

# **ADANI TRANSMISSION (INDIA) 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 Projection of Revised Forecast of Annual Revenue Requirement for FY 2018-19 & FY 2019-20**

## **FILED WITH:-**

**MAHARASHTRA ELECTRICITY REGULATORY  
COMMISSION**

## EXECUTIVE SUMMARY

## 1. Executive Summary

### 1.1 INTRODUCTION

1. The Hon'ble Commission had 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 in Case No. 190 of 2013 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 approved the amendment of Transmission Licence of the Petitioner vide its Order in Case No. 136 of 2014 dated 09.07.2015 and included Bus Reactors and associated bays at Tiroda Substation as a part of Licensed Transmission Assets.
4. The Petitioner filed Petition No. 7 of 2016 for Truing-Up for 2012-13 to 2014-15, Provisional Truing-Up for 2015-16 and ARR for FY 2016-17 to 2019-20 inter-alia along with considering the Capital Cost of Rs. 23.24 Crore for two Bus Reactors along with associated Bays. The Petitioner had 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 and also claimed O&M Cost for two bays of Bus Reactors.
5. The Hon'ble Commission issued order dated 28.06.2016 in case No. 07 of 2016. The Hon'ble Commission by order approved
  - a) True Up of ARR for the year 2012-13, 2013-14 & 2014-15
  - b) Provisional True-Up for the year 2015-16 &
  - c) Approval of ARR for third Control Period i.e. from 2016-17 to 2019-20.
6. The Hon'ble Commission while doing so, inter-alia decided
  - a) Disallowance of Capital Cost of Bus Reactor along with Associated O&M Costs.

- b) Disallowance of excess of Actual O&M Expenses claimed over and above Normative O&M by treating such excess as Controllable as against Uncontrollable as claimed by Petitioner
  - c) Consideration of accrued but not received Delayed Payment Charges (DPC) by the date of publication of Order, as Non Tariff Income and thereby reducing Provisionally approved ARR for the year 2015-16 and
  - d) Disallowance of one time cost of Demerger.
7. The Petitioner has challenged the above disallowances enumerated as (a) to (d) by Hon'ble Commission by way of appeal under Section 111 before Hon'ble APTEL.
- The appeal has been registered as appeal No. 250 of 2016. The Petitioner is filing the present Petition without prejudice to its contentions in the said Appeal i.e. this petition is based on Approved Capital Cost (without considering Capital Cost of Bus Reactor) and approved O & M Cost by as admitted by Hon'ble Commission by its order dated 28.06.2017.
8. There are no other pending litigations for ATIL (Tiroda-Warora) as on the date of filing of this Petition except for the ones mentioned herein above.

## 1.2 STATUTORY PROVISIONS

9. The Petitioner, being a Transmission Licensee endeavours 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 (b) specifies the Mid Term Review Petitioner ("MTR") Petition to be filed by 30.11.2017 comprising:
- a) True-up of ARR for FY 2015-16 under MYT Regulations, 2011 along with True-up for the year 2016-17 to be carried out under MERC MYT Regulations of 2015.

- b) Provisional True-up of ARR for FY 2017-18 to be carried out under MERC MYT Regulations, 2015.
- c) Revised forecast Aggregate Revenue Requirement for year FY 2018-19 & FY 2019-20
11. In view of the above, ATIL submits the following
- a) Petition for True-up of ARR for FY 2015-16 as per provisions of MYT Regulations, 2011.
- b) Petition for True-Up of ARR for the year FY 2016-17 and Provisional True-up of ARR for FY 2017-18 as per provisions of the MYT Regulations, 2015.
- c) Determination of Revised forecast of ARR for the year FY 2018-19 & FY 2019-20 as per provisions of the MYT Regulations, 2015.

### 1.3 TRUE-UP OF ARR FOR FY 2015-16 AND FY 2016-17

12. True-up of ARR outlines the actual performance of the Petitioner vis-à-vis approval of this Hon'ble Commission in the MYT Order dated 28.06.2016 in case No. 7 of 2016 for FY 2015-16 & FY 2016-17.
13. A comparison of approved ARR vis-à-vis actual ARR is given in the table below. This claim by the Petitioner is without prejudice to its rights and outcome of appeal No. 250 of 2016 filed with Hon'ble APTEL. except for the treatment of DPC as Non Tariff Income.

**Table 1: Comparison of Actual Vs. Approved ARR for FY 2015-16 & FY 2016-17**

(Rs. Crore)

Particulars	FY 2015-16 (MYT)	FY 2015-16 (Actual)	FY 2016-17 (MYT)	FY 2016-17 (Actual)
Operation & Maintenance Expenses	7.58	13.60	5.77	10.32
Depreciation Expenses	36.15	36.26	36.27	36.38
Interest on Loan Capital	44.81	48.12	40.58	44.62
Interest on Working Capital and on Consumer Security Deposits	2.29	3.01	1.93	2.66
Income Tax	10.25	11.55	8.67	6.05
Contribution to contingency reserves	1.71	3.42	1.71	3.44
<b>Total Revenue Expenditure</b>	<b>102.78</b>	<b>116.06</b>	<b>94.93</b>	<b>103.48</b>
Add: Return on Equity Capital	31.83	32.02	31.94	32.04
<b>Aggregate Revenue Requirement</b>	<b>134.62</b>	<b>148.09</b>	<b>126.86</b>	<b>135.52</b>
Less: Non Tariff Income	22.12	-	0.41	-
Less: Income from Other				

Particulars	FY 2015-16 (MYT)	FY 2015-16 (Actual)	FY 2016-17 (MYT)	FY 2016-17 (Actual)
Business				
Less: Income from Open Access charges				
<b>Aggregate Revenue Requirement from Transmission</b>	<b>112.49</b>	<b>148.09</b>	<b>126.45</b>	<b>135.52</b>

14. In addition to the above parameters of ARR, the Petitioner has computed carrying cost up to 31.03.2018 for the differential/additional ARR claimed in this Petition compared to the approved ARR. The carrying cost on the differential ARR of FY 2015-16 and FY 2016-17 till 31.03.2018 works out to Rs. 5.56 Crore, and Rs. 2.86 Crore respectively.
15. The Petitioner is eligible for incentive of Rs. 2.64 Crore, and Rs 1.03 Crore for the year 2015-16 and 2016-17 respectively in view of actual availability of 99.94%, and 99.93% respectively for FY 2015-16 and FY 2016-17 which is above normative availability of 98% and 99% for the purpose of incentive as stipulated under MYT Regulations, 2011 and MYT Regulations 2015 respectively.
16. Therefore, the availability incentive and carrying cost works out to Rs 8.95 Crore (Considering carrying cost on ARR & incentive) for FY 2015-16 and Rs. 4.00 Crore (Considering carrying cost on ARR & incentive) for FY 2016-17;
17. A table showing the computation of Revenue Gap is shown below; the table also shows the computation of Revenue Gap considering O&M expense as controllable as per MYT Regulations, for indicative purpose.

**Table 1.1: True-up Summary**

(Rs. Crore)

Sr. No.	Particulars	Formula	Actual for FY 2015-16	Actual for FY 2016-17
1	ARR approved in the MYT Order	a	112.49	126.45
2	Gain (loss) on account of Uncontrollable factor to be passed on to the consumers	b	35.59	9.06
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
<b>4</b>	<b>Trued-up ARR</b>	<b>d = a+b+c</b>	<b>148.08</b>	<b>135.52</b>
5	Availability Incentive	e	2.64	1.03
6	Carrying Cost for Delay in Recovery of ARR for FY 2015-16	f	5.56	
7	Carrying Cost for Delay in Recovery of	g	0.74	

Sr. No.	Particulars	Formula	Actual for FY 2015-16	Actual for FY 2016-17
	Incentive of FY 2015-16			
8	Carrying Cost for Delay in Recovery of ARR for FY 2016-17	h		2.86
9	Carrying Cost for Delay in Recovery of Incentive of FY 2016-17	i		0.10
10	Total revenue recovered from TSUs during the year	j	132.57	117.63
11	<b>Revenue Gap/(Surplus)</b>	<b>k=d+e+f+g+h+i-j</b>	<b>24.46</b>	<b>21.88</b>

18. 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 2017-18

19. For FY 2017-18, 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 MYT Order. A comparison of the approved and revised ARR for FY 2017-18 is provided in the table below.

**Table 1.2: Comparison of Approved Vs. Estimated ARR for FY 2017-18**

(Rs. Crore)

Particulars	FY 2017-18	
	Approved (MYT)	Estimated
Operation & Maintenance Expenses	6.06	13.16
Depreciation Expenses	36.38	36.38
Interest on Long-term Loan Capital	36.35	39.42
Interest on Working Capital and on consumer security deposits	1.90	2.54
Income Tax	8.69	8.69
Contribution to contingency reserves	1.72	3.45
<b>Total Revenue Expenditure</b>	<b>91.10</b>	<b>103.63</b>
Return on Equity Capital	32.04	32.04
<b>Aggregate Revenue Requirement</b>	<b>123.14</b>	<b>135.67</b>
Less: Non-Tariff Income	0.54	-
Less: Income from Other Business		
Less: Income from Open Access charges		
<b>Aggregate Revenue Requirement from Transmission Tariff</b>	<b>122.60</b>	<b>135.67</b>

20. The Petitioner has not claimed at present 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.

### 1.5 REVISED FORECAST OF TARIFF FOR FY 2018-19 & FY 2019-20

21. The Petitioner has projected ARR for two years of the third Control Period for FY 2018-19 & FY 2019-20 based on the principles outlined in the MYT Regulations, 2015. The following table provides a summary of Revised Forecast ARR vis-à-vis MYT approved by the Hon'ble Commission under various heads of the Aggregate Revenue Requirement.

**Table 1.3: Revised Forecast of ARR for FY 2018-19 & FY 2019-20**

(Rs. Crore)

Particulars	FY 2018-19 (MYT)	FY 2018-19 (Estimated)	FY 2019-20 (MYT)	FY 2019-20 (Estimated)
Operation & Maintenance Expenses	6.35	14.05	6.65	14.97
Depreciation Expenses	36.38	36.52	36.38	36.64
Interest on Loan Capital	31.90	34.83	27.46	30.20
Interest on Working Capital and on Consumer Security Deposits	1.87	2.32	1.83	2.29
Income Tax	8.69	8.72	8.69	8.75
Contribution to contingency reserves	1.72	3.45	1.72	3.47
<b>Total Revenue Expenditure</b>	<b>86.92</b>	<b>99.89</b>	<b>82.75</b>	<b>96.31</b>
Add: Return on Equity Capital	32.04	32.16	32.04	32.27
<b>Aggregate Revenue Requirement</b>	<b>118.97</b>	<b>132.05</b>	<b>114.79</b>	<b>128.58</b>
Less: Non-Tariff Income	0.68		0.81	
Less: Income from Other Business				
Less: Income from Open Access charges				
<b>Aggregate Revenue Requirement from Transmission</b>	<b>118.29</b>	<b>132.05</b>	<b>113.98</b>	<b>128.58</b>



## 1.6 PROPOSED RECOVERY OF PAST PERIOD AND ITS IMPACT ON ARR

22. The Petitioner proposes to recover the impact of gap/ (surplus) for the Past period (FY 15-16, FY 16-17 & FY 17-18) in FY 2018-19. Accordingly the claim of Cumulative ARR (standalone ARR plus past period Revenue Gap) has been shown in the below mentioned table:

**Table 1.4: Impact of Past Period Recovery on ARR requirement of FY 2018-19 & 2019-20**

(Rs. Crore)			
Particulars	Formula	FY 2018-19 (Estimated)	FY 2019-20 (Estimated)
Aggregate Revenue Requirement	A	132.05	128.58
Revenue Gap of FY 2015-16 to be recovered in FY 2018-19	B	24.46	-
Revenue Gap of FY 2016-17 to be recovered in FY 2018-19	C	21.88	-
Revenue Gap of FY 2017-18 (on account of difference in ARR approved in MYT and Actual/ Claimed ARR to be recovered in FY 2018-19)	D	13.07	
<b>Cumulative Aggregate Revenue Requirement from Transmission Tariff</b>	<b>D=A+B+C</b>	<b>191.46</b>	<b>128.58</b>

## 1.7 PRAYERS

23. 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 2015-16 & FY 2016-17; Provisional True-up of ARR for FY 2017-18 and Revised Forecast of Annual Revenue Requirement for FY 2018-19 & FY 2019-20.
  - b) Allow the Operation and Maintenance Expense as claimed in this Petition
  - c) Allow True-up of ARR for FY 2015-16 and FY 2016-17 based on the audited accounts and approve the revenue gap of these years as presented in this Petition along with carrying cost and incentive.
  - d) Allow Provisional True-up of ARR for FY 2017-18 based on the un-audited accounts up to 30.09.2017.
  - e) Allow ARR for FY 2018-19 & FY 2019-20 as proposed by ATIL in the Petition.

- f) Allow cumulative Revenue Gap including carrying cost and Incentive and allow its recovery through the new Intra State Transmission System Tariff Order or amendment of the existing Intra State Transmission System Tariff Order.
- g) Allow the Petitioner to carry out additions / alterations / changes / modifications to the application at a future date, if necessary.
- h) 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.
- i) Pass such further Orders, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case.