

**MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED**

**[Plot No. G-9, Prakashgad, Bandra (E), Mumbai - 400051]**

**Website: [www.mahagenco.in](http://www.mahagenco.in)**

**PUBLIC NOTICE**

**Suggestions and Objections on Truing up process for MSPGCL's Generating Stations for FY 2005-06, FY 2006-07 and FY 2007-08 based upon the Judgment issued by Appellate Tribunal for Electricity and CPRI Report (Case No. 16 of 2008) and provisional true up for FY 2008-09  
Case No. 16 of 2008**

1. This Public Notice is issued Without Prejudice to the rights and contentions of the Maharashtra State Power Generation Company Limited (MSPGCL) in respect of the Appeal No.191 of 2009 presently subjudice before the Hon'ble Appellate Tribunal for Electricity and the rights of MSPGCL as available to it in Law.
2. The MSPGCL had filed two Appeals before the Honourable Appellate Tribunal for Electricity (ATE), viz., Appeal No. 86 of 2007 and 87 of 2007, impugning the Commission's Order approving ARR and tariff Order for FY 2005-06 and FY 2006-07, and the Multi Year Tariff (MYT) Order for the first Control Period from FY 2007-08 to FY 2009-10, respectively.
3. Hon'ble ATE dealt with the issues raised by MSPGCL in the Appeals vide its Judgment dated April 10, 2008 in Appeal No. 86 & 87 of 2007. A copy of the said Judgment dated 10.04.2008 of the Hon'ble ATE is available on the website of the MSPGCL. In the said Judgment, the ATE has directed the Commission to re-determine the tariff. Accordingly, the Commission has initiated a separate process for re-determination of tariff for MSPGCL for FY 2005-06, 2006-07 and FY 2007-08.
4. As regards the norms for performance parameters, viz., station heat rate, auxiliary consumption, specific oil consumption and transit loss of coal of MSPGCL's generating stations, ATE directed the Commission to undertake an independent study, either through MSPGCL or on its own, and reset the operating parameters within 3 months and align its Regulations with the Tariff Policy by prescribing achievable norms and not merely ideal norms after taking

into consideration the results of such independent study. The Commission, in November, 2008, appointed an independent agency, i.e., M/s Central Power Research Institute (CPRI) to carry out an independent study to reasonably assess the achievable performance parameters of MSPGCL stations and to suggest the measures to improve the performance over a period of time. CPRI has completed its study and submitted its Reports on the performance parameters for each Generation Station based on the study carried out by it.

5. Hon'ble Commission has directed MSPGCL vide its letter dtd. 5<sup>th</sup> January 2010 for its submissions with regard to the true up and scheduled the Technical Validation Session on the said matter. Upon directions from the Commission, on January 8, 2010, MSPGCL without Prejudice to its rights and contentions raised in Appeal 191 of 2009, MSPGCL has filed its true-up submissions for the period FY 2005-06 to 2007-08. In its submission, MSPGCL has also included the provisional truing up for FY 2008-09. During the TVS on January 13, 2010, MSPGCL stated that it would participate in the hearing for truing up without Prejudice to its rights and contentions. As a sequel to the proceedings in the TVS, the Commission has passed its Order dated 19<sup>th</sup> January 2010 on the Miscellaneous Application filed by MSPGCL in this regard, notifying segregation of items on which suggestions and observations from the public would be invited and the other items, which will be made available only for information of the public.
6. The Commission vide its letter dtd. 25<sup>th</sup> January 2010 has directed MSPGCL to publish a Public Notice under Section 64 (2) of the Electricity Act, 2003 (EA 2003) for inviting suggestions and objections on the Truing up process for MSPGCL's Generating Stations for FY 2005-06, FY 2006-07 and FY 2007-08 based upon the Judgment issued by Appellate Tribunal for Electricity and CPRI Report. MSPGCL is submitting the information herein without Prejudice to its rights and contentions raised in Appeal 191 of 2009.
7. Suggestions and objections are invited from the public only on the following issues:
  - a. Assessment of achievable Station Heat Rate of plants owned by MSPGCL and re-setting of performance parameters
  - b. Employee Incentive scheme
  - c. Reactive energy charges

- d. Hydel Tariff Mechanism
  - e. O&M Norms for Hydel Plants
8. Additionally, MSPGCL has also raised an issue in the present case, without Prejudice to its rights, that it may be allowed the carrying cost on various items, which were allowed by the ATE in its Judgment dated 10.04.2008 but the consideration of which has been deferred.
9. The Commission in its Order dtd.19.01.2010 also ruled that on the following items, no suggestions and objections would not be invited, and the information on the following subject heads would be made available only for the information of the public and not for inviting suggestions/objections thereon:
- a) A&G Expenses for FY 2005-06, FY 2006-07 and FY 2007-08
  - b) Transit Loss of Coal
  - c) Tariff for Small Hydro Power Station
  - d) Billing of incentive on monthly basis
  - e) Truing up for fuel expenses for FY 2005-06, FY 2006-07 and FY 2007-08
  - f) Truing up of Depreciation
  - g) Truing up of other debits; Truing up of Interest expenses and Finance Charges; Truing up of Revenue Earned
  - h) O&M Expenses for Base Year for MYT Period

The detailed information for the true up for FY 2005-06, FY 2006-07 and FY 2007-08 is given below in Table 1.

**Table 1: Truing up requirement of MSPGCL (Rs. Crore)**

Sl.	Particulars	FY 2005-06						FY 2006-07						FY 2007-08					
		Order for 2005-06	Actual/Based on ATE Directive/ CPRI Study (as per MSPGCL)	Truing up requirement	Approved in MYT Order after truing up	True-up Allowed by Commission in MYT order	Truing up Pending	Orders for 2006-07	Actual/Based on ATE Directive/ CPRI Study (as per MSPGCL)	Truing up requirement	Amount Considered for True-up exercise by MERC in APR order	Considered by Commission in APR order 2007-08	Truing up Pending	MERC Orders for 2007-08	Revised Amount proposed by MSPGCL based on ATE judgment^	Truing up requirement	Considered for True-up by MERC in APR order 2008-09	Amount Considered for True-up exercise by MERC in APR order	Truing up Pending
		A	B	C=B-A	D	E=D-A	F=C-E	A	B	C=B-A	D	E=D-A	F=C-E	A	B	C=B-A	D	E=D-A	F=C-E
<b>A. Parameters Related to CPRI Study</b>																			
1	Fuel Related Expenses	4,880.00	5,083.35	203.35	5,001.43	121.43	81.92	5,054.95	5,565.22	510.27	5,284.37	229.42	280.85	5,624.00	6,020.07	396.07	5,671.77	47.77	348.30
<b>B. Parameters Not Related to CPRI Study</b>																			
2	Operation and maintenance Expenses	779.20	751.49	-27.71	743.99	-35.21	7.50	817.58	854.45	36.87	817.58	0.00	36.87	861.55	967.65	106.10	861.55	0.00	106.10
3	Depreciation*	488.00	494.14	6.14	399.87	-88.13	94.27	305.38	337.86	32.48	337.55	32.17	0.31	349.94	337.01	-12.93	337.01	-12.93	0.00
4	Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	120.53	120.53	0.00	0.00	120.53	54.76	54.76	0.00	0.00	0.00	54.76
5	Interest on Long-term Loan Capital including financing charges	80.05	131.33	51.28	143.18	63.13	-11.85	45.57	67.49	21.92	83.75	38.18	-16.26	118.79	98.56	-20.23	98.56	-20.23	0.00
6	Interest on Working Capital	68.00	72.76	4.76	6.30	-61.70	66.46	171.00	205.92	34.92	171.00	0.00	34.92	211.13	260.78	49.65	211.13	0.00	49.65
7	Lease Rental for hydro Stations	85.00	85.00	0.00	85.00	0.00	0.00	85.00	85.00	0.00	85.00	0.00	0.00	85.00	85.00	0.00	85.00	0.00	0.00
8	Income tax	16.72	44.08	27.36	44.08	27.36	0.00	48.00	43.15	-4.85	43.15	-4.85	0.00	41.58	80.98	39.40	80.98	39.40	0.00
9	Other Expenses	0.00	43.39	43.39	16.32	16.32	27.07	0.00	31.78	31.78	0.00	0.00	31.78	0.00	49.07	49.07	0.00	0.00	49.07
10	Prior Period True up including migration entries	0.00	83.61	83.61	83.61	83.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.05	24.05	24.05	24.05	24.05	0.00
11	Return on Equity Capital	159.00	160.14	1.14	160.14	1.14	0.00	376.74	358.88	-17.86	358.88	-17.86	0.00	366.98	370.48	3.50	358.88	-8.10	11.60
12	<b>Total Expenditure</b>	<b>6,555.97</b>	<b>6,949.29</b>	<b>393.32</b>	<b>6,683.92</b>	<b>127.95</b>	<b>265.37</b>	<b>6,904.22</b>	<b>7,670.28</b>	<b>766.06</b>	<b>7,181.28</b>	<b>277.06</b>	<b>489.00</b>	<b>7,658.97</b>	<b>8,348.41</b>	<b>689.44</b>	<b>7,728.93</b>	<b>69.96</b>	<b>619.48</b>
13	Less: Other Income**	0.00	112.93	112.93	112.93	112.93	0.00	0.00	95.09	95.09	0.00	0.00	95.09	112.93	166.11	53.18	166.11	0.00	53.18
14	Less: Revenue from sale of Power	6,555.97	6,547.17	-8.80	6,579.98	24.01	-32.81	6,904.22	7,338.37	434.15	0.00	0.00	434.15	7,546.04	7,913.29	367.25	7,913.29	0.00	367.25
15	<b>Net Truing up amount</b>			<b>289.19</b>		<b>-8.99</b>	<b>298.18</b>			<b>236.82</b>		<b>277.06</b>	<b>-40.24</b>			<b>269.01</b>		<b>69.96</b>	<b>199.05</b>

\* includes approved AAD of Rs. 116.09 crore in 2006-07.

\*\*Tallied with Books of Accounts less Income from upcoming/recently commissioned (Paras Unit-3 and Parli Unit-6) projects.

^for certain heads of expenditure. For others, the submission is as per MSPGCL.

10. MSPGCL also submitted the information for provisional true up of FY 2008-09 to the Commission without Prejudice to its rights and contentions raised in Appeal 191 of 2009, as given in Table 2 below:

**Table 2: Provisional Truing up for FY 2008-09**

The summary table on provisional truing up of expenditure and revenue for FY 2008-09 is given below:

(Rs. Crore)			
Particulars	MERC Approved (A)	Actual as per	True -up Amount
		Audited Accounts/ Tariff Norms for 2008- 09 (B)	(A-B)
Cost of Generation	6,223.15	6,953.32	730.17
<i>Fuel Cost</i>	6,038.33	6,681.34	643.01
<i>Other Variable Charges</i>	184.82	271.98	87.16
O & M Expenses	907.89	1,137.35	229.46
Other Expenses	0.00	64.07	64.07
Prior period true- up	0.00	48.27	48.27
<b>Total</b>	<b>7,131.04</b>	<b>8,203.01</b>	<b>1,071.97</b>

11. Copies of the Submissions made by MSPGCL and CPRI Report (Volume 1 and 2- All Stations) can be obtained on written request from the Offices of MSPGCL mentioned below as under:

- MSPGCL Submission only – free of cost
- CPRI Report (Volume 1 and 2) in soft copy on CD – on payment of Rs 50/- in cash or by DD/Cheque drawn on MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED payable at Mumbai
- Hard Copy of CPRI Report (Volume 1 and 2) on payment of Rs 200/- in cash or by DD/Cheque drawn on MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED payable at Mumbai.

Head Office:

Chief General Manager  
Regulatory & Commercial Department  
Maharashtra State Power Generation Co. Ltd.  
3rd Floor, Prakashgad,  
Bandra (E), Mumbai - 400051  
Other Offices of:

1. The Chief General Manager, GTPS Uran, Dist. Raigad - 400702. STD Code: (022) Phone:27222285, Fax: 27222235	2. The Chief General Manager, CSTPS, Urja Bhavan, PO. Durgapur, Dist. Chandrapur-442404. STD Code-07172, Phone: 220155, Fax: 220203	3. The Chief General Manager, Koradi TPS, Urja Bhavan, Adm. Bldg., Koradi (Nagpur)-441111, STD Code-07109, Phone-262141, Fax - 262127
4. The Chief General Manager, Khaperkheda TPS, Post-Khaperkheda, Dist. Nagpur STD Code-07113, Phone-268168, Fax-268123	5. The Chief General Manager, Parli TPS, Dist. Beed- 431520 STD Code-02446, Phone-222356, Fax-222492	6. The Chief General Manager, Bhusawal TPS Post Deepnagar, Bhusawal, Dist. Jalgaon - 425307, STD Code-02582, Phone-250012, Fax-250308
7. The Chief General Manager, Nasik TPS Adm Bldg, PO Eklahare, Nashik-422105, STD Code - 0253, Phone-2810076, Fax-2810072	8. The General Manager, TPS, Paras, Dist. Akola-444109, STD Code-07257, Phone-224848, Fax-224846	9. The Supdtg. Engineer (Gen), Small Hydro Power Circle, 925 Kasba Peth, Administrative Building, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, Pune-411011. STD Code-020, Phone-24467610, Fax-24460359
10. The General Manager, (TIC), Vidyut Bhavan, Katol Road, Nagpur - 440013, STD Code-0712, Phone - 2591151, Fax-2591717.		

12. The Commission has directed MSPGCL to invite suggestions and objections on the five issues mentioned at S.No 7 from the public through this Notice. Suggestions and objections may be sent to the Secretary, Maharashtra Electricity Regulatory Commission, 13<sup>th</sup> Floor, Centre No. 1, World Trade Centre, Cuffe Parade, Mumbai - 400 005 [Fax : 22163976 : E-mail - [mercindia@mercindia.org.in](mailto:mercindia@mercindia.org.in)] by **Thursday, February 18, 2010**, along with proof of service on Director (Finance) MSPGCL.

13. Every person who intends to file suggestions and objections can submit the same in English or in Marathi, in six copies, and should carry the full name, postal

address and e-mail address, if any, of the sender. It should be indicated whether the objection is being filed on behalf of any organization or category of consumers. It should also be mentioned if the sender wants to be heard in person, in such case opportunity would be given by the Commission at the Public Hearing to be held at Office of the **Maharashtra Electricity Regulatory Commission, 13<sup>th</sup> floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai 400 005 on Thursday, 25<sup>th</sup> February, 2010 at 11.00 hours**, for which no separate notice will be given.

14. MSPGCL shall reply to each of the suggestions and objections received within three days of the receipt of the same but not later than **Wednesday, February 24, 2010**, for all the objections and comments/suggestions received till **Thursday, February 18, 2010**. The stakeholders can submit their rejoinders on replies provided by MSPGCL either during the public hearing or latest by **Monday March 1, 2010**.
15. The submission made by MSPGCL and CPRI Study Report (Volume-1 and Volume-2) are available on MSPGCL's website [www.mahagenco.in](http://www.mahagenco.in) and also available on the website of the Commission [<http://www.mercindia.org.in>] in downloadable format (free of cost). 66

Signature

Name: ( Gulabsingh Girase )

Designation: Director (Finance)

MSPGCL