

**MAHARASHTRA EASTERN GRID POWER  
TRANSMISSION COMPANY LIMITED**

**REVISED PETITION TOWARDS:-**

**True-up of Annual Revenue Requirement for FY 2015-16 & FY 2016-17; Provisional True-up for FY 2017-18 and Revised Forecast of Annual Revenue Requirement for FY 2018-19 & FY 2019-20**

**FILED WITH:-**

**MAHARASHTRA ELECTRICITY REGULATORY  
COMMISSION**

## **EXECUTIVE SUMMARY**

## 1. EXECUTIVE SUMMARY

### Introduction

- 1.1 The transmission system under the present Petition had been identified by STU based on load flow studies and was a part of STU Network Plan for FY 2010-11 to FY 2014-15. Maharashtra Eastern Grid Power Transmission Company Limited (MEGPTCL/ Petitioner) has been granted Transmission Licence No. 1 of 2010 vide the Commission's Order dated September 14, 2010 to establish and operate the licensed transmission system.
- 1.2 The transmission system under Licence is required for evacuation of power from Thermal Power Stations in the north-eastern part of Maharashtra to the load centres in central and western part of the State. The said objective has been fulfilled by successfully commissioning the MEGPTCL Transmission system in phases by March 31, 2015.
- 1.3 The entire transmission system was segregated in different Sets for the purpose of tariff determination based on Commercial Operation Date. The commissioning schedule was worked out in such a way that each set was independently capable of transmitting power from the date of its commissioning and become an integral part of the Intra-State Transmission System (InSTS).

The Petitioner would like to submit that Hon'ble Commission pursuant to its order dated 30.06.2016 in case No. 112 of 2015 has approved amendment to its license No. 1 of 2010 on 04.07.2017. By such amendment, the Petitioner was required to install one Additional ICT of 1500 MVA each at Tiroda and Akolla Sub-Station. In compliance to direction of Hon'ble Commission by its Order dated 30.06.2017 referred above, the Petitioner submitted Detailed Project report on 16.08.2016. The Petitioner also responded to Data Gaps issued by the Hon'ble Commission by its letter dated 06.10.2016 and 24.11.2016. However, the Petitioner received Communication on 27.02.2017 from Chief Engineer (STU), MSETCL that Office of CE (STU) is taking review of requirement of additional 765 /400 kV ICTs at 765 kV Tiroda and Akola-II Sub-Station of Petitioner in existing and future scenario and hence the Petitioner was requested to hold the activities related to construction of additional 765/400 kV ICTs at 765 kV Tiroda and Akola-II S/s of MEGPTCL till further instructions.

In this regard, to discuss the issue a meeting was called by Hon'ble Chairman cum Managing Director (CMD) of MSETCL on 30.10.2017. During the meeting Hon'ble CMD has directed MSETCL field officials and MEGPTCL to confirm / explore the following

- 1) Whether RRS scheme is available at both the substation?
- 2) If available, whether it is manual (connections & disconnections are involved on primary side & control side) or semi manual (combination of isolator operations & Connections/disconnections)
- 3) What is the response of RRS scheme under contingency?
- 4) Whether it is possible to minimize the response time with implementation of any innovative scheme?

Subsequent to this the Petitioner has provided its response by its letter dated 25.11.2017 with a copy marked to Hon'ble Commission.

In view of the above, at present the Petitioner has not proceeded to install additional ICT at Tiroda and Akola substation, however, the Petitioner shall proceed in this regard, in accordance with requirement of STU.

### **Basis for Computation of True-up, Provisional True-up & Revised Forecast of ARR**

1.4 Based on the capital cost incurred and claimed by the Petitioner in case No. 50 of 2016, the True-up of FY 2015-16 and FY 2016-17 and provisional true-up of ARR of FY 2017-18 (collectively hereinafter referred to as 'Mid Term Performance Review MTPR') has been determined in line with the MERC (MYT) Regulations, 2011 for the year FY 2015-16 and in line with the MERC (MYT) Regulations, 2015 for the year 2016-17. The Audited Annual Accounts for FY 2015-16 and FY 2016-17 are submitted at **Annexure 1 & Annexure 2**. The components considered in True-up of ARR are:

- (a) Operation and Maintenance Expense
- (b) Depreciation
- (c) Interest on Loan Capital
- (d) Interest on working capital and deposits from Transmission System Users
- (e) Income Tax
- (f) Contribution to contingency reserves
- (g) Return on Equity Capital
- (h) Non-Tariff Income
- (i) Income from Other Business, to the extent specified in the Regulations
- (j) Sharing of gains and losses
- (k) Carrying cost and incentive

1.5 The Petitioner has carried out the True-up of ARR on the following basis:

- (a) True-up of ARR for FY 2015-16 and FY 2016-17 based on capital cost incurred and claimed by Petitioner for Assets under Set 1, Set 2a, Set 2b and Set 3 as on COD along with additional capital cost for respective sets after COD, if any, and provisions of MYT Regulations, 2011 & 2015 including powers of this Hon'ble Commission to remove difficulties under Regulations No. 100 of MYT 2011 and Regulation No. 102 of MYT 2015 and other Regulations.
- (b) Provisional True up for ARR for FY 2017-18 based on Actual Capital Cost incurred and claimed as on COD and additional Capital cost estimated for FY 2017-18, if any and provisions of MYT Regulations, 2015 including Powers of this Hon'ble Commission to remove difficulties under Regulations 100 and other Regulations.

(c) Revised Forecast of ARR for the Control Period from FY 2018-19 to FY 2019-20 projected as per the provisions of MYT Regulations, 2015 including Powers of this Hon'ble Commission to remove difficulties under Regulations 102 and other Regulations.

(d) Carrying cost upto March 31, 2018 as follows:

- Carrying cost for difference in approved ARR & actual Revenue Requirement after adjusting gain (Loss) for delay in approval of recovery in FY 2015-16.
- Carrying cost for difference in approved ARR & actual Revenue Requirement after adjusting gain (Loss) for delay in approval of recovery in FY 2016-17.
- Additional Carrying cost for non-recovery of InSTS approved tariff for three months i.e. April-June, 2016 as the recovery according to InSTS started from July, 2016 and continued upto 31.03.2017.

(e) Revenue Gap/ (Surplus) has been determined as per provisions of the MYT Regulations, 2011 for the year 2015-16 and in accordance with MYT Regulations, 2015 for the year 2016-17.

1.6 The Capital Cost considered for Truing up and provisional True up requirement are as follows

**Table 1.1 – Capital Cost**

(Rs Crore)

| Head/ As On                 |                                      | 31.03.2015 | 20.05.2015 | 27.05.2016 | 31.3.2018 |       |
|-----------------------------|--------------------------------------|------------|------------|------------|-----------|-------|
| <b>Set 1</b>                |                                      | 108.18     | 108.18     | 108.18     | 108.18    |       |
| <b>Set 2a</b>               | <b>Primary</b>                       | 2145.15    | 2145.15    | 2146.28    | 2146.28   |       |
|                             | <b>Add Cap</b>                       |            | 1.13       |            |           |       |
| <b>Set 2b</b>               |                                      | 513.44     | 513.44     | 513.44     | 513.44    |       |
| <b>Set 3(Except Ektuni)</b> | <b>Primary</b>                       | 3007.11    | 2978.22    | 3033.57    | 3033.95   |       |
|                             | <b>Add Cap (Incl IDC &amp; FERV)</b> |            | 55.37      | 0.38       | 13.64     |       |
| <b>Ektuni</b>               | <b>Primary</b>                       |            |            |            | 28.89     | 33.11 |
|                             | <b>Add Cap (Incl IDC &amp; FERV)</b> |            |            | -          | 4.22      |       |
| <b>Total</b>                |                                      | 5773.86    | 5801.49    | 5834.96    | 5848.60   |       |

1.7 The Petitioner aggrieved by the order of Hon'ble Commission dated 05.07.2016 in case No. 50 of 2016 has filed an Appeal with Hon'ble APTEL registered as Appeal No. 260 of 2016. The hearing of this appeal is under progress before Hon'ble APTEL. The Petitioner has claimed following reliefs from Hon'ble APTEL in the said appeal.

- a. Allowing CoD as proposed by the Petitioner, of the third set of Transmission Lines and Commencement of Revenue.

- b. Allowing FERV on material import and Price Variation.
- c. Allowing various capital cost components.
- d. Not to consider outstanding Delayed Payment Charges (DPC) as Non-Tariff Income for reduction of allowable ARR.
- e. To allow actual O&M Cost.
- f. To approve actual Interest on long term loan.

The Petitioner would like to submit that this Petition is filed by the Petitioner without Prejudice to its rights arising out order of Hon'ble APTEL in above referred appeal.

Trued up ARR of the Petitioner for the Second Control Period from FY 2015-16 to FY 2016-17, considering above factors, is summarized in the table below. Without prejudice to our claim, MEGPTCL has also included ARR summary based on norms for indicative purpose.

**Table 1.2: Summary of Trued up ARR for the Control Period**

(Rs. Crore)

| Particulars   | FY 2015-16<br>(MYT) | FY 2015-16<br>(Actual) | FY 2016-17<br>(MYT) | FY 2016-17<br>(Actual) |
|---|---------------------|------------------------|---------------------|------------------------|
| Operation & Maintenance Expenses                              | 89.73               | 120.19                 | 92.65               | 112.55                 |
| Depreciation Expenses   | 260.00              | 283.20                 | 280.88              | 306.42                 |
| Interest on Loan Capital                                      | 376.18              | 424.26                 | 363.95              | 438.29                 |
| Interest on Working Capital and on Consumer Security Deposits | 21.14               | 32.37                  | 21.28               | 23.71                  |
| Income Tax  | 95.80               | 97.54                  | 67.44               | 35.22                  |
| Contribution to contingency reserves                          | 12.35               | 13.83                  | 13.29               | 29.01                  |
| <b>Total Revenue Expenditure</b>                              | <b>855.20</b>       | <b>971.39</b>          | <b>839.49</b>       | <b>945.19</b>          |
| Add: Return on Equity Capital                                 | 230.29              | 250.49                 | 248.55              | 271.08                 |
| <b>Aggregate Revenue Requirement</b>                          | <b>1085.49</b>      | <b>1221.88</b>         | <b>1088.04</b>      | <b>1216.27</b>         |
| Less: Non Tariff Income                                       | 31.57               | 0.06                   | 1.03                | 0.04                   |
| Less: Income from Other Business                              |                     |                        |                     |                        |
| Less: Income from Open Access charges                         |                     |                        |                     |                        |

| Particulars  | FY 2015-16<br>(MYT) | FY 2015-16<br>(Actual) | FY 2016-17<br>(MYT) | FY 2016-17<br>(Actual) |
|--|---------------------|------------------------|---------------------|------------------------|
| <b>Aggregate Revenue Requirement from Transmission</b> | <b>1053.92</b>      | <b>1221.82</b>         | <b>1087.01</b>      | <b>1216.23</b>         |

- 1.8 The Revenue Gap for FY 2015-16 works out to Rs. 277.30 Crore including availability incentive of Rs. 21.82 Crore, carrying cost of Rs. 67.19 Crore for delay in ARR and Incentive recovery and FERV expense of Rs 20.40 Crore & that for FY 2016-17 works out to Rs. 410.26 Crore including availability incentive of Rs. 9.21 Crore and carrying cost of Rs. 21.85 Crore and under recovery of Rs 203.07 Crore of FY 2016-17, Add Carrying cost of Rs 41.08 Crore on under recovery & FERV expense of Rs 5.82 Crore. Detailed working of the same is provided hereunder at Table 1.2 True-Up Summary which may be considered while allowing recovery of Tariff for FY 2018-19 in the next InSTS Order to be issued by the Hon'ble Commission.
- 1.9 The Petitioner had obtained ECB for funding its project. FERV for the period beyond CoD has been worked out and claimed herewith as reimbursement as part of tariff. Such amount for FY 2015-16 & FY 2016-17 are Rs 20.40 Crore & Rs 5.82 Crore respectively. The Petitioner requests the Hon'ble Commission to approve the same.
- 1.10 The Petitioner would like to draw kind attention to Regulation No. 60.2 of MYT 2011 of MYT Regulations, 2011 provides that Availability Incentive is entitled for availability beyond Target Availability of 98% while Regulation No. 57.2 of MYT Regulation, 2015, provides that Availability Incentive is entitled on achieving Annual Availability beyond the Target Availability of 99%. In view of this, the Petitioner has claimed Availability Incentive for the year 2015-16 for actual availability beyond target availability 98% and for the year 2016-17 for actual availability beyond target availability beyond 99%. These regulations further provide that Availability incentive shall be granted for the availability upto 99.75%.
- 1.11 The Annual availability of the Petitioner for the Year 2015-16 and 2016-17 is 99.83% and 99.86% respectively. The Annual availability Certificate issued to the Petitioner by MSLDC is attached to the Petition as **Annexure 3 & Annexure 4.**

**Table 1.3: True-up Summary**

(Rs. Crore)

| Sr. No. | Particulars  | Formula | Actual for<br>FY 2015-16 | Actual for<br>FY 2016-17 |
|---------|--|---------|--------------------------|--------------------------|
| 1       | ARR approved in the MYT Order  | a       | 1053.93                  | 1087.01                  |
| 2       | Gain (loss) on account of Uncontrollable factor to be passed on to the consumers                 | b       | 167.89                   | 129.22                   |
| 3       | 1/3 <sup>rd</sup> Gain (loss) on account of Controllable factor to be passed on to the consumers | c       | 0.00                     | 0.00                     |

| Sr. No. | Particulars  | Formula                    | Actual for FY 2015-16 | Actual for FY 2016-17 |
|---------|--|----------------------------|-----------------------|-----------------------|
| 4       | <b>Trued-up ARR</b>  | <b>d = a+b+c</b>           | <b>1221.82</b>        | <b>1216.23</b>        |
| 5       | Availability Incentive   | e                          | 21.82                 | 9.21                  |
| 6       | Carrying Cost for Delay in Recovery of ARR for FY 15-16              | f                          | 60.96                 |                       |
| 7       | Carrying Cost for Delay in Recovery of Rs 483 Crore ARR for FY 15-16 | g                          | 71.63                 |                       |
| 8       | Carrying Cost for Delay in Recovery of Incentive of FY 2015-16       | h                          | 6.23                  |                       |
| 9       | Carrying Cost for Delay in Recovery of ARR for FY 16-17              | i                          |                       | 61.48                 |
| 10      | Carrying Cost for Delay in Recovery of Incentive of FY 2016-17       | j                          |                       | 0.94                  |
| 11      | Total revenue recovered from TSUs during the year                    | k                          | 1053.93               | 883.92                |
| 12      | FERV Expenses  | l                          | 20.40                 | 5.82                  |
|         |  |                            |                       |                       |
| 14      | <b>Revenue Gap/(Surplus)</b>   | <b>n=d+e+f+g+h+i+j-k+l</b> | <b>348.94</b>         | <b>409.76</b>         |

1.12 The Petitioner would like to submit that in accordance with Table No. 104 of MERC Order dated 05.07.2016 in case No. 50 of 2016, the Hon'ble Commission has worked out following amount to be recovered for the year 2016-17.

**Table 1.4: InSTS recovery during FY 2016-17**

| Rs Crore |  |                                     |                           |
|----------|--|-------------------------------------|---------------------------|
| Sr. No.  | Particulars  | FY 2016-17 (Approved in this Order) | Monthly Recovery Approved |
| 1        | Net ARR for the year   | 1087.01                             | 90.58                     |
| 2        | Revenue Gap (Surplus) including  | (1.64)                              | (0.14)                    |
| 3        | Revenue gap / (surplus) including carrying / (holding) Cost for FY 2014-15 | 77.53                               | 6.46                      |
| 4        | Revenue gap / (surplus) for FY 2015-16                                     | 483.22                              | 40.27                     |
| 5        | Cumulative ARR Recovery  | 1646.12                             | 137.18                    |

1.13 The Hon'ble Commission while granting recovery through its InSTS order dated 22.07.2016 in case No. 91 of 2016 at table No. 13 has decided that MEGPTCL shall be paid Rs 137.18 Cr. Per months based on above working. Since the InSTS order become applicable from 1<sup>st</sup> July, 2016, the Petitioner has been paid Rs 137.18 Cr from July 16 to March, 2017. InSTS monthly recovery applicable from



April, 2017, is Rs 88.47 Cr for the year FY 2017-18 (Refer Table 13) of InSTS Order.

- 1.14 In view of this the Petitioner has been paid Rs 137.18 Cr determined by the Hon'ble Commission only for 9 months i.e. from July, 2016 to March, 2017, in view of this the Petitioner has not been paid total Rs. 1,646.12 Cr as determined by the Hon'ble Commission, since three months recovery of Rs 137.18 could not be made, as the InSTS order remain applicable from July 2016 to March, 2017. The Petitioner request the Hon'ble Commission to keep this in view while deciding ensuing InSTS recovery.
- 1.15 For FY 2017-18, MEGPTCL has compared actual performance for the first half
- 1.16 f year based on un-audited half yearly accounts and estimates for the second half with the approved ARR in the MYT Order. A comparison of the approved and revised ARR for FY 2017-18 is provided in the table below. MEGPTCL has also included ARR summary based on norms for indicative purpose:

**Table 1.5: Comparison of Approved Vs. Estimated ARR for FY 2017-18**  
(Rs. Crore)

| Particulars   | FY 2017-18     |                |
|---|----------------|----------------|
|   | Approved (MYT) | Estimated      |
| O&M Expenses  | 97.90          | 118.71         |
| Depreciation Expenses   | 281.31         | 307.06         |
| Interest on Long-term Loan Capital                            | 333.61         | 424.90         |
| Interest on Working Capital and on consumer security deposits | 21.00          | 22.84          |
| Income Tax  | 67.54          | 73.70          |
| Contribution to contingency reserves                          | 13.38          | 29.17          |
| <b>Total Revenue Expenditure</b>                              | <b>814.74</b>  | <b>976.38</b>  |
| Return on Equity Capital                                      | 248.93         | 271.64         |
| <b>Aggregate Revenue Requirement</b>                          | <b>1063.67</b> | <b>1248.03</b> |
| Less: Non Tariff Income                                       | 2.03           | 0              |
| Less: Income from Other Business                              |                |                |
| Less: Income from Open Access charges                         |                |                |
| <b>Aggregate Revenue Requirement from Transmission Tariff</b> | <b>1061.64</b> | <b>1248.03</b> |

- 1.17 The Petitioner has not claimed any carrying cost and incentive for FY 2017-18. Incentive and carrying cost for FY 2017-18 would be claimed at the time of final true-up for that year.
- 1.18 Revised forecast of ARR for the Third Control Period from FY 2018-19 to FY 2019-20 is provided in the following table:

**Table 1.6: Summary of Revised Forecast of ARR for FY 2018-19 & FY 2019-20**  
(Rs. Crore)

| Particulars   | FY 2018-19<br>(MYT) | FY 2018-19<br>(Estimated) | FY 2019-20<br>(MYT) | FY 2019-20<br>(Estimated) |
|---|---------------------|---------------------------|---------------------|---------------------------|
| O&M Expenses  | 102.82              | 126.87                    | 108.10              | 135.44                    |
| Depreciation Expenses   | 281.31              | 307.42                    | 281.31              | 307.42                    |
| Interest on Loan Capital                                      | 302.48              | 383.56                    | 271.20              | 342.83                    |
| Interest on Working Capital and on Consumer Security Deposits | 20.67               | 22.51                     | 20.35               | 22.17                     |
| Income Tax  | 67.54               | 73.79                     | 67.54               | 73.79                     |
| Contribution to contingency reserves                          | 13.38               | 29.24                     | 13.38               | 29.24                     |
| <b>Total Revenue Expenditure</b>                              | <b>788.20</b>       | <b>943.39</b>             | <b>761.88</b>       | <b>910.88</b>             |
| Add: Return on Equity Capital                                 | 248.93              | 271.96                    | 248.93              | 271.96                    |
| <b>Aggregate Revenue Requirement</b>                          | <b>1037.13</b>      | <b>1215.35</b>            | <b>1010.81</b>      | <b>1182.84</b>            |
| Less: Non Tariff Income                                       | 3.07                | 0                         | 4.12                | 0                         |
| Less: Income from Other Business                              |                     |                           |                     |                           |
| Less: Income from Open Access charges                         |                     |                           |                     |                           |
| <b>Aggregate Revenue Requirement from Transmission</b>        | <b>1034.06</b>      | <b>1215.35</b>            | <b>1006.69</b>      | <b>1182.84</b>            |

1.19 The Petitioner would like to submit that the Cumulative ARR for FY 2018-19 (incl of Revenue Gap/ (Surplus)) is as below

**Table 1.7: Cumulative ARR for FY 2018-19**

Rs Crore

| Particulars  |               | FY 2018-19 | FY 2019-20 |
|--|---------------|------------|------------|
| Standalone ARR for the year                                      | a             | 1215.35    | 1182.84    |
| Revenue Gap/ (Surplus) - FY 2015-16                              | b=c+d+e+f+g+h | 348.94     | -          |
| Availability Incentive   | c             | 21.82      | -          |
| Revenue Gap/ (Surplus)   | d             | 167.89     | -          |
| Carrying Cost for Delay in Recovery of Ra 483 Crore for FY 15-16 | e             | 71.63      |            |
| Carrying Cost for Delay in Recovery of ARR for FY 15-16          | f             | 60.96      | -          |
| Carrying Cost for Delay in Recovery of Incentive of FY 2015-16   | g             | 6.23       | -          |

| Particulars  |                 | FY 2018-19     | FY 2019-20     |
|--|-----------------|----------------|----------------|
| FERV Expenses  | h               | 20.40          | -              |
| Revenue Gap/ (Surplus) - FY 2016-17                              | i=j+k+l+m+n+o+p | 409.76         | -              |
| Availability Incentive   | j               | 9.21           | -              |
| Revenue Gap/ (Surplus)   | k               | 129.22         | -              |
| Under Recovery of Tariff to be recovered for FY 2016-17          | l               | 203.09         |                |
| Carrying Cost for Delay in Recovery of Rs 203 Crore for FY 16-17 | m               | 40.77          |                |
| Carrying Cost for Delay in Recovery of True up ARR for FY 16-17  | n               | 20.71          | -              |
| Carrying Cost for Delay in Recovery of Incentive of FY 2016-17   | o               | 0.94           | -              |
| FERV Expenses  | p               | 5.82           | -              |
| Revenue Gap/ (Surplus) - FY 2017-18                              | q               | 185.03         | -              |
| <b>Revenue Gap/(Surplus)</b>                                     | <b>r=b+i+q</b>  | <b>943.74</b>  | <b>-</b>       |
| <b>Cumulative ARR Recovery</b>                                   | <b>s=a+r</b>    | <b>2159.09</b> | <b>1182.81</b> |

1.20 The Petitioner has claimed Operation and Maintenance Expense for the New Control Period by projecting the actual / estimated O&M Expense for FY 2017-18 by considering appropriate inflation index as highlighted in relevant section of Chapter 5 of this Petition. The Hon'ble Commission is requested to approve such deviation by using its powers under the Regulation No. 102 "Power to Remove Difficulties" of the MYT Regulations, 2015.

#### Prayers to the Hon'ble Commission

In view of the above facts and circumstances, the Petitioner prays to the Hon'ble Commission that it may be pleased to:

- Admit the present Petition
- Approve capital cost as claimed in this Petition.
- Approve the Operation and Maintenance expense as claimed in this Petition
- Approve the true-up of ARR along with carrying cost and incentive for FY 2015-16 and FY 2016-17
- Approve the provisional true-up of ARR for FY 2017-18 as indicated in this Petition
- Approve the Revised forecast of ARR for the Control Period from FY 2018-19 to FY 2019-20 as indicated in this Petition
- Condone the delay in filing the Petition, if any, for reasons stated in the Petition.

- (h) Condone any inadvertent omissions/errors/shortcomings and permit MEGPTCL to add/change/modify/alter this filing and make further submissions as may be required at a future date.
- (i) Allow any other relief, order or direction, which the Hon'ble Commission deems fit to be issued.
- (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.