

EXECUTIVE SUMMARY

ATIL Petition for True-up of ARR for FY 2012-13 to FY 2014-15, Provisional True-up of ARR for FY 2015-16 and Projection of ARR for FY 2016-17 to FY 2019-20

1. Executive Summary

1.1 INTRODUCTION

1. The Hon'ble Commission approved ARR for the Control Period from FY 2012-13 to FY 2015-16 vide its MYT Order dated 10.01.2013 in Case No. 44 of 2012.
2. The Mid-term Performance Review Petition was filed by ATIL (formerly in the name of APML-T) on 09.12.2013. The Hon'ble Commission issued Order on the Mid-term Performance Review on 03.07.2014 approving true-up of ARR for FY 2012-13, the provisional true-up of ARR for FY 2013-14 and revised projection of ARR for FY 2014-15 and FY 2015-16.
3. The Hon'ble Commission in the MTPR Order stated as follows:

*"The Commission has carefully observed all the submissions regarding the commissioning of the two bus reactors at Tiroda. The Commission has scrutinised the submissions and observed that commissioning of the two bus reactors at Tiroda was necessary for smooth functioning of the transmission line which has been highlighted in various technical reports, letter correspondence from WRLDC/SLDC, and as stipulated within the Commission's Order in Case No. 51 of 2013. **The Commission agrees that without bus reactors 400 kV Tiroda-Warora line could not be charged.** The only issue which came before the Commission was the fact that, the two bus reactors were not included as a part of in principally approved scope of work. Hence, the corresponding capex worth Rs 23.24 Crore was not approved earlier. The Commission had highlighted this fact during the TVS, that the two concerned bus reactors at Tiroda are not covered as part of the present Transmission Licence. Though, the Commission understands the technical requirement of the two 400 kV Bus Reactors, however, the same cannot be considered under the cost of additional capitalization, under present process without undertaking regulatory process of amendment of the Transmission Licence. Unless bus reactors and associated bays are included as part of the asset of the Transmission Licensee (APML-T), it would not be appropriate for the Commission to allow the capitalisation of the costs and other associated costs thereof as part of present Mid-Term Review process. However, these costs including cost of additional capitalisation towards bus reactors and associated bays can be considered at the time of final true up at the end of the control period, upon due regulatory scrutiny and prudence check only after amendment to the Transmission Licence to incorporate such assets as a part of the Transmission Licence."*

4. The Hon'ble Commission has approved the amendment of Transmission Licence of the Petitioner vide its Order in Case No. 136 of 2014 and included Bus Reactors and associated bays at Tiroda Substation as a part of Licensed Transmission Assets.
5. The present Petition is therefore being filed considering the capital cost of Rs. 23.24 Crore for these two Bus Reactors along with associated Bays. The Petitioner has computed and claimed the True-up of ARR for FY 2012-13 to FY 2014-15, provisional True-up of ARR for FY 2015-16 and Tariff for the period from FY 2016-17 to FY 2019-20 including the capital cost of Rs. 23.24 Crore of two Bus Reactors from COD, i.e., 26.08.2012.
6. Further, the Hon'ble Commission issued the Order in Case No. 189 of 2014 on 08.12.2014 allowing the Assignment of Transmission Licence of APML-T to ATIL. Post Assignment of the Transmission Licence, all legal or other proceedings by or against APML-T, whether pending on the appointed date or which may arise in future in relation to the Transmission business of APML-T has been continued and enforced by or against ATIL. In view thereof, all the matter pertaining to the present case are being taken up by ATIL.
7. It is submitted that on March 04, 2015, Adani Power Limited and its subsidiary Adani Power Maharashtra Limited (APML) carried out a transaction divesting 90.91% shares of ATIL held by APL and 9.09% shares held by APML to Adani Transmission Limited (ATL). This has resulted a change in Shareholding pattern of ATIL. As per Cl. 5.2 of the Transmission License, ATIL is required to report to the Hon'ble Commission such change in shareholding of the Company. Accordingly, ATIL vide letter dated May 08, 2015 intimated the same to this Hon'ble Commission. Copy of the said letter is annexed herewith and marked as **Annexure 1**. The same has been captured in Q2 Financial results of ATL for FY 2015-16. It is submitted that ATIL is a separate legal entity/company registered under the Companies Act, 1956 and the Licenced business of transmission is controlled by ATIL who holds the Transmission Licence.
8. There are no pending litigations before ATIL (Tiroda-Warora) as on the date of filing of this Petition.

1.2 STATUTORY PROVISIONS

9. The Petitioner, being a Transmission Licensee endeavors to operate under the stipulated regulatory regime. The Transmission Business is governed and regulated under following Act, Policy and Regulations:

- Electricity Act 2003;
- National Electricity Policy;
- National Tariff Policy; and
- MERC (Multi Year Tariff) Regulations, 2011 and 2015

10. The Hon'ble Commission has notified MYT Regulations, 2015 for determination of tariff for Generation, Transmission and Distribution in December, 2015. Regulation 5 specifies the Petitions to be filed in the Control Period from FY 2016-17 to FY 2019-20. Regulation 5.1 (a) specifies the MYT Petition to be filed by 15.01.2016 comprising:

- a) True-up of ARR for FY 2014-15 under MYT Regulations, 2011 along with True-up of years prior to FY 2014-15
- b) Provisional True-up of ARR for FY 2015-16 of the previous Control Period
- c) Aggregate Revenue Requirement for each year of the Control Period from FY 2016-17 to FY 2019-20

11. In view of the above, ATIL submits the Petition for True-up of ARR for FY 2012-13, FY 2013-14 & FY 2014-15 and Provisional True-up of ARR for FY 2015-16 as per provisions of the MYT Regulations, 2011 and Determination of Multi-Year Tariff for the Period from FY 2016-17 to FY 2019-20 as per provisions of the MYT Regulations, 2015.

1.3 TRUE-UP OF ARR FOR FY 2012-13, FY 2013-14 AND FY 2014-15

12. True-up of ARR outlines the actual performance of the Petitioner vis-à-vis approval of this Hon'ble Commission in the MTPR Order dated 03.07.2014 for FY 2012-13 to FY 2014-15.

ATIL True-up and Tariff Petition

Particulars	FY 2012-13			FY 2013-14			FY 2014-15		
	Appr'd (MTPR)	Actual* (Claim)	Normative*	Appr'd (MTPR)	Actual* (Claim)	Normative*	Appr'd (MTPR)	Actual* (Claim)	Normative*
from Other Business									
Aggregate Revenue Requirement	86.86	92.37	92.46	141.06	150.53	148.72	136.81	149.77	147.28

* Includes ARR for Bus Reactor and associated bays

16. It is submitted that the increase in ARR for all the years under consideration is mainly due to increase in capital cost by Rs. 23.24 Crore for the Bus Reactors and associated Bays.
17. In addition to the above parameters of ARR, the Petitioner has computed carrying cost upto 31.03.2016 for the differential/additional ARR claimed in this Petition compared to the approved ARR. The carrying cost on the differential ARR of FY 2012-13, FY 2013-14 and FY 2014-15 until 31.03.2016 works out to Rs. 3.18 Crore, Rs. 3.94 Crore and Rs. 4.35 Crore respectively. Further, the actual recovery of ARR for FY 2013-14 was delayed by 13 days as the Order on Intra-State Transmission Charges was issued only on May 13, 2013. In view of above, there is a carrying cost of Rs. 0.06 Crore for such period. Therefore, the total carrying cost on the ARR of FY 2013-14 is Rs. 4.00 Crore (Rs. 3.94 Crore + Rs. 0.06 Crore).
18. The Petitioner is eligible for incentive of Rs. 1.65 Crore (approved and recovered the incentive of Rs. 1.55 Crore), Rs. 2.27 Crore and Rs. 2.67 Crore in view of actual availability of 100%, 99.48% and 99.83% respectively for FY 2012-13, FY 2013-14 and FY 2014-15 above normative availability of 98%. Therefore, the trued-up ARR for FY 2012-13, FY 2013-14 and FY 2014-15, including incentive and carrying cost works out to Rs. 107.75 Crore, Rs. 156.82 Crore and Rs. 156.78 Crore respectively.
19. Therefore, the revenue gap/shortfall including availability incentive and carrying cost works out to Rs. 8.81 Crore (Considering only differential Incentive of Rs. 0.10 Crore; Rs. 1.65 Crore minus Rs. 1.55 Crore and considering the approved carrying cost of Rs. 10.53 Crore as already recovered), Rs. 15.76 Crore and Rs. 19.97 Crore respectively for FY 2012-13, FY 2013-14 and FY 2014-15.

20. Further, without prejudice to the actual claim, ATIL hereby provides a comparison of actual ARR with and without considering Bus Reactors Capital cost and expense in the following table for indicative purpose:

Table 1.2: Comparison of ARR with and without Bus Reactors

Rs. Crore

Particulars	FY 2012-13		FY 2013-14		FY 2014-15	
	With BR	Without BR	With BR	Without BR	With BR	Without BR
O&M Expense	4.93	3.75	10.60	8.50	11.79	9.58
Depreciation	22.32	21.59	37.37	36.15	37.37	36.15
Interest on Long-term Loan Capital	38.03	36.82	55.77	53.94	50.89	49.21
Interest on Working Capital	1.82	1.73	2.99	2.85	2.99	2.85
Other Expenses	-	-	-	-	1.27	1.27
Income Tax	4.56	4.56	9.12	9.12	10.77	10.77
Contribution to contingency reserves	1.06	1.02	1.77	1.71	1.77	1.71
Total Revenue Expenditure	72.71	69.46	117.62	112.27	116.86	111.54
Return on Equity Capital	19.66	19.01	32.91	31.84	32.91	31.84
Aggregate Revenue Req'nt	92.37	88.48	150.53	144.11	149.77	143.37
Less: Non Tariff Income	-	-	-	-	-	-
Aggregate Revenue Req'nt	92.37	88.48	150.53	144.11	149.77	143.37

21. A table showing the computation of Revenue Gap is shown below. Without prejudice to our claim, the table also shows the computation of Revenue Gap considering O&M expense as controllable as per MYT Regulations, for indicative purpose.

Table 1.3: True-up Summary

Rs. Crore

Sr. No.	Particulars	Legend	FY 2012-13		FY 2013-14		FY 2014-15	
			Actual Claim	Normative	Actual Claim	Normative	Actual Claim	Normative
1	ARR approved in the MTPR Order	a	86.86	86.86	141.06	141.06	136.81	136.81
2	Approved Carrying Cost	b	10.53	10.53	-	-	-	-
3	Incentive	c	1.65	1.65	2.27	2.27	2.67	2.67

ATIL True-up and Tariff Petition

Sr. No.	Particulars	Legend	FY 2012-13		FY 2013-14		FY 2014-15	
			Actual Claim	Normative	Actual Claim	Normative	Actual Claim	Normative
4	Sub total	d	99.04	99.04	143.33	143.33	139.48	139.48
5	1/3 rd Gain/Loss on account of Controllable factor to be passed on	e	-	0.01	-	0.65	-	0.89
6	1/3 rd Gain/Loss on account of Controllable factor of Bus Reactor O&M to be passed on	F	-	0.39	-	0.70	-	0.74
7	Gain/ Loss on account of Uncontrollable factor to be passed on	g	5.54	5.05	9.48	5.44	12.95	8.06
8	Trued up ARR	h= d+e+f+g	104.57	104.49	152.81	150.12	152.44	149.17
9	Additional Carrying Cost on account of revision in ARR/Staggered Recovery	i	3.18	3.18	4.00	4.00	4.35	4.35
10	Trued up ARR including total carrying cost	j= h+i	107.75	107.67	156.82	154.13	156.78	153.52
11	Less : Revenue Recovered/ Expected from TSUs	k	98.94	98.94	141.06	141.06	136.81	136.81
12	Net Revenue Gap/ (Surplus)	l= j-k	8.81	8.73	15.76	13.07	19.97	16.71

22. The Petitioner requests the Hon'ble Commission to approve the actual performance of ATIL as submitted.

1.4 PROVISIONAL TRUE-UP OF ARR FOR FY 2015-16

23. For FY 2015-16, ATIL has compared actual performance for the first half year based on un-audited half yearly accounts and estimates for the second half with the approved ARR in the MTPR Order. A comparison of the approved and revised ARR for FY 2015-16 is provided in the table below. Without prejudice to our claim, ATIL has also included ARR summary based on norms for indicative purpose:

Table 1.4: Comparison of Actual Vs. Approved ARR for FY 2015-16

Rs. Crore

Particulars	FY 2015-16		
	Approved (MTPR)	Total	Normative
Operation & Maintenance Expenses	7.58	12.26	9.92

ATIL True-up and Tariff Petition

Particulars	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
	Actual Claim	Norma tive	Actual Claim	Norma tive	Actual Claim	Norma tive	Actual Claim	Norma tive
Interest on Long-term Loan Capital	41.95	41.95	37.56	37.56	32.97	32.97	28.39	28.39
Interest on Working Capital	2.12	2.02	2.10	1.99	2.07	1.95	2.05	1.92
Other Expenses	-	-	-	-	-	-	-	-
Income Tax	8.96	8.96	8.99	8.99	8.99	8.99	8.99	8.99
Contribution to contingency reserves	1.77	1.77	1.77	1.77	1.77	1.77	1.77	1.77
Total Revenue Expenditure	105.28	99.44	101.79	95.53	96.99	91.28	94.26	87.05
Return on Equity Capital	33.02	33.02	33.12	33.12	33.12	33.12	33.12	33.12
Aggregate Revenue Req't	138.30	132.46	134.92	128.66	131.12	124.40	127.38	120.17
Less: Non Tariff Income	0.42	0.42	0.56	0.56	0.70	0.70	0.84	0.84
Less: Income from Other Business	-	-	-	-	-	-	-	-
Aggregate Revenue Req't	137.88	132.04	134.36	128.09	130.42	123.70	126.55	119.34

1.6 PRAYERS

26. In view of the above, the Petitioner respectfully prays that the Hon'ble Commission may be pleased to:

- a) Admit the present Petition for True-up of ARR for FY 2012-13, FY 2013-14 & FY 2014-15; Provisional True-up of ARR for FY 2015-16 and Determination of Annual Revenue Requirement for the Period from FY 2016-17 to FY 2019-20.
- b) Allow the capital cost of Bus Reactors along with the associated bays from its Commercial Operation Date
- c) Allow the Operation and Maintenance Expense as claimed in this Petition
- d) Allow True-up of ARR for FY 2012-13, FY 2013-14 and FY 2014-15 based on the audited accounts and approve the revenue gap of these years as presented in this Petition alongwith carrying cost and incentive.
- e) Allow Provisional True-up of ARR for FY 2015-16 based on the un-audited accounts upto 30.09.2015.

ATIL True-up and Tariff Petition

- f) Allow ARR for the period from FY 2016-17 to FY 2019-20 as proposed by ATIL in the Petition.
- g) Allow cumulative Revenue Gap including carrying cost and Incentive and allow its recovery through the new Intra State Transimission System Tariff Order or amendement of the existing Intra State Transimission System Tariff Order.
- h) Allow the Petitioner to carry out additions / alterations / changes / modifications to the application at a future date, if necessary.
- i) Condone any inadvertent omissions / errors / shortcomings and permit ATIL to add / change / modify / alter this filing and make further submissions as may be required at a future date.
- j) Pass such further Orders, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case.

Sd/-

Place: Ahmedabad
Date:

Jignesh Langalia
Authorised Signatory