



Maharashtra Airport Development Company Limited

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PUBLIC NOTICE

Inviting Suggestions/Objections on Maharashtra Airport Development Company Limited- Distribution Business's Multi Year Tariff Petition for Final True up of FY 2014-15 to FY 2019-20 and Approval of ARR and Tariff for Fourth Control Period from FY 2020-21 to FY 2024-25 [Case No. 235 of 2020]

Maharashtra Airport Development Company Limited- Distribution Business ("MADC") has filed a Multi-Year Tariff (MYT) Petition (Case No. 235 of 2020) for Final True-up of Aggregate Revenue Requirement (ARR) for FY 2014-15 and FY 2015-16 as per MERC MYT Regulations, 2011, Final True-up of ARR for FY 2016-17 to FY 2019-20 as per MERC MYT Regulations, 2015 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 as per MERC MYT Regulations, 2019.

The Commission has admitted the Petition on 16 February, 2022 and directed MADC 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:

Final True-up for FY 2014-15 to FY 2019-20

The summary of Combined ARR (Wires + Supply) for final True-up for FY 2014-15 to FY 2019-20 is shown below:

Table 1: Combined ARR (wire + supply) of MADC from FY 2014-15 to FY 2019-20 (Rs. Crore)

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Power Purchase Expenses	3.26	8.34	10.97	17.00	25.60	34.96
Switchyard and Transmission line user Charges - AMNEPL	0.11	0.39	0.50	0.67	0.84	1.03
Operating and Maintenance Expenses	0.77	2.09	2.20	2.28	2.36	2.43
Depreciation	1.15	3.22	3.22	3.22	3.22	3.22
Interest on loan Capital	2.37	4.41	3.94	3.67	3.39	3.04
Interest on Working capital	0.10	0.42	0.03	0.02	0.03	0.02
Interest on consumer security deposit	-	-	0.51	0.56	0.49	0.59
Provision for bad and doubtful debts	0.00	0.01	0.01	0.01	0.02	0.01
Contribution to contingency reserves	-	0.16	0.16	0.16	0.16	0.16
Income Tax	-	-	-	-	-	-
Total Revenue Expenditure	7.76	19.03	21.53	27.60	36.09	45.46
Add: Return on Equity Capital	0.52	2.92	2.92	2.92	2.92	2.92
Aggregate Revenue Requirement	8.28	21.95	24.44	30.51	39.01	48.37
Less: Non- Tariff Income	0.18	0.51	0.07	0.14	0.16	0.20
Net Aggregate Revenue Requirement (A)	8.10	21.44	24.37	30.37	38.85	48.18
Less: Revenue from sale of power (B)	2.84	11.10	14.16	19.69	24.00	30.73
Revenue Gap/ (Surplus) (C= A-B)	5.26	10.34	10.21	10.69	14.85	17.45
Consolidated Gap						
Opening Revenue Gap (D)	-	5.61	17.35	29.70	43.56	62.75
Addition of Gap (E)	5.26	10.34	10.21	10.69	14.85	17.45
Add: Carrying Cost (F)	0.35	1.40	2.13	3.17	4.34	5.71
Less: Support from Gov. through grant (G)	-	-	-	-	-	81.02
Closing of Revenue Gap (D+E+F-G)	5.61	17.35	29.70	43.56	62.75	4.88

Energy sales of MADC from FY 2014-15 to FY 2019-20 is as under:

Table 2: Energy sales of MADC from FY 2014-15 to FY 2019-20 (MUs)

Consumer Categories	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
HT category						
Industrial	5.75	21.82	29.33	41.19	52.18	64.98
Commercial	0.87	2.55	2.36	2.37	2.56	2.82
Sub-Total HT Sales	6.62	24.37	31.69	43.56	54.74	67.80
LT category						
Industrial	0.06	0.57	1.11	1.17	1.14	1.44
Commercial	0.13	0.26	0.35	0.31	0.40	0.91
Street Light	0.09	0.23	0.52	0.53	0.77	0.88
Public Services	0.00	0.00	0.00	0.01	0.01	0.02
Sub-Total LT Sales	0.28	1.07	1.98	2.02	2.32	3.24
Total	6.90	25.43	33.67	45.57	57.06	71.04

Power Purchase Cost of MADC during FY 2014-15 to FY 2019-20 is as under:

Table 3: Power Purchase Cost of MADC from FY 2014-15 to FY 2019-20

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Total Power Purchase Expenses (excluding Transmission Charges)						
Power Purchase Quantum (MU)	9.41	26.92	34.85	45.94	57.59	72.98
Cost of Power (Rs. Crore)	3.26	8.34	10.97	17.00	25.60	34.96
Average Cost of Power (Rs./kWh)	3.46	3.10	3.15	3.70	4.44	4.79

Distribution losses & Transmission loss of MADC during FY 2014-15 to FY 2019-20 is as under:

Table 4: Transmission and Distribution losses from FY 2014-15 to FY 2019-20

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Distribution loss	3.43%	3.25%	1.86%	1.83%	1.59%	0.94%
AMNEPL Dedicated Line Transmission Loss	0.44%	0.44%	1.26%	1.24%	1.08%	0.63%

Capex and Capitalisation during FY 2014-15 to FY 2019-20 is as under:

Table 5: Capex and Capitalization of MADC from FY 2014-15 to FY 2019-20 (Rs. Crore)

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Capitalisation	62.69	-	-	-	-	-

Projections of ARR & Tariff Proposal for the control period from FY 2020-21 to FY 2024-25 as below:

The summary of Combined proposed ARR (Wires + Supply) for Fourth Control Period from FY 2020-21 to FY 2024-25 is shown below:

Table 6: Combined ARR (wire + supply) of MADC from FY 2020-21 to FY 2024-25 (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Power Purchase Expenses	36.61	37.70	40.83	43.98	47.21
Switchyard and Transmission line user Charges - AMNEPL	1.35	1.46	1.57	1.69	1.80
Intra-State Transmission charges	3.72	3.79	3.86	3.92	3.94
MSLDC fees and Charges	0.02	0.02	0.02	0.02	0.02
Operating and Maintenance Expenses	2.46	2.54	2.62	2.70	2.78
Depreciation	3.22	3.22	3.22	3.22	3.22
Interest on loan Capital	2.70	2.35	2.00	1.66	1.31
Interest on Working capital	0.02	0.02	0.02	0.02	0.02
Interest on consumer security deposit	0.24	0.24	0.24	0.24	0.24
Provision for bad and doubtful debts	0.02	0.02	0.02	0.03	0.03
Contribution to contingency reserves	0.16	0.16	0.16	0.16	0.16
Income Tax	-	-	-	-	-
Total Revenue Expenditure	50.52	51.52	54.57	57.63	60.73
Add: Return on Equity Capital	2.63	2.63	2.63	2.63	2.63
Aggregate Revenue Requirement	53.15	54.15	57.20	60.26	63.36
Less: Non- Tariff Income	0.01	0.01	0.01	0.01	0.01
Net Aggregate Revenue Requirement (A)	53.14	54.14	57.19	60.25	63.35
Revenue at existing Tariff (B)	31.31	33.92	36.53	39.14	41.75
Cumulative revenue gap at existing Tariff					
Opening Revenue Gap (C)	4.88	26.71	46.92	67.58	88.69
Add: Revenue Gap during Year (D)	21.82	20.22	20.66	21.11	21.60
Less: Support from Gov. toward Revenue (E)	-	-	-	-	-
Closing Revenue Gap (E=C+D-E)	26.71	46.92	67.58	88.69	110.29

Energy sales of MADC from FY 2020-21 to FY 2024-25 is as under:

Table 7: Energy Sales of MADC from FY 2020-21 to FY 2024-25 (MUs)

Consumer Categories	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
HT category					
Industrial	64.98	70.39	75.81	81.22	86.64
Commercial	2.82	3.06	3.29	3.53	3.77
Sub-Total HT Sales	67.80	73.45	79.10	84.75	90.40
LT category					
Industrial	1.44	1.56	1.68	1.80	1.92
Commercial	0.91	0.99	1.06	1.14	1.21
Street Light	0.88	0.95	1.02	1.09	1.17
Public Services	0.02	0.02	0.02	0.02	0.02
Sub-Total LT Sales	3.24	3.51	3.78	4.05	4.32
Total	71.04	76.96	82.88	88.80	94.72

Power Purchase Cost of MADC during FY 2020-21 to FY 2024-25 is as under:

Table 8: Power Purchase Cost of MADC from FY 2020-21 to FY 2024-25

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
MSEDCL/Medium term Sources					
Power Purchase Quantum (MU)	74.86	81.10	87.34	93.58	99.82
Cost of Power (Rs. Crore)	36.61	37.70	40.83	43.98	47.21
Average Cost of Power (Rs./kWh)	4.89	4.65	4.68	4.70	4.73

Distribution losses & Transmission loss of MADC during FY 2020-21 to FY 2024-25 is as under:

Table 9: Transmission and Distribution losses from FY 2020-21 to FY 2024-25

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Distribution loss	1.25%	1.25%	1.25%	1.25%	1.25%
AMNEPL Dedicated Line Transmission Loss	0.75%	0.75%	0.75%	0.75%	0.75%
Maharashtra STU Loss	3.18%	3.18%	3.18%	3.18%	3.18%

Revenue recovery and Average percentage increase/decrease of MADC during FY 2020-21 to FY 2024-25 is as under:

Table 10: Revenue Recovery and Average percentage increase/decrease for FY 2020-21 to FY 2024-25

Sr. No	Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1	Total ARR Requirement – Rs. Crores (including past period gap) (A)	53.14	54.14	57.19	60.25	63.35
2	Revenue from existing tariff Rs. Crore (C)	31.31	33.92	36.53	39.14	41.75
3	Revenue Gap/(Surplus) Rs. Crore (B)	21.82	20.22	20.66	21.11	21.60
4	Average Cost of Supply - Rs/kWh (D)	7.48	7.03	6.90	6.78	6.69
5	Average Increase / Decrease in tariff % (E=C/B)	70%	60%	57%	54%	52%

Note: As FY 2020-21 is over and FY 2021-22 is coming to end, effective tariff increase in remaining period of the Control Period may be higher than above figures.

Tariff Philosophy:

- Revenue Gap does not include Rs. 81.02 Cr which is to be made available by the Government as subsidy support.
- Tariff hike required in order to meet the entire revenue gap in respective year is approximately in the range from 52%-70%.
- MADC has proposed existing (single part tariff) for FY 2020-21 and proposed two-part tariff consist of Fixed/Demand Charges and Energy Charges (Energy & wheeling charges) for rest of the MYT Control Period from FY 2021-22 to FY 2024-25.
- MADC has proposed to charge wheeling charges at 40%-52% and 45%-57% for LT consumers and HT consumers respectively, from the wheeling charges computed for FY 2021-22 to FY 2024-25.
- Considering the proposed tariff hike, MADC would be able to recover standalone revenue gap of Rs. 110.29 Crore during the Control Period FY 2020-21 to FY2024-25. MADC has proposed for creation of regulatory asset to the extent of Rs. 81.02 Crore on account of past period gap up to FY2019-20. It is in interim stage in availing financial grant of Rs. 81.02 Crore from Government of Maharashtra. MADC will submit the relevant correspondence to the Commission during course of proceeding of the instant Petition. In case the amount of Rs.81.02 Crore is received from Government as grant or financial support, the MADC will pass on the benefit of the same to consumers in the next tariff petition or Mid-Term Review or adjustment of amount against such recovery of regulatory asset as may be defined by the Commission in the Order.

Table 11: Cumulative revenue gap at proposed Tariff for FY2020-21 to FY 2024-25

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total Aggregate Revenue Requirement (A)	53.14	54.14	57.19	60.25	63.35
Revenue at proposed Tariff (B)	31.31	50.51	60.77	71.62	77.91
Revenue gap at proposed Tariff (C=A-B)	21.82	3.63	-3.59	-11.38	-14.56
Cumulative revenue gap at existing Tariff					
Opening Revenue Gap (D)	4.88	26.71	30.34	26.75	15.38
Add: Revenue Gap during Year (E=C)	21.82	3.63	-3.59	-11.38	-14.56
Less: Support from Gov. toward Revenue (F)	-	-	-	-	-
Closing Revenue Gap (G=D+E-F)	26.71	30.34	26.75	15.38	0.82

The proposed wheeling charges for FY 2020-21 to FY 2024-25 is as under:

Table 12: Proposed Wheeling Charges for FY 2020-21 to FY 2024-25 (Rs./kWh)

Particulars	Existing	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
HT Category	-	-	0.55	0.55	0.52	0.51
LT Category	-	-	1.29	1.31	1.26	1.24

The proposed category wise Energy Charges (inclusive of wheeling charges) for FY 2021-22 to FY 2024-25 is as under:

Table 13: Proposed Energy Charges (inclusive of wheeling charges) for FY 2020-21 to FY 2024-25 (Rs./kWh)

Category	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25		
	Existing (Rs./kWh)	Proposed (Rs./kWh)	% hike (y-o-y)	Proposed (Rs./kWh)	% hike (y-o-y)	Proposed (Rs./kWh)	% hike (y-o-y)	Proposed (Rs./kWh)	% hike (y-o-y)		
HT Category											
Industrial	4.39	4.39	0.00%	4.55	3.57%	5.25	15.41%	5.93	12.92%	5.98	0.98%
Commercial	4.83	4.83	0.00%	6.15	27.27%	7.60	23.60%	8.62	13.40%	9.26	7.52%
LT Category											
Industrial	4.39	4.39	0.00%	5.19	18.19%	5.60	7.86%	5.98	6.86%	6.67	11.50%
Commercial	4.83	4.83	0.00%	6.34	31.24%	6.91	8.96%	7.41	7.31%	8.29	11.88%
Residential	-	3.95	-	4.14	4.78%	4.46	7.68%	4.71	5.72%	5.04	7.01%
Street Light	3.95	3.95	0.00%	5.64	42.75%	6.09	8.03%	6.53	7.12%	6.66	2.12%
Public Services	3.95	3.95	0.00%	4.99	26.30%	5.56	11.49%	6.37	14.49%	7.11	11.72%

The proposed category