Petition filed by MSPGCL for final tariff determination and ARR approval for Parli Unit 7 and Paras Unit 4 for FY 2010-11 and FY 2011-12 respectively.

The Commission had issued FY 2009-10 True-Up and FY 2010-11 APR Order for MSPGCL on 30th December, 2011. Aggrieved by the order, MSPGCL had filed an appeal (Appeal No. 47 of 2012) before the Hon'ble APTEL against the Hon'ble Commission's order.

The Hon'ble APTEL gave its judgment on Appeal 34 of 2012 on 30th January 2013 and on Appeal 47 of 2012 on 14th December 2012.

MSPGCL approached Hon'ble Commission vide its petition dated 22nd May 2013. During the Technical Validation Session (TVS) of the said petition on 24th June 2013, the Hon'ble Commission directed MSPGCL to include the impact of the two Ate judgments in the MYT submissions since the same will have to be considered by the Commission during the tariff determination exercise for 2013-14 in the MYT petition. Accordingly, the impact of the judgments is provided below:

Appeal 34 of 2012

Hon'ble APTEL vide its Judgment dated 30th January 2013 in Appeal 34 of 2012 has allowed the Appeal partly in favor of MSPGCL in the following issues:

- Treatment of Liquidated damages in capital cost
- Quantum of initial spares in capital cost
- Estimation of base IDC Cost

As per the directives of the Hon'ble Aptel, MSPGCL was required to approach the Hon'ble Commission for implementation of the same. The said judgment is leading to an additional claim of Rs. 37.05 crores in Case of Parli Unit 7 and Rs. 65.88 crores in case of Paras Unit 4.

Appeal 47 of 2012

Hon'ble APTEL vide its judgment dated 14th December, 2012 in Appeal 47 of 2012 has allowed the appeal partly in favour of MSPGCL in the following issues:

- Relief towards bunkered CV and lead time for implementation of Capex schemes for FY 2009-10
- Clarification towards Pro rata reduction in fixed cost due to recertified availability in FY 2008-09.
- Disallowance in fixed cost of Uran GTPS due to lower availability in FY 2009-10.
- Discrepancy in depreciation computation in FY 2009-10

As per the directives of the Hon'ble Aptel, MSPGCL was required to approach the Hon'ble Commission for implementation of the same. The said judgment is leading to an additional claim of Rs. 621.29 crores.

D. ARR for 2012-13 and for the MYT Period

The consolidated ARR projections for the existing and new stations (Paras Unit 3,4, Parli 6,7 and Khaparkheda Unit 5) of MSPGCL for 2012-13 and MYT Period are provided in the table below:

Table: Consolidated ARR of MSPGCL for Existing and new Power Stations

All figures in Rs Crore

Petition for final True-up for 2011-12, APR for FY 2012-13 and MYT for FY13-14 to FY15-16

Item/Description	Actual for FY 2011-12	Approved for FY 2011-12	Estimates for FY 2012-13	Projections for FY 2013-14	Projections for FY 2014-15	Projections for FY 2015-16
Variable Charges						
Fuel Cost	9,354.77	8,409.06	9,880.39	10,519.89	11,352.06	12,448.98
Other Fuel Related Costs	326.66	276.66	323.26	336.91	350.39	364.41
Total Variable Charges	9,681.43	8,685.72	10,203.65	10,856.80	11,702.45	12,813.38
Capacity Charges						
O&M Expenses	1,431.57	1,392.44	1,662.13	1,744.13	1,892.90	2,054.37
Interest on Long Term Loans incl Finance Charges	461.44	461.76	674.59	647.38	621.44	602.75
IWC	490.76	444.61	533.67	555.59	593.15	642.45
Deprn. Incl AAD	621.23	569.25	717.59	539.16	569.43	653.49
Return on Equity	571.89	566.45	659.62	757.52	778.22	797.90
Lease Rentals	334.02	330.84	451.51	560.16	548.24	537.83
Income Tax	41.20	113.33	131.99	190.04	191.00	191.00
Other Expenses	4.09	8.08	-	-	-	-
Prior Period Items	46.26					
Less:- NT I	110.57	125.39	85.89	89.31	92.88	96.59
Sharing of gains/ loss due to IOWC						
Add: Adjustments in NTI against provisioning for advance tax	6.81					
Add: Impact due to review Petition in Case 77 of 2012	40.92					
Additional impact due to EL encashment	0.02					
Total Capacity Charges	3,939.64	3,761.37	4,745.21	4,904.66	5,101.49	5,383.20
Aggregate Revenue Requirement	13,621.07	12,447.09	14,948.86	15,761.46	16,803.94	18,196.58

Per unit Tariffs

Variable Charges : The per unit charges of electricity proposed for the existing and new stations of MSPGCL for 2012-13 and MYT Period is provided in the table below:

Table: Variable Cost for MSPGCL Stations (Rs/kWh)

Station	2012-13	2013-14	2014-15	2015-16
	Estimates	Projections	Projections	Projections
Bhusawal	3.20	2.68	2.85	3.04
Chandrapur	2.29	2.10	2.24	2.39
Nasik	4.20	3.81	4.05	4.32
Koradi	3.41	3.60	3.90	4.02
Parli	3.13	3.12	3.22	3.41
Uran	2.18	2.27	2.38	2.49
Khaparkheda	2.71	2.40	2.56	2.74
Paras 3	1.94	1.90	2.04	2.18
Paras 4	1.88			
Parli 6	2.93	2.68	2.79	2.98
Parli 7	2.76			
Khaparkheda 5	2.96	2.50	2.68	2.86

It is submitted that the aforesaid rates are not the actual rates charged to MSEDCL. It is clarified that only the rates approved by the Hon'ble Commission are charged to

the discom. The above submission is only a reflection of the actual cost borne by MSPGCL in 2011-12 and 2012-13 as part of the true-up and APR process. Similarly, projections made in MYT control period are tariffs proposed by MSPGCL which is subject to prudence check by the Hon'ble Commission.

Total Charges

The total per unit cost for various stations is provided in the table below:

Table: Total per unit Cost for MSPGCL Stations

Station	2011-12			2012-13			2013-14			2014-15			2015-16		
	Net Generation (MU)	ARR (Cr)	Cost* Rs/kWh	Net Generation (MU)	ARR (Cr)	Cost** Rs/kWh	Net Generation (MU)	ARR (Cr)	Cost* Rs/kWh	Net Generation (MU)	ARR (Cr)	Cost* Rs/kWh	Net Generation (MU)	ARR (Cr)	Cost* Rs/kWh
Bhusawal	2,062.10	866.36	4.20	1,838.78	781.68	4.25	2,498.75	863.24	3.45	2,499.54	922.99	3.69	2,493.63	996.36	4.00
Chandrapur	12,209.83	3,232.76	2.65	12,903.04	3,756.34	2.91	13,631.21	3,611.36	2.65	13,803.56	3,918.14	2.84	13,798.24	4,211.79	3.05
Nasik	3,776.16	1,772.91	4.70	3,845.02	1,849.98	4.81	3,825.63	1,756.51	4.59	3,819.89	1,875.52	4.91	3,833.46	2,013.81	5.25
Koradi	2,951.55	1,145.53	3.88	2,159.25	983.61	4.56	3,173.65	1,418.72	4.47	2,584.67	1,298.32	5.02	3,199.18	1,668.58	5.22
Parli	2,378.63	946.86	3.98	2,046.56	869.61	4.25	2,362.05	968.07	4.10	3,077.48	1,248.18	4.06	3,403.89	1,445.18	4.25
Uran	4,571.18	1,130.87	2.47	3,678.03	961.83	2.62	3,140.57	862.49	2.75	3,140.57	905.55	2.88	3,149.17	947.15	3.01
Khaperkheda	5,330.86	1,718.88	3.22	4,804.38	1,784.51	3.71	4,818.35	1,587.12	3.29	4,901.52	1,712.18	3.49	4,901.05	1,824.98	3.72
Hydro	5,170.57	445.81	0.86	4,224.86	601.42	1.42	4,208.84	712.10	1.69	4,208.85	710.05	1.69	4,208.85	710.83	1.69
Paras 3	1,247.68	607.39	4.87	1,384.49	580.13	4.19	3,171.12	1,192.38	3.76	3,131.48	1,224.28	3.91	3,179.81	1,283.37	4.04
Paras 4	1,303.56	594.88	4.56	1,217.90	533.88	4.38									
Parli 6	1,053.38	599.50	5.69	823.86	552.72	6.71	2,352.06	1,217.43	5.18	2,759.40	1,353.93	4.91	2,766.96	1,402.29	5.07
Parli 7	1,067.80	559.33	5.24	841.33	507.06	6.03									
Khaperkheda 5				1,991.93	1,186.10	5.95	3,499.62	1,572.04	4.49	3,499.62	1,634.80	4.67	3,509.21	1,692.24	4.82
Total	43,123.28	13,621.07	3.16	41,759.42	14,948.86	3.58	46,681.85	15,761.46	3.38	47,426.58	16,803.94	3.54	48,443.44	18,196.58	3.76

*Actual cost borne by MSPGCL. The actual rates billed to MSEDCL are as approved by Hon'ble MERC. The actual billing is done at an average rate of Rs 2.98/unit in 2011-12.

**Cost of generation for MSPGCL in 2012-13 and is subject to prudence check by the Commission.

#Rates proposed at envisaged performance. The Hon'ble Commission will apply prudence check and MSPGCL will charge only such approved rates to MSEDCL

ARR Projection for Upcoming units

During the control period i.e. up to 2015-16, MSPGCL envisages commissioning of the following generating units:

- a. Bhusawal Unit 4 (500 MW) commissioned on 16th November, 2012
- b. Bhusawal Unit 5 (500 MW)
- c. Chandrapur Unit 8 and 9 (2*500 MW)
- d. Parli Unit 8 (250 MW)
- e. Koradi Units 8, 9 and 10 (3 * 660MW)

The ARR Projection of these upcoming plants based on the envisaged commissioning schedule, proposed investment outlay and financing plan of the proposed projects are provided below:

Table: Consolidated ARR of MSPGCL for Upcoming Power plants

All figures in Rs Crore

Item/Description	Estimates for 2012-13*	Projections for 2013-14**	Projections for 2014-15***	Projections for 2015-16***
Variable Charges				
Fuel Cost	245.97	1634.43	6085.53	7906.41
Other Fuel Related Costs	28.93	63.35	186.26	251.55
Total Variable Charges	274.90	1697.78	6271.79	8157.95
Capacity Charges				
O&M Expenses	30.05	195.61	634.88	884.52
Interest on Long Term Loans incl Finance Charges	133.77	843.21	2164.98	2228.21
IWC	17.17	113.89	407.55	477.08
Depn. Incl AAD	54.83	340.77	975.37	1285.51
Return on Equity	31.85	198.99	581.09	764.49
Lease Rentals		-	-	-
Income Tax	6.37	39.82	116.28	152.98
Other Expenses		-	-	-
Prior Period Items				
Less:- N T I	0.00	4.81	12.97	16.25
Total Capacity Charges	274.05	1727.48	4867.18	5776.54
Aggregate Revenue Requirement	548.95	3425.26	11138.97	13934.49

* Includes the estimates for Bhusawal 4.

** Includes the estimates for Bhusawal 4 & 5, Chandrapur 8, Parli 8 and Koradi 8.

*** Includes the estimates for Bhusawal 4 & 5, Chandrapur 8 & 9, Parli 8 and Koradi 8, 9 & 10.

Variable Charges : The per unit charges of electricity proposed for the existing and new stations of MSPGCL for 2012-13 and MYT Period is provided in the table below:

Table: Variable Cost for Upcoming Power plants (Rs/kWh)

Station	2012-13	2013-14	2014-15	2015-16
	Projections	Projections	Projections	Projections
Bhusawal 4	2.12	2.01	2.15	2.29
Bhusawal 5		2.03	2.15	2.29
Chandrapur 8		3.17	3.07	3.24
Chandrapur 9			3.44	3.27
Parli 8		2.14	2.29	2.44
Koradi 8		2.95	2.92	2.77
Koradi 9			3.04	2.77
Koradi 10			2.93	2.77

Total Charges

The total per unit cost for various Upcoming power plants of MSPGCL is provided in the table below:

Table: Total per unit Cost for MSPGCL Stations (Rs/kWh)

Station	2012-13			2013-14			2014-15			2015-16		
	Net Generation (MU)	ARR (Gr)	Cost# Rs/kWh	Net Generation (MU)	ARR (Gr)	Cost# Rs/kWh	Net Generation (MU)	ARR (Gr)	Cost# Rs/kWh	Net Generation (MU)	ARR (Gr)	Cost# Rs/kWh
Bhusawal 4	1,294.38	548.95	4.24	3,499.62	1,491.46	4.26	3,499.62	1,466.38	4.19	3,509.21	1,509.82	4.30
Bhusawal 5				2,636.70	1,129.04	4.28	3,499.62	1,466.38	4.19	3,509.21	1,509.82	4.30
Chandrapur 8				565.69	283.87	5.02	3,499.62	1,725.09	4.93	3,509.21	1,787.97	5.10
Chandrapur 9							2,329.88	1,229.04	5.28	3,509.21	1,799.68	5.13
Parli 8				275.32	131.34	4.77	1,703.27	773.23	4.54	1,707.94	827.33	4.84
Koradi 8				746.71	389.54	5.22	4,619.50	2,405.80	5.21	4,632.15	2,166.62	4.68
Koradi 9							3,075.45	1,641.27	5.34	4,632.15	2,166.62	4.68
Koradi 10							746.71	431.77	5.78	4,632.15	2,166.62	4.68
Total	1,294.38	548.95	4.24	7,724.05	3,425.26	4.43	22,973.68	11,138.97	4.85	29,641.23	13,934.49	4.70

#Rates proposed at envisaged performance. The Hon'ble Commission will apply prudence check and MSPGCL will charge only such approved rates to MSEDCL

PRAYERS

The Petitioner respectfully prays the Hon'ble Commission to:

- a) Admit this Petition.
- b) Grant an expeditious hearing of this petition.
- c) Approve the final true-up for 2011-12 along with the APR for 2012-13 and MYT for 2013-14 to 2015-16 to the extent claimed by MSPGCL in accordance with the submissions and rationale submitted in this petition.
- d) Approve the technical Performance on a realistic basis giving cognizance to the coal related and other issues as detailed in this petition.
- e) Approve O&M projections for the MYT Period based on the philosophy submitted in the Petition under the enabling provisions of Regulation 99 (Power to amend) of MYT Regulation, 2011.
- f) Allow MSPGCL to recover charges for its hydro stations as per the MERC Tariff Regulations, 2005 under the enabling provisions of Regulation 99 (Power to amend) of MYT Regulation, 2011.
- g) Approve the provisional tariff of the upcoming units as detailed in the petition.
- h) Condone any shortcomings/deficiencies in the petition and allow MSPGCL to submit additional information/data at a later stage as may be required.
- i) Provide the workable excel model used by the Hon'ble Commission for approval of tariff of the Petitioner.