

MPSEZ UTILITIES PRIVATE LIMITED

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Summary of True-Up of FY 2010-11 & Tariff Determination of FY 2012-13

Background Information:

- MPSEZ Utilities Private Limited (MUPL) is a company incorporated in 2008 under the provisions of the Companies Act, 1956 having its registered office at Adani House, Near Mithakhali Circle, Navrangpura, Ahmedabad – 380 009.
- MUPL is 100 % subsidiary company of Mundra Port and Special Economic Zone Limited (MPSEZL) and a Co-Developer to provide infrastructure facilities for MPSEZL.
- MUPL is engaged in distribution of electricity for the Mundra SEZ area as a distribution licensee.
- MUPL started its commercial operation from 28th August 2010 and is in the process of establishing distribution network for power distribution to various entities in SEZ.
- MUPL has filed Petition for True-up of FY 2010-11 under GERC (Terms & Conditions of Tariff) Regulations, 2005 and GERC (Multi Year Tariff Framework) Regulations, 2007 and Tariff determination for FY 2012-13 under GERC (Multi Year Tariff) Regulations, 2011 and under section 61 to 64 of the Electricity Act, 2003 read with the relevant Guidelines and directions issued from time to time.

True Up for FY 2010-11

- MUPL started its commercial operations from 28th August 2010. FY 2010-11 being the first financial year of operations of the Distribution Business, the operation was for a period of 7 months for FY 2010-11. Petitioner had submitted its ARR for FY 2010-11 vide Petition dated 22nd October, 2010. Petitioner had also submitted Revised APR of FY 2010-11 vide petition dated 25th January 2011.
- MUPL in its previous Tariff Petition had filed the provisional figures of the ARR for FY 2010-11. Now the Petitioner in this Petition is submitting details based on Audited Accounts for the purpose of truing up for FY 2010-11.
- The sales of MUPL Licensed area is 19.75 MUs. The distribution loss for FY 2010-11 is 4.56% as against the estimated loss of 8.00 % and considering actual Transmission loss the Energy Balance furnished is based on the actual sales and T & D losses for FY 2010-11.
- Based on the actual expenditure incurred from 28th August, 2010 to 31st March 2011 the Revenue Requirement for the year FY 2010-11 is Rs. 14.12 Crs. The actual revenue from sales for the year as per existing tariff charged by MUPL for the period is Rs. 10.37 Crs. Thus there is a shortfall of Rs 3.74 Crs. for FY 2010-11.

Table 1 : Revenue Gap for FY 2010-11

(Rs Crs.)

Particulars	As Submitted in APR for FY 2010-11	Actual for FY 2010-11
ARR	19.22	14.12
Revenue at Existing Tariff	10.51	10.37
Revenue Gap / (Surplus)	8.71	3.74

- The Petitioner submits to the Hon'ble Commission to kindly approve the revenue gap for FY 2010-11 as mentioned above and allow the recovery of the same with Carrying Cost.

Revenue Gap and Tariff Proposal

- The gross revenue from the existing tariff approved by Hon'ble commission for year 2011-12 on projected sales works out to be Rs 65.83 Crs. for FY 2012-13 as against an Annual Revenue Requirement of Rs. 83.77 Crs. approved by the Hon'ble Commission its MYT Tariff order dated 18th August 2011. Thus, the gap between the approved ARR and Revenue from existing tariff is 17.94 Crs for FY 2012-13.

Table 2 : Revenue Gap for FY 2012-13 @ existing tariff

(Rs Crs.)

Particulars	FY 2012-13
Approved ARR for FY 2012-13	83.77
Revenue from Existing Tariff for FY 2012-13	65.83
Revenue Gap /(Surplus) in FY 2012-13	17.94

- As per the above, the total revenue gap to be recovered is Rs. 17.94 Crs which is more than 25% of Revenue from Existing Tariff for FY 2012-13 of Rs. 65.83 Crs.
- In case the gap is proposed to be fully recovered in FY 2012-13 it would result in a massive hike in tariff which will result in a tariff shock to the consumers of MUPL. Hence, MUPL with an endeavor to keep the impact on the consumers to the minimum possible extent would propose to partly recover the gap through revision in energy charge from 3.00 Rs./Unit to 3.25 Rs./Unit for demand based category of permanent supply for FY 2012-13.
- The proposed tariff revision does not include the recovery of revenue gap of FY 2010-11 as depicted above.
- Accordingly, the Tariff determination for FY 2012-13 considering proposed Energy Charge at rate of 3.25 Rs./unit, Revenue Gap would be worked out as below.

Table 3 : Revised Revenue Gap for MUPL for FY 2012-13

(Rs Crs.)

Particulars	FY 2012-13
Approved ARR for FY 2012-13	83.77
Revenue from Proposed Tariff for FY 2012-13	69.04
Revenue Gap / (Surplus)	14.73

- Since, the recovery of the revenue gap has been deferred, MUPL requests the Hon'ble Commission to treat this revenue gap as a "Regulatory Asset" and permit its recovery over a period of years as may be deemed fit by the Hon'ble Commission.
- The Petitioner also requests the Hon'ble Commission to kindly allow the recovery of this gap with Carrying cost additionally at the SBI PLR rate prevailing during the relevant years.

Tariff Proposal of FY 2012-13

- MUPL has proposed a nominal increase in Tariff w.e.f. 1st April, 2012. The proposed Tariff Schedule of Mundra SEZ area is given below:

Table 4: Tariff Schedule for MUPL license area of Mundra SEZ

Sr No	Category	Fixed Charge	Energy Charge	
1	Residential	Single Phase Supply ₹ 30 per month per installation Three Phase Supply ₹ 45 per month per installation	First 250 units	375 Paise/ unit
			Remaining units	425 Paise/ unit
2	Commercial Non demand Connected load up to 6 kVA)	Single Phase Supply ₹100 per month per installation	First 150 units	425 Paise/ unit
			Remaining units	450 Paise/ unit
3	Commercial demand (Connected load of 6 kVA & Above)	Billing Demand upto and including the Contract Demand (Computed on 85 % of Contact Demand at u.p.f. or Actual whichever is higher on monthly basis) 75 Paise /unit In excess of Contract Demand 125 Paise / unit	Entire consumption	325 Paise/ unit
4	Industrial Non demand (Connected load up to 6 kVA)	Single Phase Supply ₹ 100 per month per installation	First 150 units	400 Paise/ unit
			Remaining units	425 Paise/ unit
5	Industrial demand (Connected load of 6 kVA & Above)	Billing Demand upto and including the Contract Demand (Computed on 85 % of Contact Demand at u.p.f. or Actual whichever is higher on monthly basis) 75 Paise /unit In excess of Contract Demand 125 Paise / unit	Entire consumption	325 Paise/ unit
6	Street Lights	-	Entire consumption	375 Paise/ unit

7	Temporary Demand	Billing Demand upto and including the Contract Demand (Computed on 85 % of Contract Demand at u.p.f or Actual whichever is higher on monthly basis) 75 Paise /unit In excess of Contract Demand 125 Paise / unit	Entire consumption	400 Paise/ unit
8	HTMD - I (Ind/Comm/Others)	Billing Demand upto and including the Contract Demand (Computed on 85 % of Contract Demand at u.p.f or Actual whichever is higher on monthly basis) 75 Paise /unit In excess of Contract Demand 125 Paise / unit	Entire consumption	325 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 whichever is higher on monthly basis) 100 Paise /unit In excess of Contract Demand 150 Paise / unit	Entire consumption	500 Paise/ unit

Notes:

1 Power factor Adjustment charges - applicable to Commercial Demand based, Industrial demand based, Temporary Demand, 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