



Executive Summary

Case no. 122 of 2014

MSPGCL's (Maharashtra State Power Generation Co. Limited) Petition for final True-up of FY 2012-13 of as per MERC (Terms and conditions of Tariff) regulations 2005.

Executive Summary

The Maharashtra State Power Generation Company Limited (hereinafter referred to as MAHAGENCO or MSPGCL or Petitioner) is a Company formed under the Government of Maharashtra General Resolution No. ELA- 003/P.K.8588/Bhag-2/Urja-5 dated January 24, 2005 with effect from June 6, 2005. The company is operating under the provisions envisaged in the Electricity Act 2003.

The Hon'ble commission had notified the MYT Regulations, 2011 on February 4, 2011. As per the MYT Regulations 2011, a Multi-Year Tariff regime was to be implemented from April 1, 2011. MSPGCL filed a petition for exemption from MYT framework. The Hon'ble Commission passed the order on the aforesaid petition and allowed an exemption of two years to MSPGCL.

Subsequently, the Commission vide its Order dated June 21, 2012 (Case No. 6 of 2012) approved the Aggregate Revenue Requirement and Tariff of MSPGCL for FY 2011-12 and FY 2012-13 as per MERC (Terms and Conditions of Tariff), Regulations, 2005. Further, the Commission vide its Order dated September 4, 2013 (Case No. 44 of 2013) approved the Aggregate Revenue Requirement and Tariff of Khaperkheda Unit-5 for FY 2012-13 as per the provisions of MERC (Terms and Conditions of Tariff) Regulations, 2005.

This petition deals with the true-up for FY 2012-13 for existing old units, Paras 3 and 4, Parli 6 and 7 and Khaperkheda Unit-5. The Petitioner will submit a separate petition for approval of capital cost & determination of Tariff for Bhusawal 4 and 5 together after finalization of their accounts.

The Petitioner in the present Petition has submitted the true-up for the year 2012-13 as per the audited accounts/norms as applicable for various heads of expenditure. The following table summarizes the true-up computation for 2012-13 for existing and new stations (Paras 3,4 and Parli 6,7 and Khaperkheda Unit 5) for the kind consideration of the Hon'ble Commission.

Table: Summary of True up for FY 2012-13

Expense side Summary:

Particulars	FY 12-13 (Rs. Cr)
Cost of Generation	10,686.15
Lease Rentals	458.88
O & M Expenses	1,651.52
Depreciation including AAD & H.O. Depreciation	817.89
Interest & Finance Charges on Long Term Loans	671.36
Interest on working capital	561.07
Income tax	234.69
Return on Equity	662.91
Other Expenses	134.02
Prior period expenses	(20.39)
Total Expense	15,858.10
Less NTI (MSPGCL)	94.87
ARR (Actual/ Normative)	15,763.24
Expenses on assets not owned by the Company	285.58
Net ARR	16,048.81

Revenue Side summary:

Particulars	FY 12-13 (Rs. Cr)
Audited Revenue from SoP as per Accounts	15,396.02
Less: Other Adjustments due to other Orders and provisioning	1,090.13
Revenue for trueing up	14,305.89

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

Particulars	FY 12-13 Trueing up (Rs. Cr.)
Expense Side Summary (A)	16,048.81
Revenue Side Summary (B)	14,305.89
Net True up amount (B-A)	(1,742.92)
Carrying Cost on True up of FY 2012-13	(462.99)
Carrying Cost on Provisional AFC of Khaperkheda-5 for FY 2012-13	(74.89)
Carrying Cost on Lease rent of Ghatghar PSS for FY 2012-13	(38.22)
Additional True up for the period FY 2008-09 to FY 2011-12 for Ghatghar PSS O&M expenses	(32.16)
Total	(2,351.18)

MSPGCL requests the Commission to allow the total true up amount of Rs. 2,351.18 crores based on the rationale elaborated in this petition.

Following Tables no. 1 and 2 shows the FY2012-13 True-up considering MERC Norms:

Table 1: True-up for FY 2012-13 as per MERC Tariff Regulations, 2005 considering sharing of gains and losses on account of controllable/uncontrollable factors (All Figures are in Rs Crore)

Particulars	MERC Approved Case 6 of 2012, Case 2 of 2012, Case 5 of 2012 & Case 44 of 2013 (A)	As per Tariff Norms for FY 2012-13 (B)	Actual as per Audited Accounts/ Tariff Norms for 2012-13 (C)	Deviation (B-C)	Efficiency Gain and loss	Net Entitlement
Fuel Cost	11,446.39	10,073.06	10,285.73	(212.68)	(70.89)	10,143.95
Other Variable Cost	303.33	400.42	400.42	-	-	400.42
Lease Rentals	458.88	458.88	458.88	-	-	458.88
Approved in Case 6 of 2012	331.22	331.22	331.22	-	-	-
Ghatghar PSS (Case 2 of 2012)	120.29	120.29	120.29	-	-	-
Under Recovery for 2009-10,2010-11,2011-12 (Case 5 of 2012)	7.37	7.37	7.37	-	-	-
O & M Expenses	1,559.85	1,559.85	1,645.46	(65.56)	(21.85)	1,601.76

Particulars	MERC Approved Case 6 of 2012, Case 2 of 2012, Case 5 of 2012 & Case 44 of 2013 (A)	As per Tariff Norms for FY 2012-13 (B)	Actual as per Audited Accounts/ Tariff Norms for 2012-13 (C)	Deviation (B-C)	Efficiency Gain and loss	Net Entitlement
Escalation on Pay Revision Amount (as per the principles laid in Case 54 of 2013)	-	20.05	-	-	-	-
Ghatghar PSS	4.46	14.68	6.06	8.62	2.87	11.81
Depreciation including AAD	723.84	817.89	817.89	-	-	817.89
Interest & Finance Charges on Long Term Loans	680.94	671.36	671.36	-	-	671.36
Interest on working capital	580.70	573.70	547.61	26.09	8.70	565.00
Income tax	131.34	234.69	234.69	-	-	234.69
Return on Equity	656.51	662.91	662.91	-	-	662.91
Other Expenses	7.68	134.02	134.02	-	-	134.02
Prior period expenses	-	(20.39)	(20.39)	-	-	(20.39)
Total Expense	16,553.93	15,601.12	15,844.64	-	-	15,682.29
Less NTI (MSPGCL)	130.06	94.87	94.87	-	-	94.87
ARR (Actual/ Normative)	16,423.87	15,506.25	15,749.78	-	-	15,587.42
Reduction in AFC due to low availability	-	-	-	-	-	-
Net ARR	-	-	-	-	-	15,587.42
Audited Revenue from SoP as per Accounts	-	-	-	-	-	15,396.02
Less: Other Adjustments due to other Orders and provisioning	-	-	-	-	-	1,090.13
Revenue for truing up	-	-	-	-	-	14,305.89
Net truing up	-	-	-	-	-	(1,281.54)

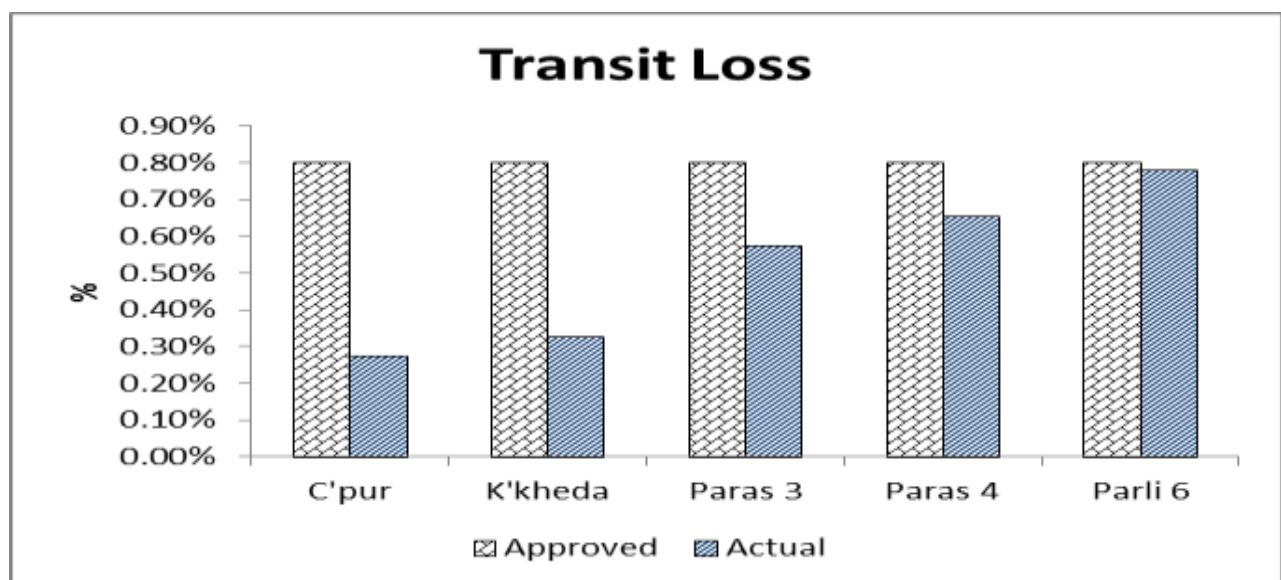
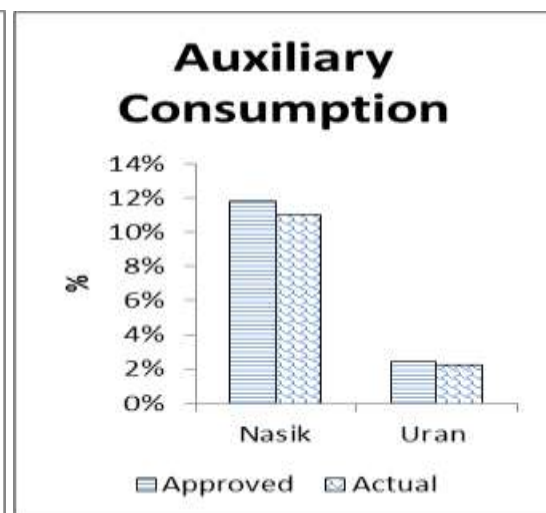
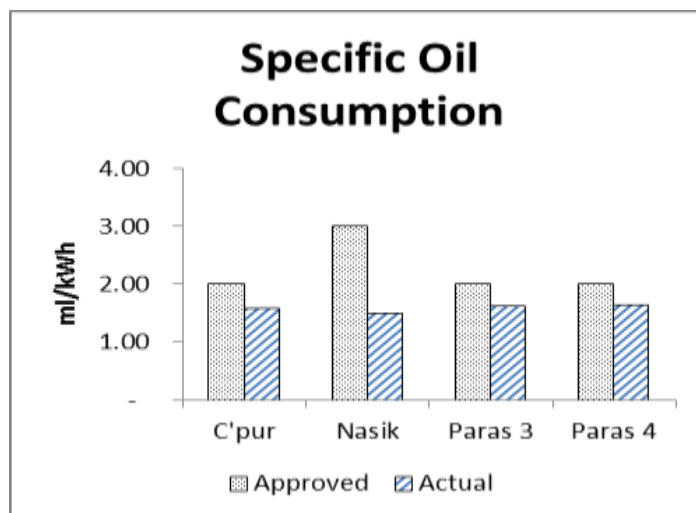
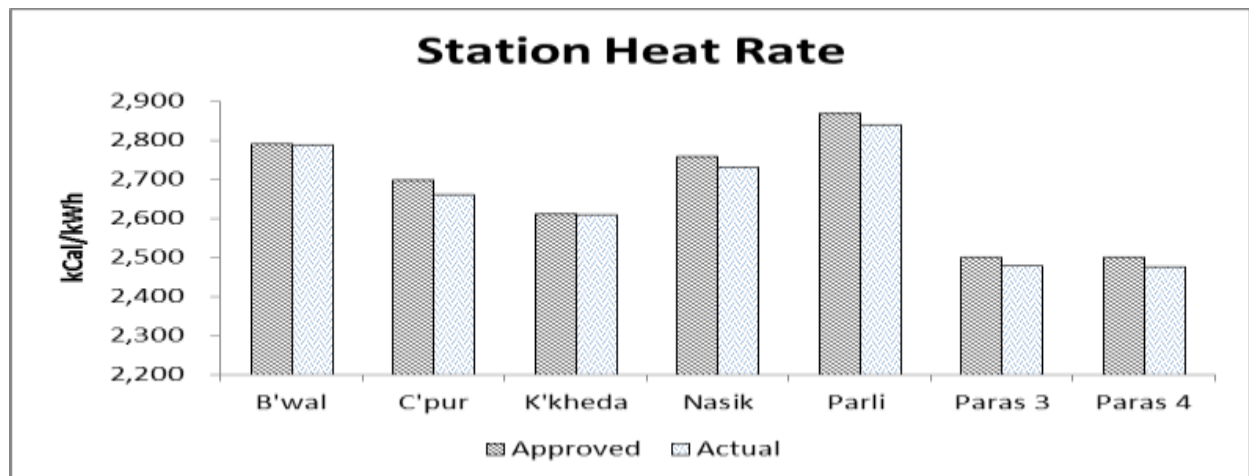
Table 2: Net True-up amount for FY 2012-13

S. No.	Particulars	Amount (Rs. Crore)
1	True up for FY 2012-13 after sharing of gains and losses in accordance with MERC Tariff Regulations, 2005	1281.54
2	Expenses on assets not owned by the Company	285.58
3	Carrying cost on true up for FY 2012-13*	462.99
4	Carrying cost on Provisional AFC of Khaperkheda Unit # 5 for FY 2012-13	74.89
5	Carrying cost on Lease rent of Ghatghar PSS for FY 2012-13	38.22
6	Additional true up for FY 2008-09 to FY 2011-12 for Ghatghar PSS O&M expenses	32.16
7	Carrying cost on revenue gap of previous years	449.80
8	Total	2625.18

* Carrying cost calculated on true up amount of Rs. 1,457.35 Crore for FY 2012-13 before considering sharing of gains and losses

Performance Parameters in FY 2012-13

With regard to the performance of its stations/ units in FY 2012-13, MSPGCL submits that the following stations/ units have performed better than the norms for most of the technical parameters:

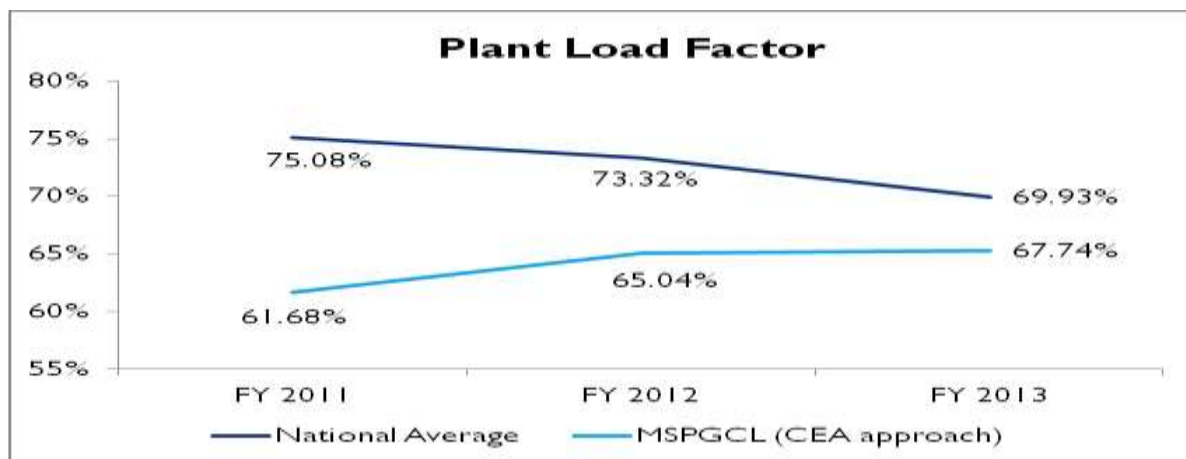


As may be observed, the overall SHR of Bhusawal, Chandrapur, Khaperkheda, Nasik, Parli, and Paras 3, 4 had been better than the normative SHR approved by the Hon'ble Commission. Further, the oil consumption is significantly lower than the norms in Chandrapur, Nasik, Paras 3 and 4. So far as auxiliary consumption is concerned, the same is lower than norms in case of Nasik and Uran power stations. The transit losses have been lower than the norms for most of the stations as shown in the graphics above.

So far as the deviation in performance parameters in other stations/ units is concerned, the detailed rationale is provided in the petition. MSPGCL has explained the force majeure issues of water shortages in Parli due to which the station could not generate during a major part of the year. Further, shortage of gas was reason for the lower availability of Uran GTPS.

One of the key factors influencing the performance of the stations is less receipt of quantity & poor quality of coal from CIL and its subsidiaries. MSPGCL has approached Competition Commission of India and in its petition had apprised the Hon'ble Commission about the use of dominant position by CIL and how the poor quality and quantity of coal supplied by CIL is leading to financial losses to MSPGCL. In the recent order passed by CCI, the Commission has suggested that the usage of domestic coal cannot be fully substituted with imported coal given the price parity, logistic issues and technical constraints in power stations designed primarily for Indian coal. Accordingly, the Commission has given specific findings that CIL had actually been supplying lower quantum of coal and has been abusing its dominant position towards the terms of supply. MSPGCL had apprised this Hon'ble Commission about findings in the CCI order in Case 54 of 2013 and requested the Hon'ble Commission to consider the effects of the deviation in light of the aforesaid order of CCI. MSPGCL further requests the Hon'ble Commission to the same in this petition also.

MSPGCL submits that the constraints cited by MSPGCL are common for all generators across the industry. The same has led to a drop in the National Average PLF over the years. A comparison of National Average PLF vis-à-vis the overall PLF of MSPGCL over the years is provided below for reference. Despite the constraints, MSPGCL is making efforts to improve its operational efficiency leading to improvement in PLF and convergence of PLF towards National average as shown below.



It is submitted that the Hon'ble Commission may kindly consider the submissions in the petition and approve the True-up of expenses.

PRAYERS

The Petitioner respectfully prays the Hon'ble Commission to:

- i. Condone the delay in submission of the Petition.
- ii. Admit this Petition.
- iii. Grant an expeditious hearing of this petition.
- iv. Approve the technical Performance on a realistic basis giving cognizance to rationale detailed in this petition.
- v. Approve the final true-up for FY 2012-13 along with other expenses and carrying cost to the extent claimed by MSPGCL in accordance with the submissions and rationale submitted in this petition. Allow MSPGCL to recover the true up amount of FY 2012-13 from the date of this order in three equal monthly installments.
- vi. Approve carrying cost on the True Up amount from FY 2005-06 To FY 2011-12 pursuant to Hon'ble APTEL's judgment.
- vii. Approve carrying cost on the provisional fixed cost of Khaperkheda Unit 5.
- viii. Approve carrying cost on lease rent of Ghatghar PSS for FY 2012-13.
- ix. Approve additional True Up along with carrying cost for the period FY 2008-09 to FY 2011-12 for Ghatghar PSS O&M expenses.
- x. Provide appropriate directives to MSEDCL for the payment of the aforesaid true-up amount.
- xi. Condone any shortcomings/deficiencies in the petition and allow MSPGCL to submit additional information/data at a later stage as may be required.
- xii. Provide the workable excel model used by the Hon'ble Commission for approval of True up amount of the Petitioner.