

MPSEZ UTILITIES PRIVATE LIMITED

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SUMMARY OF PETITION NO. 1631 / 2016 FOR (i) TRUE UP OF FY 2015-16, (ii) TARIFF DETERMINATION FOR FY 2017-18 AND (iii) APPROVAL OF AGGREGATE REVENUE REQUIREMENT FOR THE PERIOD FY 2016-17 TO FY 2020-21

Background Information:

- MPSEZ Utilities Private Limited (MUPL) is a company incorporated in 2008 under the provisions of the Companies Act, 1956. It has started its commercial operation from 28.08.2010 and is in the process of establishing distribution network for power distribution to various entities in SEZ.
- MUPL is engaged in distribution of electricity for the Mundra SEZ area as a distribution licensee. MUPL has filed the Petition before the Hon'ble Gujarat Electricity Regulatory Commission for (i) True up of FY 2015-16 as per GERC (Multi Year Tariff) Regulations, 2011, (ii) Tariff determination for FY 2017-18 & (iii) Approval of Aggregate Revenue Requirement (ARR) for the period FY 2016-17 to FY 2020-21 as per GERC (Multi Year Tariff) Regulations, 2016.

True Up for FY 2015-16

- The Petitioner filed the Mid-term review Petition for review of Business Plan & True up of FY 2012-13 & Tariff determination for FY 2014-15. The Hon'ble Commission vide its order dated 29.05.2014 approved the modification of ARR for FY 2014-15 and FY 2015-16.
- The Petitioner in this Petition is submitting details based on audited accounts for the purpose of truing up for FY 2015-16.
- In line with the provisions of the MYT Regulations, 2011, considering the actual expenses vis-a-vis approved expenses, the Petitioner has trued up ARR for FY 2015-16 and computed the gains and losses on account of controllable and uncontrollable parameters.
- The sale of the Petitioner Licensed area is 184.76 MUs. The distribution loss for FY 2015-16 is 4.17% as against the estimated loss of 4.50%. Accordingly, the energy balance furnished is based on the actual sales and T&D losses for FY 2015-16.
- The following summary of trued up ARR for FY 2015-16 to be recovered by MUPL after incorporation of sharing of gains / losses.

Table 1: Trued up ARR for FY 2015-16

		(Rs Crs)
Particulars in Rs. Crores		Actual for FY 2015-16
ARR approved in the MYT order for FY 2015-16	(a)	171.59
Less : Gains on account of Controllable factor to be passed on to the consumers (1/3rd)	(b)	(0.33)
Less : Gains on account of Uncontrollable factor to be passed on to the consumers	(c)	50.34
ARR trued up for FY 2015-16	d=a-(b+c)	121.58

- The trued up ARR for FY 2015-16 is Rs. 121.58 Crs. after sharing of gains and losses for FY 2015-16 and the revenue from sales of power is Rs. 116.02 Crs. Thus, revenue gap for FY 2015-16 works out to Rs. 5.56 Crs.
- The summary of total revenue gap for FY 2015-16 including the gap of previous years is as mentioned in the below table:

Table 2: Consolidated Revenue Gap for FY 2015-16

		(Rs Crs)
Particulars		Actual
Revenue Gap for FY 2015-16		5.56
Add: Carrying cost on consolidated revenue surplus of FY 2014-15 for FY 2015-16		(0.25)
Consolidated Revenue Gap of FY 2015-16		5.32

Revenue Gap and Tariff Proposal

- The Hon'ble Commission vide its tariff order dated 31.03.2016 had reduced energy charges for all categories of consumers by 5 Paise per unit.
- The projected revenue for FY 2017-18 at existing tariff, works out to be Rs. 200.42 Crs. as against an estimated projected ARR of Rs. 199.96 Crs.
- The Petitioner has considered consolidated revenue gap up to FY 2015-16, carrying cost of consolidated surplus of FY 2014-15 for FY 2016-17 and carrying costs of consolidated revenue gap of FY 2015-16 for FY 2016-17 & FY 2017-18 to determine consolidated projected revenue gap up to FY 2017-18. Thus, consolidated projected revenue gap up to FY 2017-18 would be Rs. 5.86 Crs. as mentioned in the below table:

Table 3: Revenue with existing tariff for FY 2017-18

		(Rs Crs)
Particulars		FY 2017-18
ARR for FY 2017-18		199.96
Add: Consolidated Revenue gap up to FY 2015-16		5.32
Add: Carrying cost on revenue surplus of FY 2014-15 for FY 2016-17		(0.23)
Add: Carrying cost on consolidated gap of FY 2015-16 for FY 2016-17 & FY 2017-18		1.24
Revenue from existing tariff for FY 2017-18		200.42
Revenue Gap / (Surplus) in FY 2017-18		5.86

- As per above, the revenue gap for FY 2017-18 to be recovered is Rs. 5.86 Crs.

Tariff Proposal for FY 2017-18

- The Hon'ble Commission vide its Tariff order dated 31.03.2016 had addressed consolidated surplus revenue of Rs. 2.15 Crs. up to FY 2014-15 by reducing the energy charge of all the category by 5 Paise/unit.
- The Commission had accepted the plea of Petitioner to increase the excess demand charges for HTMD-I by 25 Paise/unit in order to infuse discipline amongst the consumers to maintain the contract demand and discourage the excess drawl of the power.
- The Projected Revenue Gap of FY 2017-18 with existing tariff comes to Rs. 5.86 Crs. The Petitioner proposes to recover the same through projected sales of 389.14 MUs during FY 2017-18 and therefore, Petitioner proposes to increase energy charges of each tariff category by 15 Paise/unit.
- Petitioner also proposes to decrease the excess demand charges by 25 Paise/unit for HTMD-1 category customers having contract demand up to 500 KVA. This proposed modification in the tariff schedule may not have any significant impact on revenue.

Projected Aggregate Revenue Requirement for the Control Period FY 2016-17 to FY 2020-21

- The projected ARR for licence area of the Petitioner is computed based on the guidelines laid by the Hon'ble Commission in the GERC MYT Regulations, 2016. Petitioner has projected the ARR for the control period as mentioned in the below table:

Table 4: Projected ARR for the Control Period FY 2016-17 to FY 2020-21

(Rs Crs)

Parameter	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Power Purchase Cost	116.36	178.31	254.26	291.40	307.25
O&M Expenses	9.07	9.59	10.14	10.72	11.33
Depreciation	3.25	3.22	3.48	4.36	5.33
Interest & Finance Charges	3.81	3.53	3.38	4.10	4.94
Interest on Working Capital	1.23	1.93	2.69	3.11	3.25
Provision for Bad debts	-	-	-	-	-
Contingency Reserve	0.44	0.47	0.52	0.74	0.90
Income Tax	-	-	-	-	-
Revenue Expenditure	134.15	197.05	274.46	314.44	333.00
Return on Equity	2.93	3.00	3.11	3.71	4.41
Less: Non-tariff Income	0.44	0.09	0.10	0.12	0.14
Less Income from Other Business	-	-	-	-	-
ARR	136.64	199.96	277.47	318.03	337.28

Tariff Schedule of FY 2017-18

- Petitioner has proposed a nominal increase in tariff w.e.f. 1st April, 2017. The proposed tariff schedule of Mundra SEZ area is given below:

Table 5: Tariff schedule for MUPL license area of Mundra SEZ

Sr No	Category	Fixed Charge	Energy charge	
1	Residential	Fixed charge Single phase supply 30 per month per installation Three phase supply 45 per month per installation	First 250 units	335 Paise/ unit
			Remaining units	385 Paise/ unit
2	Commercial Non demand (Connected load up to 6 kVA)	Single Phase supply 100 per month per installation	First 150 units	385 Paise/ unit
			Remaining units	410 Paise/ unit
3	Commercial demand (Connected load of 6 kVA & Above)	Billing demand upto and including the contract demand (Computed on 85 % of contract demand at u.p.f and 100 % load factor or actual maximum demand at monthly average power factor or six KVA whichever is higher on monthly basis) 75 Paise / unit In excess of contract demand 125 Paise / unit	Entire consumption	285 Paise/ unit
4	Industrial Non demand (Connected load up to 6 kVA)	Single phase supply 100 per month per installation	First 150 units	360 Paise/ unit
			Remaining units	385 Paise/ unit
5	Industrial demand (Connected load of 6 kVA & Above)	Billing demand upto and including the contract demand (Computed on 85 % of contract demand at u.p.f. and 100 % load factor or actual maximum demand at monthly average power factor or six KVA whichever is higher on monthly basis) 75 Paise / unit In excess of contract demand 125 Paise / unit	Entire consumption	285 Paise/ unit
6	Street Lights	-	Entire consumption	335 Paise/ unit

7	Temporary demand	Billing demand upto and including the contract demand (Computed on 85 % of contract demand at u.p.f. and 100 % load factor or actual max demand at monthly average power factor whichever is higher on monthly basis) 75 Paise /unit In excess of contract demand 125 Paise / unit	Entire consumption	360 Paise/ unit
8	HTMD - I (Ind/Comm/Others)	A) For the billing demand of customer having 1) Contract demand up to 500 kVA (Computed on 85 % of contract demand at u.p.f and 100 % load factor or actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred KVA) 75 Paise /unit 2) Contract demand above 500 kVA (Computed on 85 % of contract demand at u.p.f and 100 % load factor or actual maximum demand at monthly average power factor whichever is higher on monthly basis) 110 Paise /unit B) In excess of contract demand 1) Contract demand up to 500 kVA 125 Paise / unit 2) Contract demand above 500 kVA 150 Paise / unit	Contract demand up to 500 kVA	325 Paise/ unit
			Contract demand above 500 kVA	365 Paise/ unit
9	HTMD – II (Temp)	Billing demand upto and including the contract demand (Computed on 85 % of contract demand at u.p.f or actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred KVA) 100 Paise /unit In excess of contract demand 150 Paise / unit	Entire consumption	460 Paise/ unit

Notes:

- 1 Power factor adjustment charges - applicable to commercial demand based, Industrial demand based, HTMD - I and HTMD - II.
The rebate is provided for each 1 % improvement in power factor.
 Power factor 90% to 95 % - 0.15 paise/unit
 Power factor over 95 % - 0.27 paise / unit
The penalty is levied for each 1 % decrease in power factor.
 Power factor below 90 % - 3.00 Paise / unit
- 2 FPPPA charges - As applicable
- 3 Rebate for supply at EHV for category of HTMD – I and HTMD – II is as follows:

	On Energy Charges	Rebate @
1	If supply is availed at 11 kV	0.0 %
2	If supply is availed at 33 kV	1.0 %
3	If supply is availed at 66 kV and above	2.0 %

Note: The above rebate will be applicable only on monthly basis and consumer with arrears shall not be eligible for the above rate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.