

**Reliance Infrastructure Limited**

Registered Office: Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055

Website: www.rinfra.com

**PUBLIC NOTICE**

**Objections / suggestions on Reliance Infrastructure Limited – Transmission Business (RInfra-T) Petition for Annual Performance Review (APR) for FY 2009-10 under MYT framework, truing up for FY 2008-09 and determination of Aggregate Revenue Requirement for FY 2010-11 (Case No. 100 of 2009)**

1. The Reliance Infrastructure Limited – Transmission Business (RInfra-T) has filed a Petition for approval of Annual Performance Review (APR) for FY 2009-10 under MYT framework, truing up for FY 2008-09 and determination of Aggregate Revenue Requirement for FY 2010-11 before the MERC under the Electricity Act, 2003. The Commission has admitted the Petition on **March 17, 2010** and directed RInfra-T to publish a Public Notice under Section 64(2) of the Act.
2. The salient Features of the Petition are provided below:

**Table 1: Aggregate Revenue Requirement of RInfra-T (Rs. Crore)**

Sl.	Particulars	Previous Year (FY 2008-09)		Current Year (FY 2009-10)		Ensuing Year (FY 2010-11)
		MERC APR Order (Provisional Truing up)	Audited	MERC APR Order	Revised Estimate	Projections
1	Operation and maintenance Expenses	11.73	14.47	12.69	15.65	16.59
1.1	Employee Expenses	6.84	8.71	7.35	8.86	9.39
1.2	Administration and General Expenses	2.23	2.51	2.37	3.36	3.56
1.3	Repair and Maintenance Expenses	2.66	3.25	2.97	3.43	3.64
2	Depreciation, including advance against depreciation	8.23	7.64	9.89	10.09	15.66
3	Interest on Long-term Loan Capital	2.23	2.32	4.33	7.82	16.50
4	Interest on Working Capital and security deposits, if any	0.97	1.21	1.11	1.17	1.06
5	Other Interest and Finance Charges	0	0	0	0	0
6	Other Expenses	0	0	0	0	0
7	Income tax	6.81	6.10	7.24	7.15	4.99
8	Contribution to Contingency Reserves	0.76	0.76	0.88	1.01	1.11
<b>9</b>	<b>Total Revenue Expenditure</b>	<b>30.73</b>	<b>32.49</b>	<b>36.13</b>	<b>42.88</b>	<b>55.93</b>
10	Add: Return on Equity Capital	19.51	20.62	21.10	23.59	29.90
11	Add: Revenue gap for FY 2006-07	5.71	5.71			
12	Add: Incentive on transmission availability for FY 2006-07	0.45	0.45			
13	Add: Revenue gap for FY 2007-08	6.66	6.66			
14	Add: Incentive on transmission availability for FY 2007-08			0.71	0.71	

Sl.	Particulars	Previous Year (FY 2008-09)		Current Year (FY 2009-10)		Ensuing Year (FY 2010-11)
		MERC APR Order (Provisional Truing up)	Audited	MERC APR Order	Revised Estimate	Projections
15	Add: Revenue Gap/(Surplus) from truing up for FY 2008-09			(0.67)	1.54	
16	Less: Non tariff Income	0.17	1.19	0.25	0.30	0.36
17	Less: Income from other business	0	0	0	0	0
<b>18</b>	<b>Aggregate Revenue Requirement from transmission tariff</b>	<b>62.89</b>	<b>64.74</b>	<b>57.01</b>	<b>68.43</b>	<b>85.47</b>

**Table 2: Truing up for FY 2008-09 and Provisional Truing up for FY 2009-10**

S.no.	Particulars	Truing up of FY 2008-09				(Rs. Crores)
		Approved	Actual	Deviation	Controllable	Uncontrollable
<b>A</b>	<b>Expenditure</b>					
1	Operation & Maintenance Expenses	11.73	14.47	2.74		2.74
1.1	Employee Expenses	6.84	8.71	1.87		1.87
1.2	Administration & General Expenses	2.23	2.51	0.28		0.28
1.3	Repair & Maintenance Expenses	2.66	3.25	0.59		0.59
2	Depreciation, including advance against depreciation	8.23	7.64	(0.59)		(0.59)
3	Interest on Long-term Loan Capital	2.23	2.32	0.09		0.09
4	Interest on Working Capital and on consumer security deposits	0.97	1.21	0.24		0.24
5	Other Expenses (pls give details)	-	-	-		-
6	Income Tax	6.81	6.10	(0.71)		(0.71)
7	Contribution to contingency reserves	0.76	0.76	(0.00)		(0.00)
	<b>Total Expenditure</b>	<b>30.73</b>	<b>32.49</b>	<b>1.76</b>		<b>1.76</b>
<b>B</b>	Return on Equity	19.51	20.62	1.11		1.11
<b>C</b>	Revenue gap for FY 2006-07	5.71	5.71	-		-
<b>D</b>	Incentive on transmission availability for FY 2006-07	0.45	0.45	-		-
<b>E</b>	Revenue gap for FY 2007-08	6.66	6.66	-		-
<b>F</b>	<b>Total Net Expenditure</b>	<b>63.06</b>	<b>65.94</b>	<b>2.88</b>		<b>2.88</b>
<b>G</b>	<b>Revenue</b>					
1	Revenue through InSTS	63.56	63.51	(0.05)		(0.05)
2	Non Tariff Income	0.17	1.19	1.02		1.02

Truing up of FY 2008-09						(Rs. Crores)
S.no.	Particulars	Approved	Actual	Deviation	Controllable	Uncontrollable
	<b>Total Revenue</b>	<b>63.73</b>	<b>64.71</b>	<b>0.98</b>		<b>0.98</b>
<b>H</b>	<b>Revenue Gap [F - G]</b>	<b>(0.67)</b>	<b>1.23</b>	<b>1.90</b>		<b>1.90</b>
I	Carrying cost @ 12.75% for 2 years		0.31	0.31		0.31
<b>J</b>	<b>Net Revenue Gap [H + I]</b>		<b>1.54</b>	<b>1.54</b>		<b>1.54</b>

Provisional Truing up of FY 2009-10						(Rs. Crores)
S.no.	Particulars	Approved	Actual	Deviation	Controllable	Uncontrollable
<b>A</b>	<b>Expenditure</b>					
1	Operation & Maintenance Expenses	12.69	15.65	2.96		2.96
1.1	Employee Expenses	7.35	8.86	1.51		1.51
1.2	Administration & General Expenses	2.37	3.36	0.99		0.99
1.3	Repair & Maintenance Expenses	2.97	3.43	0.46		0.46
2	Depreciation, including advance against depreciation	9.89	10.09	0.20		0.20
3	Interest on Long-term Loan Capital	4.33	7.82	3.49		3.49
4	Interest on Working Capital and on consumer security deposits	1.11	1.17	0.06		0.06
5	Other Expenses (pls give details)	-	-	-		-
6	Income Tax	7.24	7.15	(0.09)		(0.09)
7	Contribution to contingency reserves	0.88	1.01	0.13		0.13
	<b>Total Expenditure</b>	<b>36.13</b>	<b>42.88</b>	<b>6.75</b>		<b>6.75</b>
<b>B</b>	Return on Equity	21.10	23.59	2.49		2.49
<b>C</b>	<b>Total Net Expenditure</b>	<b>57.22</b>	<b>66.47</b>	<b>9.25</b>		<b>9.25</b>
<b>D</b>	<b>Revenue</b>					
1	Revenue through InSTS	57.01	58.82	1.81		1.81
2	Non Tariff Income	0.25	0.30	0.05		0.05
	<b>Total Revenue</b>	<b>57.26</b>	<b>59.12</b>	<b>1.86</b>		<b>1.86</b>
<b>E</b>	Incentive for higher availability in FY 2007-08	0.71	0.71	-		-
<b>F</b>	Revenue Gap/(Surplus) from truing up for FY 2008-09	(0.67)	1.54	2.21		2.21
	<b>Net Revenue Gap [C - D + E + F]</b>	<b>0.00</b>	<b>9.61</b>	<b>9.61</b>		<b>9.61</b>

**Table 3: Trajectory of Operational Parameters**

Sl.	Particulars	Availability (%)				Transmission Losses (%)			
		FY 2008-09	FY 2009-10		FY 2010-11	FY 2008-09	FY 2009-10		FY 2010-11
		Actual	H1 Actual	H2 Estimate	Projected	Actual	H1 Actual	H2 Estimate	Projected
1	RInfra-T	99.63%	99.61%	98%	98%	1.49%	1.27%	1.27%	1.27%

Note: Availability in % for FY 2008-09 and H1 of FY 2009-10 is as certified by MSLDC. For H2 of FY 2009-10 and FY 2010-11, availability is considered as per norms specified in MERC Tariff Regulations, 2005. Transmission losses in % for H2 of FY 2009-10 and FY 2010-11 are estimated to be the same as is for Actual of H1 of FY 2009-10. The same will be trued up during the truing up exercise for the respective years.

**Table 4: RInfra-T's Capital Expenditure plan (Rs. Crore)**

Sl.	Name of Project	Expenditure incurred till FY 2008-09	Expenditure Planned & Capitalisation Projected			
			FY 2009-10		FY 2010-11	
			Expenditure	Capitalisation	Expenditure	Capitalisation
	DPR	103.23	119.63	32.89	446.76	250.98
	Non-DPR	15.27	7.99	8.51	7.53	8.01
	<b>Total</b>	<b>118.50</b>	<b>127.62</b>	<b>41.40</b>	<b>454.29</b>	<b>258.99</b>

**Table 5: Revenue**

The Revenue earned by RInfra-T is as follows: (Rs. Crore)

Sl.	Particulars	Previous Year (FY 2008-09)		Current Year (FY 2009-10)	
		MERC APR Order (Provisional Truing up)	Actual	MERC APR Order	Revised Estimate
1	Revenue	63.56	63.51	57.01	58.82

**Table 6: Net Aggregate Revenue Requirement for FY 2010-11 from Transmission Tariff (Rs. Crore)**

Sl.	Particulars	Amount
1	Aggregate Revenue Requirement for FY 2010-11	85.47
2	Add: Incentive for higher Transmission Availability in FY 2008-09	0.86
	Add: Tax on availability incentive	0.29
3	Add: Effect of Hon'ble ATE judgment in FY 2006-07 truing up -	
	efficiency gains on interest on working capital	0.29
	Income tax on transmission availability	0.22
4	Add: Effect in FY 2007-08 truing up (based on Hon'ble ATE judgment for FY 2006-07)	
	efficiency gains on interest on working capital	0.35
	Income tax on transmission availability	0.32
5	Cumulative revenue gap of FY 2008-09 and FY 2009-10	9.61
	<b>Net Revenue Requirement for FY 2010-11 from Transmission Tariff</b>	<b>97.41</b>

- Copies of the following documents can be obtained on written request from the offices of RInfra-T mentioned below:

- a. Executive Summary of the proposals (free of cost, in Marathi or English)
- b. Detailed Petition documents along with CD (in English) (on payment of Rs. 100/- by Cash/DD/Cheque drawn on “**Reliance Infrastructure Limited**” payable at Mumbai.
- c. Detailed Petition documents (in English) (on payment of Rs. 50/-).
- d. CD of detailed Petition document (in English) (on payment of Rs. 50/-).

**Office:**

Office	Address	Tele / Fax No.
Registered & Head Office	Reliance Energy Center, Santa Cruz (East), Mumbai 400 055	Tel:+91-22-3009 9999 Fax:+91-22-3009 9775
North Division	369 D, Jn of Shanker Lane & S V Road, Kandivali (W), Mumbai 400 067	Tel:+91-22-3009 6999 Fax:+91-22-3009 4580
Central Division	Western Expressway, Opp: Patel Aluminium, Dindoshi, Goregaon (E), Mumbai 400 097	Tel:+91-22-3009 6999 Fax:+91-22-3009 4844
South Central Division	E-4, MIDC, Andheri (E), Mumbai 400 093	Tel:+91-22-3009 6999 Fax:+91-22-3009 4200
South Division	RNA Corporate Park, Old Kala Mandir, Near Collector’s Office, Bandra (E), Mumbai 400 051	Tel:+91-22-3009 6999 Fax:+91-22-3009 6263
East Division	Near Sahakar Cinema, Tilak Nagar, Road No.3,Chembur, Mumbai 400 089	Tel:+91-22-3009 6999 Fax:+91-22-3009 2022

4. The Commission has directed RInfra-T to invite suggestions and objections from the public on the above Petition 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] by **April 10, 2010**, along with proof of service on Shri. Kapil Sharma, Regulatory Affairs, Reliance Infrastructure Limited, 5<sup>th</sup> Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055.
5. 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 suggestion/objection is being filed on behalf of any organization of category of consumers. It should also be mentioned if the sender wants to be heard in person, in which case opportunity would be given by the Commission at the Public Hearing to be held at **Rangsharda Natya Mandir, Bandra Reclamation, Bandra (W), Mumbai 400050 on April 15, 2010, at 11.00 Hrs**, for which no separate notice will be given.
6. RInfra-T shall reply to each of the suggestions and objections and received within three days of the receipt of the same but not later than **April 13, 2010**, for all the objections and comments/suggestions received till **April 10, 2010**. Stakeholders can submit their rejoinders on replies provided by RInfra-T either during the public hearing or latest by **April 22, 2010**.
7. The detailed Petition document and the Executive Summary are available on RInfra-T’s website [www.rinfra.com](http://www.rinfra.com) and the executive summary is also available on the web site of the Commission [www.mercindia.org.in](http://www.mercindia.org.in) in downloadable format (free of cost).

Signature  
(Ramesh Shenoy)  
Company Secretary  
Reliance Infrastructure Limited