

1. Executive Summary

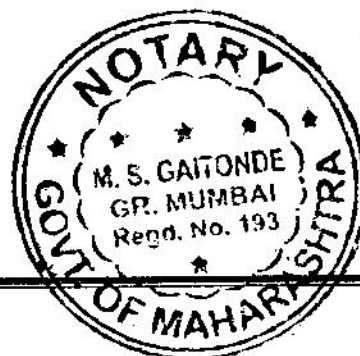
1.1 Background

Maharashtra State Electricity Transmission Company Limited (MSETCL) is a State Transmission Utility with a dedicated responsibility of planning, developing, operating and maintaining the State Transmission System to facilitate transmission of electricity from its source to load centres. MSETCL is filing the current Petition for Trueing up of Annual Revenue Requirement for FY 2011-12, Annual Performance Review for FY 2012-13, projection of Annual Revenue Requirement for the Second Control Period from FY 2013-14 to FY 2015-16 along with the impact of disallowed past period Capitalisation for FY 2007-08, FY 2008-09 and FY 2010-11. Following sections give an overview of the Petition:

1.2 Impact of Disallowed Capitalisation of Assets for Previous Years

The Hon'ble Commission in its previous Orders on True-up of Annual Revenue Requirement for past years such as FY 2007-08, FY 2008-09 and FY 2010-11 had disallowed certain amount of claimed Capitalisation of assets. MSETCL submits that certain portion of the disallowed Capitalisation is now claimed in this Petition and the cost benefit analysis of the DPR schemes as claimed in this Petition is also being submitted to the Hon'ble Commission separately.

MSETCL has worked out the impact of disallowed capitalisation for the above mentioned years on depreciation, interest on long term loan, interest on working capital and return on equity pertaining to such assets. MSETCL has claimed the depreciation and its cost of capital from the date such assets were put to use, i.e. from the date of capitalisation. Further, it would also have impact on other heads of ARR i.e., interest on working capital and sharing of gains and losses and incentive for transmission availability.



MSETCL has claimed following amounts on the disallowed Capitalisation for respective years:

Table 1: Claim of disallowed Capitalisation

Year	Disallowed Capitalisation Claim (Rs. Crore)
FY 2010-11	56.48
FY 2008-09	73.35
FY 2007-08	263.30

A summary of the total impact due to disallowed Capitalisation is given in the Table below:

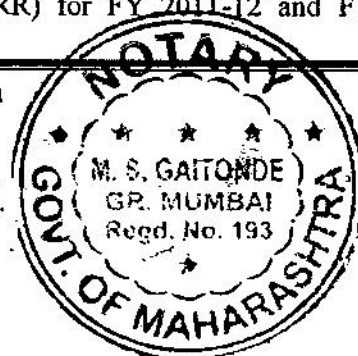
Table 2: Summary of Claim due to Disallowed Capitalisation (Rs. Crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Total
RoE	3.69	11.40	12.43	13.22	40.73
Depreciation including AAD	-	-	-	-	-
Interest on long-term Loan	11.08	28.76	28.75	28.33	96.91
Interest on working capital Loan (Efficiency Gain)	0.29	0.90	0.54	0.51	2.24
Contribution to contingency reserve	-	1.34	0.84	0.85	3.02
Incentive for Higher Availability	0.13	0.78	0.55	0.79	2.25
Total	15.19	43.17	43.11	43.69	145.16

MSETCL proposes to include this Revenue gap of Rs. 145.16 Crore in the ARR for FY 2013-14 and humbly requests the Hon'ble Commission to bridge this gap by including it in the proposed ARR for FY 2013-14. Further, MSETCL humbly requests to the Hon'ble Commission to consider an appropriate carrying cost on the impact of the disallowed Capitalisation and allow the same to be recovered as MSETCL has not been able to recover required revenue on account of the same.

1.3 Truing-up of ARR for FY 2011-12

MSETCL has submitted the previous Petition for Truing-up of FY 2010-11 and Approval of Aggregate Revenue Requirement (ARR) for FY 2011-12 and FY 2012-13 to the Hon'ble



Commission to which an Order was issued under Case No. 169 of 2011 dated 18 May, 2012. Further, on a review Petition filed by MSETCL, the Hon'ble Commission issued as Order in Case No. 106 of 2012 restating the ARR for FY 2011-12. As the Audit Annual Accounts for FY 2011-12 are ready, it is now filing the True-up for the same.

1.3.1 Aggregate Revenue Requirement

1.3.1.1 Operation and Maintenance Expenses

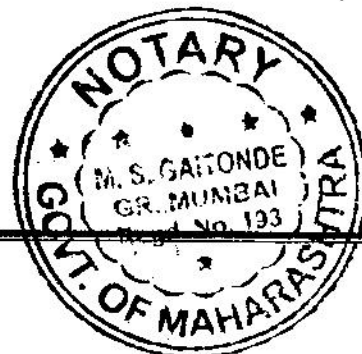
MSETCL submits that the actual O&M expenses have marginally decreased when compared to the expense approved by the Hon'ble Commission in its Order on MSETCL's Business Plan in Case No. 137 of 2011. However, there has been an increase under the sub-head A&G expenses on account increase in security expenses, training expenses, electricity charges, vehicle running and hiring expenses, filing fee on account of increase in authorised share capital, etc. The variation in employee expenses is due to the increase in dearness allowance and basic salary and decrease in leave encashment. The R&M expense for the year is lesser than the amount approved by the Hon'ble Commission.

1.3.1.2 Capital Expenditure and Capitalisation

MSETCL would further like to submit that in its Multi Year Tariff Business Plan for the second Control Period from FY 2011-12 to FY 2015-16 in Case No. 137 of 2011, it has submitted the Capitalisation of Rs. 2195.96 Crore. For the purpose of this Petition MSETCL has claimed Capitalisation of Rs. 2261.32 Crore based on actual for the year.

1.3.1.3 Depreciation including Advance against Depreciation (AAD)

MSETCL has computed depreciation including AAD based on the actual amount of Opening GFA and the asset addition during the year. The Hon'ble Commission has allowed AAD for the FY 2011-12 and FY 2012-13 in its Order in Case No. 137 of 2011. MSETCL hereby requests the Hon'ble Commission to allow depreciation including AAD for FY 2011-12 based on its computation on actual.



1.3.1.4 Interest on Long term Loans

MSETCL submits that the capital expenditure incurred by MSETCL for FY 2011-12, was met through long-term borrowings from major Financial Institutions (FI), viz., (PFC), JICA, (REC), Bank of Baroda, Union Bank of India, Bank of Maharashtra and Oriental Bank of Commerce.

1.3.1.5 Interest on Working Capital

The Net Entitlement of MSETC after efficiency gain on account of interest on working capital works out to Rs. 51.54 Crore after considering sharing of gains and losses.

1.3.1.6 Other Expenses

MSETCL has claimed Other Expenses based on actual for the year. The same is Rs. 109.52 Crore.

1.3.1.7 Return on Equity

MSETCL has worked out the Return on Equity of Rs. 559.21 Crore in accordance with the Regulation 50.1 of the MERC Tariff Regulations, 2005.

1.3.1.8 Income Tax

MSETCL requests the Hon'ble Commission to approve Income tax of Rs. 179.67 Crore based on actual for FY 2011-12.

1.3.1.9 Contribution towards Contingency Reserves

MSETCL humbly requests the Hon'ble Commission to approve the true-up towards Contribution to Contingency Reserves of Rs. 33.39 Crore based on Audited Accounts for FY 2011-12.

1.3.1.10 Revenue from Transmission Charges

MSETCL submits that it has earned actual revenue of Rs. 2264.25 Crore from Transmission Tariff for the year FY 2011-12. In addition, MSETCL has also earned revenue of Rs. 20.58 Crore and Rs. 5.72 Crore for wheeling Central sector power to Goa and Dadra Nagar respectively.

1.3.1.11 Non-Tariff Income -

The Non-Tariff Income for MSETCL during FY 2011-12 is Rs. 308.84 Crore as against the Non-Tariff Income of Rs. 177.66 Crore claimed and approved in earlier Order of this Hon'ble

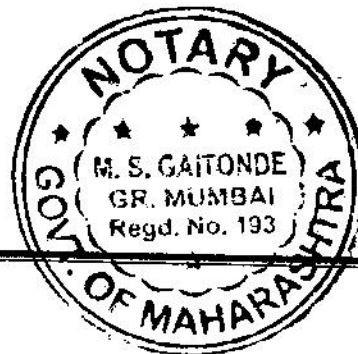


Commission. The Non-Tariff income includes the Interest earned on contingency reserve and other investment, open access charges, excess provision written back, revenue and profit from sale of scrap.

Further, MSETCL has found that certain stores and spares parts amounting to Rs. 152.48 Crore which had been charged to Repairs & Maintenance were not actually consumed in those earlier years. Accordingly, MSETCL has accounted for same in the books of accounts and such value of stores would be utilised during the future years for carrying out the R&M expenses and hence, the actual expenses towards the R&M in future years would be lower. Hence, MSETCL has spread this revenue over five years, starting from FY 2013-14 onwards (i.e., during the Control Period) and accordingly reduced the R&M expenses from the proposed R&M expenses during each year.

1.3.1.12 Incentive on Transmission Availability

MSETCL submits that the actual availability for the HVAC network was much high than the norms specified by the Hon'ble Commission. MSETCL humbly requests the Hon'ble Commission to approve an incentive of Rs. 45.65 Crore and Rs. 7.46 Crore respectively for HVAC and HVDC system for FY 2011-12.



1.3.1.13 True-up Summary for FY 2011-12

Table 3: True-up Summary for FY 2011-12

Particulars	MERC Approved Revenue under the CASS No. 106 of 2002	Audited	Change in Accounting Treatment	Efficiency Improvement Accounting Method with MSEFCL	Net Implementation of MSEFCL
Operation & Maintenance Expenses	1,040.66	967.20	(73.46)		967.20
Employee Expenses	605.79	581.61	(24.18)		581.61
A&G Expenses	108.92	181.37	72.45		181.37
R&M Expenses	325.95	204.21	(121.74)		204.21
Depreciation	407.97	421.79	13.82		421.79
Advance against depreciation	224.04	323.36	99.32		323.36
Interest on Long-term Loan Capital	417.95	384.47	(33.48)		384.47
Interest on Working Capital and on consumer security deposits	66.58	66.10	(0.48)	15.04	51.06
Other Interest and finance charges	18.42	13.61	(4.81)		13.61
Other Expenses	87.87	109.52	21.65		109.52
Income Tax	133.98	179.67	45.69		179.67
Contribution to contingency reserves	32.57	33.39	0.82		33.39
Total Revenue Expenditure	2,430.05	2,499.09	69.04		2,484.06
Return on Equity Capital	535.68	559.21	23.53		559.21
Aggregate Revenue Requirement	2,965.73	3058.30	92.57		3043.26
Less: Non Tariff Income	174.66	308.84	134.18		308.84
Less: Income from Goa & Dadra Nagar wheeling charges	20.52	26.30	5.78		26.30
Less: Amortisation of Income due to Revaluation of	0.00	0.00	0.00		0.00



MSETCL MYT PETITION FOR THE CONTROL
PERIOD FROM FY 2013-14 - FY 2015-16

MAHATRANSCO
Maharashtra State Electricity Transmission Co. Ltd.

Particulars	MADRAC Approved (Previous Order in Case No. 106 of 2012)	Actual	Balance up Amount	Efficiency (Gain/Loss) Based on MSECL	Net Settlement of MSECL
Stocks					
Aggregate Revenue Requirement from Transmission Tariff	2,770.55	2723.15	(47.40)		2708.12
Revenue from Transmission tariff	2,264.28	2264.25	(0.03)		2264.25
Revenue (Gap)/surplus for current year	(506.27)	(458.90)	47.37		(443.87)
Revenue (Gap)/surplus till previous year	(752.90)	(752.90)	0.00		(752.90)
Cumulative Revenue Gap till the year	(1259.17)	(1211.80)	47.37		(1196.77)
(add) Incentive on Transmission Availability of HVAC System					45.65
(add) Incentive on Transmission Availability of HVDC System					7.46
Cumulative Revenue Gap till the year					(1249.88)

The Hon'ble Commission is hereby requested to approve the Net true up requirement of Rs. 1249.88 Crore for FY 2011-12. The Hon'ble Commission is requested to include this Revenue Gap in the ARR for FY 2013-14.



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1.4 Annual Performance Review for FY 2012-13

1.4.1 Aggregate Revenue Requirement

1.4.1.1 Operation and Maintenance Expenses

For the purpose of this Petition, MSETCL has considered the O&M expenses of Rs. 1115.42 Crore as approved by the Hon'ble Commission in its Order on MSETCL's Business Plan in Case No. 137 of 2011.

1.4.1.2 Capitalisation

For the purpose of this Petition, MSETCL has considered Capitalisation of Rs. 3874.62 Crore as approved by the Hon'ble Commission in its Order in Case No. 169 of 2011.

1.4.1.3 Interest & Finance Charges

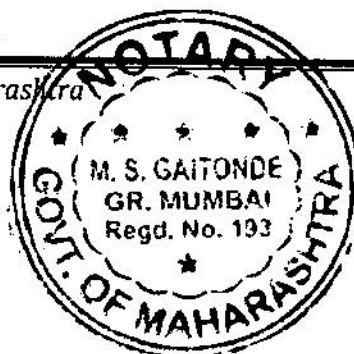
MSETCL has estimated the interest expense on long term loans of Rs. 504.03 Crore based on the actual loan carried forward from FY 2011-12 and the estimated loan drawl for FY 2012-13. For Capitalisation of interest expenses, MSETCL has considered the rate of 11.5% of Closing Work-in-progress. Further, MSETCL has considered "other interest and finance charges" same as that approved by the Hon'ble Commission in its Order on MSETCL's Business Plan in Case No. 137 of 2011.

1.4.1.4 Depreciation

MSETCL has computed the depreciation for FY 2012-13 by considering the depreciation rates as provided in the MERC (Terms and Conditions of Tariff) Regulations, 2005. The depreciation including AAD of Rs. 978.82 Crore for FY 2012-13 is computed by MSETCL based on the actual opening GFA and the approved asset addition during the year by the Hon'ble Commission in its Order on MSETCL's Business Plan in Case No. 137 of 2011.

1.4.1.5 Interest on Working Capital and Consumer Security Deposit

MSETCL has computed interest on working capital requirement of Rs. 80.33 Crore based on the normative parameters prescribed in the MERC Tariff Regulations, 2005. MSETCL has considered the short term SBI PLR of 14.75% for the purpose of computation of Interest on



working capital as considered by the Commission for computation of interest on working capital for FY 2012-13.

1.4.1.6 Return on Equity

MSETCL has estimated RoE of Rs. 641.31 Crore for FY 2012-13, based on the MERC Tariff Regulations, 2005. MSETCL has also considered the reduction in RoE on the estimated asset retirement during the Control Period in accordance with the approach stipulated in the Case No. 106 of 2012 and Business Plan Order in Case No. 137 of 2011.

1.4.1.7 Other Expense

MSETCL has estimated other expenses considering a nominal increase of 2% on actual expenses incurred for FY 2011-12. The prior period adjustments and loss on exchange rate variation has not been considered for estimation.

1.4.1.8 Contribution to Contingency Reserves

MSETCL has computed the Contribution to Contingency Reserves of Rs. 40.20 Crore at 0.25% of the opening GFA as per the method adopted by the Hon'ble Commission while approving the same in the Business Plan Order for MSETCL in Case No. 137 of 2011.

1.4.1.9 Income Tax

In accordance with MERC Tariff Regulations, 2005, MSETCL has claimed Income Tax of Rs. 275.48 Crore as a part of ARR for FY 2012-13. For FY 2012-13, MSETCL has estimated the Income Tax liability considering WDV depreciation as per Income Tax Act.

1.4.1.10 Non-Tariff Income

MSETCL has considered a nominal increase of 2% for estimating NTI components other than interest income based on actual values of FY 2011-12. For the purpose of estimation of interest income on contingency reserves, MSETCL has considered an average interest rate of 8% (Government Securities) on the forecasted balance of Contingency reserves for various years.

MSETCL has taken the amount of "Other/Miscellaneous Receipts" for FY 2012-13, same as that for FY 2011-12 (excluding Rs. 48 Crore towards non-refundable deposits of previous years transferred to P&L). MSETCL has considered the value of sale of scrap including the profit on sale of scrap as a part of Non-Tariff Income.

As regards the revenue from open access charges, MSETCL submits that as against the actual revenue of Rs. 109.56 Crore in FY 2011-12, the same would be reduced from FY 2012-13 on account of change in methodology for levying open access charges to Distribution Licensees procuring power on short-term basis.

1.4.1.11 Estimated Annual Revenue Requirement for FY 2012-13

Table 4: Estimation of ARR (Rs. Crore)

Sl. No.	Particulars	FY 2012-13	
		BE Order	Estimation
1	Operation & Maintenance Expenses	1,115.42	1,115.42
2	Depreciation Expenses		
a)	Depreciation	501.50	560.49
b)	Advance against depreciation	155.65	418.33
3	Interest on Long-term Loan Capital	464.41	504.52
4	Interest on Working Capital and on consumer security deposits	71.10	80.34
5	Other Interest and finance charges	18.50	18.50
6	Other Expenses	1.23	1.12
7	Income Tax	157.34	275.40
8	Contribution to contingency reserves	40.11	40.20
9	Total Revenue Expenditure	2,525.26	3,014.32
10	Return on Equity Capital	629.04	641.38
11	Aggregate Revenue Requirement	3,154.30	3,655.70
12	Less: Non Tariff Income	178.15	232.60
13	Less: Income from Goa & Dadra Nagar wheeling charges	20.52	26.30
14	Aggregate Revenue Requirement from Transmission Tariff	2955.63	3396.80



1.4.1.12 Revenue Gap for FY 2012-13

Based on the above, the provisional Revenue gap for FY 2012-13 and cumulative revenue gap till FY 2012-13 has been worked out and is summarised in the Table as under:

Table 5: Cumulative Revenue Gap (Rs Crore)

Particulars	FY 2012-13
Net ARR	3396.80
Revenue from existing Transmission tariff	3338.04
Revenue (Gap)/surplus for current year	(58.76)
Un-recovered cumulative Revenue (Gap)	(58.76)

Accordingly, the cumulative un-recovered Revenue Gap of Rs. 58.76 Crore has been carried forward to the ARR of FY 2013-14 and MSETCL requests the Hon'ble Commission to approve the same in the ARR of FY 2013-14.

1.5 Aggregate Revenue Requirement for the period from FY 2013-14 to FY 2015-16, Revenue Gap and Impact on Transmission Tariff

1.5.1 Aggregate Revenue Requirement

1.5.1.1 Operation and Maintenance Expenses

MSETCL for the purpose of this MYT Petition has considered the O&M Expense based on the no. of bays and circuit kilometres as per MERC MYT Regulations, 2011 mentioned above. The no. of bays and circuit kilometres of the transmission lines are different from that projected in the Business Plan due to consideration of Power Transformer (PT) and Station Transformer bay in the MYT Petition which was not considered during Business Plan submission. The no. of bays and circuit kilometres of the transmission lines for FY 2010-11, FY 2011-12 and FY 2012-13 submitted in the tables below are actual achieved during respective years.

1.5.1.2 Capitalisation

For the purpose of the current MYT Petition, MSETCL has considered Capitalisation amount for the Control Period to be same as that approved by the Hon'ble Commission in its Order on MSETCL's Business Plan in Case No. 137 of 2011.

Further, it is submitted that the capital expenditure plan submitted in the Business Plan Petition was prepared based on the inputs from STU and was also presented before the Standing Committee and the same has been recorded in the Business Plan Order in Case No. 137 of 2011 reproduced as under:

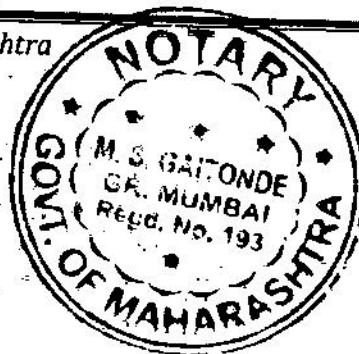
"2.4.7. MSETCL submitted that the proposed plan for capex has been prepared based on the inputs received from the STU. The STU has prepared the plan for the entire state, clearly identifying the schemes to be undertaken by each of the Transmission Licensees operating in the state, including MSETCL. MSETCL further submitted that as directed by the Commission vide its letter dated 19 July, 2012, to present the business plan to the Standing Committee, the capital expenditure plan was presented in the 9th meeting of the Standing Committee chaired by Director (Operations), MSETCL and attended by members from STU, MSETCL, R/Infra-T, TPC-T and PGCIL."

It is further submitted that implementation of STU Plan is closely and regularly monitored so as to minimise the gap between what is planned and what is being executed. Various Committees which are responsible for monitoring of Transmission network in the State of Maharashtra is as:

- a) STU Steering Committee
- b) Standing Committee formed by the Hon'ble Commission.
- c) Project Monitoring Team (PMT) chaired by Chief Engineer (Contracts & Monitoring). Such project monitoring is on day to day basis.
- d) Grid Co-ordination Committee reviews the progress of important projects.
- e) Western Regional Power Committee at regional level also monitors the progress of Transmission network development for entire Western region including network of CTU and STU

1.5.1.3 Interest & Finance Charges

MSETCL has first considered its existing loan agreements from LIC, JICA, IFC, Bank of Maharashtra and Oriental Bank of Commerce, to fund its capital expenditure. Thereafter,



MSETCL has considered that it will borrow loans from REC and PFC to meet its debt: equity ratio of 80:20 to meet its debt requirement. Although MSETCL has considered the deduction of loan of 80% of the retired assets estimated during the Control Period in the Petition, it humbly request the Hon'ble Commission not to deduct the loan amount by 80% of the retired assets and accordingly not to reduce the interest expenses thereof based on the justifications provided in the main Petition. The other interest and finance charges for FY 2013-14 to FY 2015-16, has been considered the same as approved by the Hon'ble Commission in its Business Plan Order in Case No. 137 of 2011.

1.5.1.4 Depreciation

MSETCL has computed the depreciation for the Second Control period by considering the depreciation rates as provided in the MERC (MYT) Regulations 2011. MSETCL prays to the Hon'ble Commission not to restrict the approval of repayment for the year to the extent of depreciation claimed for the year and instead it should allow MSETCL to claim the excess of actual repayment made during the year over the depreciation for the year to be claimed as Advance Against Depreciation.

1.5.1.5 Interest on Working Capital and Consumer Security Deposit

MSETCL has computed interest on working capital requirement based on the normative parameters prescribed in the MERC (MYT) Regulations, 2011. MSETCL has considered the current short term SBI PLR of 14.45% as against 14.75% considered in MSETCL's Business Plan Order in Case No. 137 of 2011.

1.5.1.6 Return on Equity

MSETCL has projected RoE for the MYT Control Period, based on the MERC, (MYT) Regulations, 2011. MSETCL has also considered the reduction in RoE on the estimated asset retirement during the Control Period in accordance with the approach stipulated in the Business Plan Order in Case No. 137 of 2011.

1.5.1.7 Other Expense

MSETCL has estimated other expenses considering a nominal increase of 2% on actual expenses incurred for FY 2011-12 excluding prior period adjustments and loss on exchange rate variation.

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1.5.1.8 Contribution to Contingency Reserves

MSETCL has computed the Contribution to Contingency Reserves at 0.25% of the opening GFA as per the method adopted by the Hon'ble Commission while approving the same in the Business Plan Order for MSETCL in Case No. 137 of 2011.

1.5.1.9 Income Tax for FY 2013-14 to FY 2015-16

MSETCL requests the Hon'ble Commission to consider the Income Tax of Rs. 179.67 Crore for the Second Control Period based on the actual Income Tax paid during FY 2011-12 in accordance with Regulation 34.1 of the MERC MYT Regulations, 2011.

1.5.1.10 Non-Tariff Income

MSETCL has considered a nominal increase of 2% for NTI components other than interest income based on actual values of FY 2011-12. MSETCL has escalated interest income on contingency reserves, at an average interest rate of 8% (Government Securities) on the forecasted balance of Contingency and special reserves for various years.

MSETCL has taken the amount of "Other/Miscellaneous Receipts" for FY 2012-13, same as that for FY 2011-12 (excluding Rs. 48 Crore towards non-refundable deposits of previous years transferred to P&L) and escalated the same at the rate of 2% per annum. MSETCL has considered the value of sale of scrap including the profit on sale of scrap as a part of Non-Tariff Income.

As regards the revenue from open access charges, MSETCL submits that as against the actual revenue of Rs. 109.56 Crore in FY 2011-12, the amount would get reduced from FY 2012-13 on account of change in methodology for levying open access charges to Distribution Licensees procuring power on short-term basis.

1.5.1.11 Projection of ARR for the Control Period

Based on the above discussions, the ARR projection for the MYT Second Control Period has been tabulated as under:

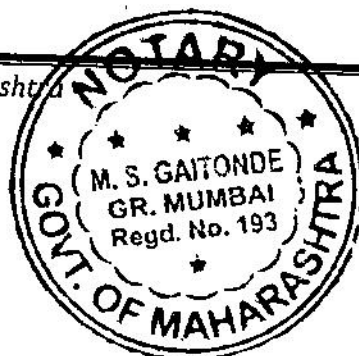
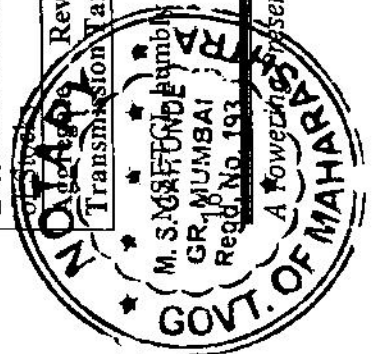


Table 6: Projection of ARR (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Business Plan Order	MYT Petition	Business Plan Order	MYT Petition	Business Plan Order	MYT Petition
Operation & Maintenance Expenses	1,329.81	1,401.24	1,516.52	1,633.21	1,757.32	1,878.65
Depreciation	1,101.46	1,102.75	1,283.08	1,285.25	1,456.72	1,455.87
Advance against depreciation	-	32.41	-	0.00	-	115.57
Interest on Long-term Loan Capital	991.12	752.39	1,185.70	1,017.49	1,343.55	1,226.17
Interest on Working Capital and on consumer security deposits	97.60	94.19	112.98	111.35	129.09	130.26
Other Interest and finance charges	16.91	16.91	19.21	19.21	16.22	16.22
Other Expenses	1.21	1.14	1.23	1.17	1.26	1.19
Income Tax	103.67	179.67	103.67	179.67	103.67	179.67
Contribution to contingency reserves	49.24	49.24	57.29	57.29	66.58	66.59
Total Revenue Expenditure	3,691.01	3,629.95	4,279.69	4,304.65	4,874.42	5,070.19
Return on Equity Capital	802.96	816.63	910.51	924.17	1,012.71	1,026.37
Aggregate Revenue Requirement	4,493.97	4,446.57	5,190.20	5,228.82	5,887.13	6,096.56
Less: Non Tariff Income	197.94	240.39	205.70	248.94	214.22	258.28
Less: Income from Goa and Dadra Nagar wheeling charges	20.52	26.30	20.52	26.30	20.52	26.30
Less: Amortization of Income due to Revaluation of State of Goa	-	30.50	-	30.50	-	30.50
Revenue Requirement from Transmission Tariff	4,275.51	4,149.39	4,963.98	4,923.08	5,652.39	5,781.48

requests the Hon'ble Commission to approve the above ARR for the MYT period for FY 2013-14 to FY 2015-



1.5.1.12 Revenue Gap for the Control Period

The projected Revenue gap for each year of the Control Period is derived considering the revenue based on the InSTS MYT Order i.e. "Suo motu Determination of Transmission Tariff for Intra-State Transmission System (InSTS) for FY 2013-14 to FY 2015-16 of the second MYT Control Period" in Case No. 56 of 2013 dated 13 May, 2013 and the estimated Annual Revenue Requirement and revenue gap for each year of the Control Period as summarised in the Table under:

Table 7: Cumulative Revenue Gap (Rs. Crore)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Net ARR	4149.39	4923.08	5781.48
Revenue from Transmission Tariff on stand alone basis as approved in InSTS Order dtd. 13 May, 2013	4275.51	4963.98	5652.39
Stand Alone (Gap)/Surplus for the year -Provisional	126.12	40.90	(129.09)
Un-recovered Revenue (Gap)/Surplus for FY 2011-12	(1249.88)	-	-
Un-recovered Revenue (Gap)/Surplus for FY 2012-13	(58.76)	-	-
Impact of past period dis-allowed capitalisation	(145.16)	-	-
Revenue from Transmission Tariff on account of past period recovery as approved in InSTS Order dtd. 13 May, 2013	876.72	0.00	0.00
Cumulative un-recovered (Gap)/Surplus till the year	(450.95)	40.90	(129.09)

MSETCL humbly requests the Hon'ble Commission that the above Revenue gaps of each year of the Control Period may please be included in the ARR for each year and a Transmission Tariff may be issued, as that would help in recovery of the same.

Further, the Hon'ble Commission in its Business Plan Order in Case No. 137 of 2011 directed MSETCL to submit the per unit impact on Transmission Tariff based on the proposed ARR including previous revenue gap/surplus in the MYT Petition. In compliance with the direction given by the Hon'ble Commission in the Business Plan Order in Case No. 137 of 2011, MSETCL in the following Table summarised the impact of the proposed ARR on the



Transmission Tariff. Further, the below mentioned table has been prepared considering the ARR projections for the MYT Control Period as submitted in this Petition and demand projections as approved by the Hon'ble Commission in its InSTS Order in Case No. 56 of 2013 dated 13 May, 2013:

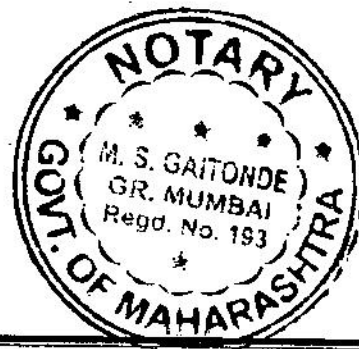


Table 8: Impact of ARR

No	Particulars	Unit	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
1	ARR of MSETCL as submitted in the present MYT Petition	Rs. Crore	2264.25	3552.80	5603.18	4923.08	5781.48
2	Average Coincident and Non Coincident Peak Demand (CPD and NCPD) as per Applicable InSTS Order ⁵	MW	13429.00	15634.00	17748.00	19533.00	21102.00
3	Contribution of MSETCL in InSTS Tariff as per ARR of MSETCL submitted in the MYT Petition [@]	Rs./ kW/ month	140.51	189.37	263.09	210.03	228.32
4		Rs./ kWh	0.19	0.25	0.35	0.28	0.31
5	Transmission Tariff in Maharashtra as per InSTS Order	Rs./ kW/ month	164.68	213.39	320.22	265.25	285.13
6		Rs./ kWh	0.22	0.29	0.43	0.36	0.38

* Order dated 10 September, 2010 in Case No. 120 of 2009. No separate Transmission Tariff Order for FY 2011-12. Approved Transmission Tariff for the State is Rs. 0.22/kWh and Rs. 164.68/kW/Month

Order dated 21 May, 2012 in Case No. 51 of 2012.

5 It may be noted that the ARR of MSETCL for FY 2013-14 to FY 2015-16 is as per its submission in present MYT Petition.

Transmission Tariff and demand projection for FY 2013-14 to FY 2015-16 is as per the Commission's InSTS Order in Case No. 56 of 2013 dated 13 May, 2013

@Contribution of MSETCL in InSTS Tariff not approved separately in InSTS Order and has been computed here only for illustration purpose by considering ARR as submitted in the present MYT Petition and demand as projected by the Commission in InSTS Order in Case No. 56 of 2013 dated 13 May, 2013



PRAYERS


MSETCL respectfully prays the Hon'ble Commission to

1. Admit this Multi Year Tariff Petition.
2. Allow the recovery of impact of disallowed capitalization for past years along with the appropriate carrying cost and allow to recover the same with ARR for FY 2013-14
3. Allow true-up of expenses of FY 2011-12 based on the Audited Accounts and approve the Revenue gap/surplus arrived after duly sharing the efficiency gain with the transmission system users of MSETCL according to the principle of the Commission set out in MERC (Terms and Conditions of Tariff) Regulations, 2005
4. Approve the provisional true-up for FY 2012-13 to the extent claimed by MSETCL in accordance with the submissions and rationale given in this Petition.
5. Approve the ARR forecast for FY 2013-14 to FY 2015-16 as provided in the Petition
6. Determine the Tariff for FY 2013-14 to FY 2015-16 that would help in recovery of consolidated ARR including revenue gap/surplus of each year of the Control Period
7. Approve the deviation in the parameters prescribed in the MERC MYT Regulations, 2011 as sought in the Petition
8. Provide the workable excel model used by the Hon'ble Commission for approval of the above true up and ARR Requirement of MSETCL
9. Condone any shortcomings/deficiencies and allow MSETCL to submit additional information/data at a later stage as may be required.

Mumbai

Date: 12-07-2013




Pratap Ganpatrao Mohite
Director (Finance)
MSETCL