



MAHARASHTRA AIRPORT DEVELOPMENT COMPANY LIMITED

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PUBLIC NOTICE

Objections / comments on Maharashtra Airport Development Company Limited (MADC)'s Petition for Distribution business, including True Up for FY 2014-15, FY 2015-16 as per MERC (Multi-Year Tariff) Regulations, 2011, Provisional True Up for FY 2016-17 to FY 2018-19 and ARR and Tariff for FY 2019-20 as per MERC (Multi-Year Tariff) Regulations, 2015 and its Amendments (Case No. 96 of 2017)

1. MADC has filed a Petition for approval of Petition for Distribution business, including True up for FY 2014-15, FY 2015-16 as per MERC (Multi Year Tariff) Regulations, 2011, Provisional True up for FY 2016-17 to FY 2018-19 and approval of ARR and Tariff for FY 2019-20 as per MERC (Multi Year Tariff) Regulations, 2015 and its Amendments, in Case No. 96 of 2017, before the Maharashtra Electricity Regulatory Commission (MERC) under Sections 61 and 62 of the Electricity Act, 2003 (Act) and Regulation 8 of the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015. The Commission has admitted the Petitioner on 26 June, 2019 and directed MADC to publish a Public Notice under Section 64(2) of the Act.

Background

2. Maharashtra Airport Development Company Limited ("MADC"), the Petitioner herein was constituted in the year 2002 as a special purpose company by Government of Maharashtra to develop a Multi-modal International Hub Airport at Nagpur ("MIHAN") in the State of Maharashtra to provide the regional air connectivity. The Commission, vide Order dated 3 August, 2012 in the matter of the Petition of the Petitioner as per the Case No.16 of 2011, declared the Petitioner to be the Deemed Distribution Licensee for the notified SEZ area of MIHAN, and initiated the preparation of draft Specific Conditions of License Regulations for it.

3. On 02.01.2007, with a view to provide an efficient, uninterrupted supply of power in the MIHAN area, the Petitioner issued an advertisement inviting proposals from interested parties for the selection of a joint venture partner for the development of a Coal based Power Plant. Pursuant to the above mentioned advertisement on 24.04.2007, MADC selected Abhijeet Group to implement the Project in association with the Petitioner on a Build, Operate and Transfer basis.

4. AMNEPL was created as joint venture with the Abhijeet group and as of today MADC holds 26% of the Issued Equity Capital in AMNEPL. On 22.06.2007, the Memorandum of Association, the Articles of Association of AMNEPL was executed. A Concession Agreement ("The Agreement") was executed between MADC and AMNEPL on 07.11.2007 pursuant to the competitive bidding process.

5. Thereafter, the development of the Project was initiated by AMNEPL and simultaneously, the Petitioner started the development of the Distribution Network. The first unit of the Project was declared commissioned on January 6, 2011 by AMNEPL. Thereafter the remaining units were declared commissioned by AMNEPL with the fourth unit being declared as commissioned on August 1, 2011. Thereafter a dispute between the Petitioner and AMNEPL and default notices were issued by both, the Petitioner and AMNEPL upon each other. On 24.10.2013, AMNEPL arbitrarily and unilaterally issued the 'notice of intent to terminate' the Agreement to the Petitioner.

6. Thereafter, the Project was shut down by AMNEPL on 05.11.2013 unilaterally, and power was being supplied by AMNEPL using the DG sets. On 26.11.2013, the Petitioner replied to the said 'notice of default' as well as 'notice of intent to terminate' and urged AMNEPL to withdraw the said notices as they were misconceived and issued in complete derogation of the mechanism prescribed under the Agreement. On 24.01.2014, AMNEPL extended the cure period of its notice dated 24.10.2013 further by a period of two months but in the mid of March 2014, AMNEPL had shut down their DG Sets and stopped supplying power to consumers. Thereafter the Petitioner also issued a 'notice of default' dated 13.03.2014, pointing out the various defaults on the part of AMNEPL.

7. The Commission allowed the Petitioner to procure power on short term basis in absence of any long/medium term power procurement arrangement. Vide its Daily Order dated 13 October 2016, the Commission allowed the Petitioner to charge consumers based on the category-wise tariff applicable to MSEDCL consumers, as modified from time to time, as the ceiling tariff, till its ARR and tariff are determined. In the order dated 10 May, 2016 (Case 47 of 2015), the Petitioner was directed to file MYT petition till August 2016. Deadline for filing MYT Petition was extended from time to time on request of the Petitioner. Subsequently, vide notice dated 16 June, 2017, the Commission initiated suo-moto proceedings in Case No. 96 of 2017. Finally, MADC filed a Tariff Petition from its commissioning in FY 2014-15 to FY 2019-20 which is summarized as below.

True-up for FY 2014-15, FY 2015-16 as per MYT Regulations 2011 and Provisional True-up of FY 2016-17, FY 2017-18 as per MYT Regulations 2015

8. The summary of combined ARR for Wires & Retail Supply Business of MADC for True-up for FY 2014-15, FY 2015-16 based on audited values, and provisional True-up of FY 2016-17, FY 2017-18 based on provisional values, is shown below :

Table 1: Aggregate Revenue Requirement of MADC (Rs. Crore)

Sr. No.	Particulars	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18	
		Actual	Provisional	Actual	Provisional	Actual	Provisional	Actual	Provisional
1	Power Purchase Expenses	3.26	8.34	10.86	17.32				
2	Operation and Maintenance Expenses	0.77	2.09	2.16	2.24				
2.1	Employee Expenses	0.62	0.64	0.66	0.68				
2.2	Administrative & General Expenses	0.02	0.41	0.42	0.44				
2.3	Repair & Maintenance Expenses	0.13	1.04	1.08	1.12				
3	Depreciation	1.08	3.04	3.04	3.04				
4	Interest on long-term loan capital	0.65	3.33	2.91	2.60				
5	Interest on Working Capital	0.04	0.18	0.29	0.17				
6	Interest on Consumer Security Deposits	0.00	0.00	0.00	0.37				
7	Provisioning for bad & doubtful debts	0.01	0.02	0.04	0.04				
8	Income Tax	0.00	0.00	0.48	0.48				
9	Transmission charges (intra-State)	0.11	0.39	0.50	0.67				
10	Contribution to contingency reserves	0.00	0.16	0.33	0.49				
11	Total Revenue Expenses	5.92	17.55	20.61	27.42				
12	Return on Equity Capital	0.42	2.37	2.37	2.36				
13	Aggregate Revenue Requirement	6.34	19.92	22.98	29.78				
14	Less: Non-Tariff Income	0.18	0.51	0.42	0.54				
15	Net Aggregate Revenue Requirement	6.16	19.41	22.56	29.24				
16	Sales (MU)	6.90	25.43	33.67	45.63				
17	Average Cost of Supply (Rs/kWh)	8.93	7.63	6.70	6.41				

9. The Energy Sales of MADC are as under :

Table 2 : Energy Sales in FY 2014-15, 2015-16, FY 2016-17 & FY 2017-18 (in MU)

Particulars	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18	
	Actual	Provisional	Actual	Provisional	Actual	Provisional	Actual	Provisional
Industrial	5.75	21.82	29.21	33.97				
Commercial	0.87	2.55	2.48	9.64				
HT Category (MU)	6.62	24.37	31.69	43.61				
Industrial	0.06	0.57	1.11	1.17				
Commercial	0.13	0.26	0.35	0.31				
Street Light	0.09	0.23	0.52	0.53				
LT Category (MU)	0.28	1.07	1.98	2.02				
Total (MU)	6.90	25.43	33.67	45.63				

10. The revenue from sale of Electricity for MADC is as under :

Table 3 : Revenue in FY 2014-15, 2015-16, FY 2016-17 & FY 2017-18 (Rs. Crore)

Category	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18	
	Actual	Provisional	Actual	Provisional	Actual	Provisional	Actual	Provisional
HT Category								
Industrial	2.71	9.39	12.82	14.91				
Commercial	0.05	1.19	1.20	4.66				
Sub-Total	2.76	10.58	14.02	19.57				
LT Category								
Industrial	0.03	0.30	0.48	0.52				
Commercial	0.05	0.13	0.17	0.15				
Street Light		0.09	0.21	0.21				
Sub-Total	0.08	0.52	0.86	0.88				
Total	2.84	11.10	14.88	20.45				

11. The Power purchase cost for MADC is as under :

Table 4 : Power Purchase Cost in FY 2014-15, 2015-16, FY 2016-17 & FY 2017-18 (Rs. Crore)

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	FY 2014-15 - Actual	
			Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
Short term Sources				
	IEX	7.09	2.42	3.41
	Lloyds	2.52	0.84	3.33
	Total	9.62	3.26	3.39

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	FY 2015-16 - Actual	
			Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
Short term Sources				
	IEX	5.83	1.74	2.98
	Lloyds	0.00	0.09	
	MSEDCL	21.19	6.51	3.07
	Total	27.02	8.34	3.09

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	FY 2016-17 - Actual	
			Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
MSEDCL				
	Apr-Feb	31.64	9.78	3.09
	Mar	3.24	1.08	3.33
	Total	34.88	10.86	3.11

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	FY 2017-18 - Actual	
			Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
MSEDCL				
	Apr-Aug	17.75	5.91	3.33
	Sep-Mar	28.44	11.41	4.01
	Total	46.19	17.32	3.75

12. The Operational parameters for MADC are as under :

Table 5 : Operational Parameters in FY 2014-15, FY 2015-16, FY 2016-17 & FY 2017-18

Sr. No.	Particulars	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18	
		Actual	Provisional	Actual	Provisional	Actual	Provisional	Actual	Provisional
1	Distribution Loss (%)	3.43	3.25	1.74	1.78				
2	Billing Efficiency (%)	97	97	98	98				
3	Collection Efficiency (%)	87	77	74	71				

13. MADC's Capital Expenditure and Capitalisation (with IDC) for FY 2014-15 to FY 2017-18 is given as below :

Sr. No.	Particulars	Actual		Provisional True-up		Projected	
		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
1	Capital Expenditure	62.69	0	0	0	0	0
2	Capitalisation	62.69	0	0	0	0	0
3	IDC	3.30	0	0	0	0	0
4	Capitalisation + IDC	65.99	0	0	0	0	0

Provisional True-up for FY 2018-19 and Projections for FY 2019-20

14. MADC has estimated ARR FY 2018-19 and FY 2019-20 as below.

Table 6 : Aggregate Revenue Requirement of MADC for FY 2018-19 and FY 2019-20 (excluding past recoveries) (Rs. Crore)

Sr. No.	Particulars	FY 2018-19		FY 2019-20	
		Provisional True-Up	Projections	Provisional True-Up	Projections
1	Power Purchase Expenses	36.37	63.11		
2	Operation and Maintenance Expenses	2.38	2.46		
3	Depreciation	3.04	3.04		
4	Interest on long-term loan capital	2.28	1.96		
5	Interest on Working Capital	0.17	0.17		
6	Interest on Consumer Security Deposits	0.38	0.39		
7	Provisioning for bad & doubtful debts	0.08	0.11		
8	Income Tax	0.48	0.49		
9	Transmission charges (intra-State)	1.08	1.77		
10	Contribution to contingency reserves	0.66	0.82		
11	Total Revenue Expenses	46.92	74.32		
12	Return on Equity Capital	2.37	2.37		
13	Aggregate Revenue Requirement	49.29	76.69		
14	Less: Non-Tariff Income	0.51	0.51		
15	Aggregate Revenue Requirement from Wire and Supply	48.78	76.18		
16	Sales (MU)	73.27	120.91		
17	Average Cost of Supply (Rs/kWh)	6.66	6.30		
18	Percentage Increase in Average Cost of Supply w.r.t. FY 2017-18	4%	-5%		

15. The Energy Sales for MADC for remaining Control Period is given in the Table below :

Table 7 : Category-wise Sales Projections for FY 2018-19 and FY 2019-20 (MU)

Particulars	FY 2018-19		FY 2019-20	
	Provisional True-Up	Projected	Provisional True-Up	Projected
Industrial	48.15	89.37		
Commercial	22.49	27.32		
HT Category (MU)	70.64	116.69		
Industrial	1.09	1.73		
Commercial	0.92	1.57		
Street Light	0.60	0.88		
Public Services	0.02	0.03		
LT Category (MU)	2.64	4.22		
Total (MU)	73.27	120.91		

16. The revenue from sale of Electricity for MADC for FY 2018-19 and FY 2019-20 is given in the Table below :

Table 8 : Revenue at existing tariff for FY 2018-19 and at proposed tariff for FY 2019-20 (Rs. Crore)

Particulars	FY 2018-19		FY 2019-20	
	Actual	Provisional	Actual	Provisional
HT Category	32.00	51.60		
LT Category	1.17	1.48		
Total	33.17	53.08		

17. The Energy Balance for MADC for remaining Control Period is given in the Table below :

Table 9 : Projected Energy Balance for FY 2018-19 and FY 2019-20

Sr. No.	Particulars	UoM	FY 2018-19		FY 2019-20	
			Actual	Provisional	Actual	Provisional
Power Purchase at AMNEPL substation						
1.1	MSEDCL	MU	75.49	124.56		
1.2	Scheduling Loss	%	0.00%	0.00%		
1.3	Scheduling Loss	MU	0.00	0.00		
2	Total Energy Available at 220kV Substation	MU	75.49	124.56		
Energy Requirement at 220kV Substation						
3	AMNEPL dedicated transmission line loss	%	1.17%	1.17%		
3.1	AMNEPL dedicated transmission line loss	MU	0.88	1.46		
4	Distribution network loss	%	1.78%	1.78%		
4.1	Distribution network loss	MU	1.33	2.19		
5	Total Energy Available for Sale at 33kV	MU	74.60	123.10		
HT Sales						
6.1	Sales to Own Supply Consumers	MU	70.64	116.69		
LT Sales						
7.1	Sales to Own Supply Consumers	MU	2.64	4.22		

18. Power Purchase Cost for MADC for remaining Control Period is given in the Table below :

Table 10 : Projected Power Purchase Cost for FY 2018-19 and FY 2019-20 (Rs. Crore)

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	FY 2018-19 - Projected	
			Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
Short term Sources				
1	Apr-Aug	32.58	13.06	4.01
2	Sep-Mar	42.91	20.98	4.89
RPO				
	Solar		0.35	1
	Non-Solar		1.98	1
	Total	75.49	36.37	4.82

FY 2019-20 - Projected

Sr. No.	Source of Power (Station wise)	Energy Received (MU)	FY 2019-20 - Projected	
			Total Cost (Rs Crore)	Average Cost of Power Purchase (Rs/kWh)
Short term Sources				
1	Apr-Aug	53.75	26.29	4.89
2	Sep-Mar	70.80	34.96	4.94
RPO				
	Solar		0.44	1
	Non-Solar		1.43	1
	Total	124.56	63.11	5.07

19. Capital Expenditure and Capitalisation for FY 2018-19 and FY 2019-20 is nil.

Revenue Gap

20. Revenue Gap for MADC at existing tariff is given in the Table below :

Table 11 : Revenue Gap for MADC at existing tariff (Rs. Crore)

No	Particulars	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
1.	Opening Gap	0.00	3.51	12.67	22.13	33.43	53.07
2.	Addition of Gap	3.32	8.31	7.68	8.79	15.61	21.87
3.	Closing Gap	3.32	11.82	20.34	30.92	49.04	74.94
4.	Interest Rate (%)	11.50%	11.04%	10.80%	9.50%	9.75%	9.75%
5.	Carrying Cost	0					