

KRC INFRASTRUCTURE AND PROJECTS PRIVATE LIMITED

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Opp. SIDBI, Bandra Kurla Complex,
Bandra East, Mumbai - 400051
Website: <https://www.krahejacorppower.com>

PUBLIC NOTICE

Suggestions and Objections on KRC Infrastructure and Projects Private Limited's
Multi Year Tariff Petition for Provisional True up for FY 2019-20 and Approval of ARR and Tariff for Fourth Control Period from FY 2020-21 to 2024-25
(Case No. 329 of 2019)

The KRC Infrastructure and Projects Private Limited (KRCIPPL) has filed a Multi-Year Tariff (MYT) Petition (Case No. 329 of 2019) for Provisional True-up of Aggregate Revenue Requirement (ARR) for FY 2019-20 and approval of ARR, expected revenue from existing Tariff and charges, expected revenue gap and proposed category-wise Tariff for Fourth Control Period from FY 2020-21 to FY 2024-25.

The Commission has admitted the Petition on 08 January 2020 and directed KRCIPPL to publish a Public Notice under Section 64(2) of the Electricity Act, 2003 inviting Suggestions /Objections from the public.

The salient features of the Petition are provided below:

Provisional True-up of FY 2019-20

The summary of Combined ARR (Wires + Supply) for provisional True-up for FY 2019-20 is shown below:

Table 1: Combined ARR (Wires + Supply) of KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2019-20 Estimated
1	Power Purchase Expenses	2.11
2	Operation & Maintenance Expenses	1.04
3	Depreciation	0.40
4	Interest on Loan Capital	0.45
5	Interest on Working Capital	0.00
6	Interest on Consumer Security Deposit	0.08
7	Write-off of Provision for bad and doubtful debts	0.00
8	Contribution to contingency reserves	0.00
9	Intra-State Transmission Charges	0.12
10	MSLDC Fees & Charges	0.07
11	Income Tax	0.00
12	Total Revenue Expenditure	4.27
13	Add: Return on Equity Capital	0.34
14	Aggregate Revenue Requirement	4.61
15	Less: Non-Tariff Income	0.04
16	Aggregate Revenue Requirement from Retail Supply	4.57

Table 2: Energy Sales for FY 2019-20 (MU)

Consumer Category & Consumption Slab	FY 2019-20 June - March (Estimated)
HT Category	
HT-I	0.00
HT-II	1.80
HT VIII	0.98
Sub-total	2.78
LT Category	
LT-I	0.00
LT-II-A	0.00
LT-II-B	0.09
LT-II-C	0.30
LT-III-A	0.00
LT-III-B	0.00
Sub-total	0.39
Total	3.17

Table 3: Power Purchase details for FY 2019-20

Particulars	Mindspace Business Parks Pvt. Ltd.	GMR Energy Trading Ltd	Imbalance Pool	Solar REC	Non-Solar REC	Total
Estimated Quantum (MU)	2.62	1.62	(0.84)			3.40
Estimated Expenses (Rs. Cr.)	1.27	0.75		0.03	0.06	2.11
Estimated Rate (Rs/kWh)	4.84	4.63				6.21

Table 4: Distribution Loss for FY 2019-20

Particulars	June – March (Estimated)
Distribution Loss (%)	3.63%

Table 5: Arrears and Collection Efficiency (%) for FY 2019-20

Consumer Category & Consumption Slab	FY 2019-20	
	Estimated Collection efficiency (%)	Arrears as on 31 March
HT Category		
HT-I	99.00%	-
HT-II	99.00%	-
HT-VIII	99.00%	-
Sub-total	99.00%	-
LT Category		
LT-I	99.00%	-
LT-II-A	99.00%	-
LT-II-B	99.00%	-
LT-II-C	99.00%	-
LT-III-A	99.00%	-
LT-III-B	99.00%	-
Sub-total	99.00%	-
Total	99.00%	-

Table 6: Capitalisation for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20
	Estimated
Capitalization	
DPR Projects	14.54
Non DPR Projects	0.05
Total	14.59

Table 7: Aggregate Revenue Requirement for the Distribution (Wires+Supply) Business (Rs.Crore)

Sr. No	Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
		Projected	Projected	Projected	Projected	Projected
1	Power Purchase Expenses	12.92	16.58	21.54	22.86	24.21
2	Operation & Maintenance Expenses	1.76	2.11	2.40	2.83	3.19
3	Depreciation	0.98	1.34	1.69	1.85	1.83
4	Interest on Loan Capital	1.07	1.37	1.65	1.70	1.54
5	Interest on Working Capital	0.06	0.09	0.13	0.14	0.15
6	Interest on Consumer Security Deposit	0.05	0.05	0.06	0.06	0.07
7	Write-off/Provision for bad and doubtful debts	0.00	0.00	0.00	0.00	0.00
8	Contribution to contingency reserves	0.07	0.10	0.14	0.17	0.17
9	Intra-State Transmission Charges	2.77	2.43	2.95	3.70	4.62
10	MSLDC Fees & Charges	0.01	0.01	0.01	0.01	0.01
11	Total Revenue Expenditure	19.68	24.09	30.56	33.33	35.79
12	Add: Return on Equity Capital	0.75	1.02	1.29	1.43	1.43
13	Aggregate Revenue Requirement	20.43	25.10	31.85	34.76	37.22
14	Less: Non-Tariff Income	0.04	0.05	0.05	0.06	0.07
15	Aggregate Revenue Requirement from (Wires + Supply) Business	20.38	25.06	31.80	34.70	37.14
16	ARR (Wires)	4.00	5.17	6.27	6.95	7.01
17	ARR (Supply)	16.39	19.89	25.52	27.75	30.13

Table 8: Energy Sales from FY 2020-21 to FY 2024-25 (MU)

Consumer Category & Consumption Slab	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	Projected	Projected	Projected	Projected	Projected
HT Category					
HT-I	18.98	30.37	42.09	45.32	47.49
HT-II	3.94	3.94	1.18	0.00	0.00
Sub-total (A)	22.92	34.31	43.27	45.32	47.49
LT Category					
LT-I	0.00	0.00	0.00	0.00	0.00
LT-II-A	0.00	0.00	0.00	0.00	0.00
LT-II-B	2.01	3.22	4.47	4.81	5.04
LT-III-A	0.00	0.00	0.00	0.00	0.00
LT-III-B	0.00	0.00	0.00	0.00	0.00
Sub-total (B)	2.01	3.22	4.47	4.81	5.04
Total (A+B)	24.93	37.53	47.73	50.13	52.53

Table 9: Power Purchase Cost for FY 2020-21 to FY 2024-25

Particulars	GMR Energy Trading Limited	New Short Term Source	Base Load Source-Medium Term	Peak Load Source-Short Term	Solar REC	Non-Solar REC	Total
		2.92	23.80				26.72
			40.22				40.22
			40.95	10.20			51.15
			40.95	12.77			53.73
			40.95	15.35			56.30
		1.35	11.14		0.12	0.31	12.92
			15.87		0.24	0.46	16.58
			16.05	4.49	0.41	0.59	21.54
			16.05	5.62	0.56	0.62	22.86
			16.05	6.75	0.76	0.65	24.21
		4.63	4.68				4.83
			3.95		1.00	1.00	4.12
			3.92	4.40	1.00	1.00	4.21
			3.92	4.40	1.00	1.00	4.25
			3.92	4.40	1.00	1.00	4.30

Table 10: Operational Parameters for 2020-21 to 2024-25

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	Projected	Projected	Projected	Projected	Projected
Distribution Loss (Excl. EHV loss) (%)	3.63%	3.63%	3.63%	3.63%	3.63%
Collection Efficiency (%)	99.00%	99.00%	99.00%	99.00%	99.00%

Table 11: KRCIPPL Capitalisation (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	Projected	Projected	Projected	Projected	Projected
Capitalization					
DPR Projects	6.24	6.01	5.81		
Non DPR Projects	0.09	0.45	0.65	0.15	0.05
Total	6.33	6.46	6.46	0.15	0.05

Table 12: Total Revenue Gap (Rs. Crore)

Sr. No.	Particulars	FY 2019-20 Amount (Rs. Cr)
1	Provisional True Up Requirement for FY 2019-20	(1.24)

Table 13: Revenue Recovery (Rs. Crore) and Average percentage increase decrease (%)

Financial Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Revenue at Existing Tariff	23.39	34.32	41.98	43.55	45.63
Revenue at Proposed Tariff	19.14	25.06	31.80	34.70	37.14
Sales (MU)	24.93	37.53	47.73	50.13	52.53
Average Cost of Supply (ACoS) (Rs/kWh)	7.68	6.68	6.66	6.92	7.07
% Increase/Decrease	-18%	-13%	0%	4%	2%

Tariff Philosophy

- KRCIPPL has proposed to reduce Fixed/Demand Charges for each of the consumer categories, as compared to the present ceiling tariff of MSEDCL.
- The Cross Subsidy has been equated to zero for all categories during the Control Period from FY 2020-21 to FY 2024-25, i.e., the Average Billing rate for all categories is equal to the ACoS.
- Though KRCIPPL has considered ToD tariffs for the entire Control Period in line with the existing Tariff, it is requested to the Hon'ble Commission to eliminate ToD tariff for KRCIPPL for the entire Control Period.
- As KRCIPPL has proposed kWh tariff for all categories, there is no relevance of continuing with the Power Factor Incentive/Penalty mechanism. Hence, KRCIPPL proposes to discontinue the existing Power Factor Incentive/Penalty mechanism for the MYT Control Period from FY 2020-21 to FY 2024-25.

Tariff Proposal

There is a Revenue Surplus for each year of the Control Period, as the revenue at the existing tariff is higher than the ARR of the Wires Business and Supply Business, on account of levy of MSEDCL's ceiling tariff. Hence, the tariff is required to be reduced in order to match the ARR of the Wires Business and Supply Business.

Average annual tariff reduction proposed in FY 2020-21 is 18%, followed by reduction of 13% in FY 2021-22, and gradual increase of around 2-4% over the next three years of the Control Period.

Table 14: Proposed Wheeling Charges for FY 2020-21 to FY 2024-25

Particulars	Voltage Level	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Wheeling Charges (Rs/kVAh)						
HT I – Industry	HT	1.41	1.29	1.23	1.30	1.25
HT II – Commercial	HT	1.41	1.29	1.23	1.30	1.25
HT III - EV	HT	1.41	1.29	1.23	1.30	1.25
LT I – General Purpose	LT	1.37	1.25	1.19	1.26	1.21
LT II (A) – Commercial < 20 kW	LT	1.37	1.25	1.19	1.26	1.21
LT II (B) – Commercial > 20 kW	LT	1.37	1.25	1.19	1.26	1.21
LT III (A) – Industry < 20 kW	LT	1.42	1.29	1.23	1.30	1.26
LT III (B) – Industry > 20 kW	LT	1.42	1.29	1.23	1.30	1.26
LT IV - EV	LT	1.42	1.29	1.23	1.30	1.26
Wheeling Losses (%)	HT & LT	3.63%	3.63%	3.63%	3.63%	3.63%

Proposal for kWh based billing for consumers

In the MTR Order dated 12 September, 2018, for all other Distribution Licensees, the Hon'ble Commission stated that it intends to implement kWh billing to all HT consumers and LT consumers having load above 20 kW from 1 April 2020. KRCIPPL has proposed kWh billing to be made applicable instead of kWh billing for FY 2020-21 and onwards for the entire Control Period, for all consumer categories. KRCIPPL already has the required infrastructure/metering/software in place for measuring data/information on kWh basis.

Proposed Category-wise Tariffs for the Control Period

Table 15: Energy Charges Sub-Category-wise Existing and Proposed-HT Category (Rs/kVAh)

Customer Category	Existing (Rs/kWh)	FY 21		FY 22		FY 23		FY 24		FY 25	
		Proposed	% hike (y-o-y)	Proposed	% hike (y-o-y)	Proposed	% hike (y-o-y)	Proposed	% hike (y-o-y)	Proposed	% hike (y-o-y)
HT I – Industry	7.07	4.96	-25%	4.14	-17%	4.19	1%	4.36	4%	4.54	4%
HT II – Commercial	11.73	5.15	-53%	4.33	-16%	4.38	1%	4.55	4%	4.72	4%
HT III - EV	* 5.00	-	5.00	0%	5.00	0%	5.00	0%	5.00	0%	5.00

Note: * There is no existing approved tariff for KRCIPPL, and the Ceiling Tariffs of MSEDCL have been levied in FY 2019-20. There is no consumer in these categories, hence, existing tariff has not been mentioned for these categories

• % hike has been computed w.r.t. Rs/kWh tariff, as existing tariff is in terms of Rs/kWh, while proposed tariff is in terms of Rs/kVAh.

Table 16: Energy Charges Sub-Category-wise Existing and Proposed-LT Category (Rs/kVAh)

Customer Category	Existing (Rs/kWh)	FY 21		FY 22		FY 23		FY 24		FY 25	
		Proposed	% hike (y-o-y)	Proposed	% hike (y-o-y)	Proposed	% hike (y-o-y)	Proposed	% hike (y-o-y)	Proposed	% hike (y-o-y)
LT I – General Purpose	* 4.75	-	4.75	0%	4.75	0%	4.75	0%	4.75	0%	4.75
LT II (A) – Commercial < 20 kW	6.10	3.99	-28%	3.99							