

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 Ltd.-Generation Business (RInfra-G)
Petition for Annual Performance Review (APR) of FY 2009-10 under MYT framework,
truing up for FY 2008-09 and determination of Tariff for FY 2010-11
(Case No. 99 of 2009)**

1. The Reliance Infrastructure Limited's Generation Business (RInfra-G) has filed the Petition for approval of Annual Performance Review (APR) for FY 2009-10 under MYT framework, truing up for FY 2008-09 and determination of tariff for FY 2010-11 before the Maharashtra Electricity Regulatory Commission (MERC) under the Electricity Act, 2003. The Commission has admitted the Petition on **March 17, 2010** and directed RInfra-G 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-G (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	Fuel Related Expenses	619.09	706.43	815.23	824.97	833.54
2	Operation and maintenance Expenses	73.07	91.33	77.30	100.91	107.65
2.1	Employee Expenses		36.33			
2.2	Administration and General Expenses		17.89			
2.3	Repair and Maintenance Expenses		37.11			
3	Depreciation, including advance against depreciation	23.91	24.32	14.21	14.55	17.13
4	Interest on Long-term Loan Capital	13.90	14.38	13.91	15.55	18.05
5	Interest on Working Capital	8.13	9.99	6.32	10.59	9.77
6	Income tax	9.68	13.36	9.79	14.98	49.02
7	Total Revenue Expenditure	747.78	859.81	936.76	981.55	1035.16
8	Add: Return on Equity Capital	71.50	71.91	72.46	72.81	74.95
9	...Add: PLF Incentive	0	21.59	0		
10	Adjustment for efficiency gains/loss	0	60.05			
10	Less: Non Tariff Income	6.17	7.11	6.17	4.49	5.00
11	Revenue Requirement	813.11	1006.25	1003.05	1049.87	1105.11
12	Adjustments for surplus/ deficit from previous years					99.48 [@]
13	Aggregate Revenue Requirement	813.11	1006.25	1003.05	1049.87	1204.59

[@]: The amount recoverable on account of deferment of capitalization by Hon'ble Commission and ATE Judgments

Table 2: Truing up for FY 2008-09 and Provisional Truing up for FY 2009-10**Table 2.1: Truing up for FY2008-09**

S.No.	Particulars	Previous Year (FY 2008-09)				
		Approved	Actual	Deviation	Controllable	Uncontrollable
A	Expenditure					
1	Fuel Related Expenses	619.09	706.43		90.08 [#]	0.00
2	Operation & Maintenance Expenses	73.07	91.33	-18.26	0	-18.26
2.1	Employee Expenses		36.33			
2.2	Administration & General Expenses		17.89			
2.3	Repair & Maintenance Expenses		37.11			
3	Depreciation, including advance against depreciation	23.91	24.32	-0.41	0	-0.41
4	Interest on Long-term Loan Capital	13.90	14.38	-0.48	0	-0.48
5	Interest on Working Capital	8.13	9.99	-1.86	0.00	-1.86
6	Other Expenses	0	0.00	0.00		0.00
7	Income Tax	9.68	13.36	-3.68	0	-3.68
	Total Expenditure	747.78	859.81		90.08	-24.69
	Return on Equity	71.5	71.91			
	Add: Incentive for Higher PLF	0	21.59			
B	Add: 2/3rd of Efficiency gain(due to controllable factors) to be retained by Rlnfra-G	0	60.05			
	Total of RoE+Gains+Incentive	71.50	153.55			
C	Revenue					
1	Revenue from sale of electricity	813.11	999.89			
2	Other Income	6.17	7.11			
	Total Revenue	819.28	1007.00			
D	Revenue Gap = (C) - [(A) + (B)]	0.00	-6.37			
	Revenue Gap Including Carrying Cost]	0.00	-7.99	This gap is considered in fixed cost component of FY11 tariff of Rlnfra-G		

[#]: The amount of Rs. 90.08 Crore indicated as deviation in Fuel Related Cost on account of controllable factors denotes the fuel cost savings achieved by Rlnfra-G on account of better performance of DTSPS vis-à-vis the norms of MERC.

The difference between Approved and Actual Fuel Cost is not relevant as it pertains to different performance levels (Approved Cost at Norms and Actual cost at Actual Performance), different energy sale (Approved cost at assumed sale) and fuel prices (Approved Fuel Cost at assumed fuel prices).

Table 2.2: Provisional Truing up for FY2009-10

S.No.	Particulars	Current Year (FY 2009-10)				
		Approved	Estimated(Normative)	Deviation	Controllable	Uncontrollable
A	Expenditure					
1	Fuel Related Expenses	815.23	824.97	-9.74 [§]	0.00	-9.74
2	Operation & Maintenance Expenses	77.30	100.91	-23.61	0	-23.61
2.1	Employee Expenses			0.00	0	0.00
2.2	Administration & General Expenses			0.00	0	0.00
2.3	Repair & Maintenance Expenses			0.00	0	0.00
3	Depreciation, including advance against depreciation	14.21	14.55	-0.34	0	-0.34
4	Interest on Long-term Loan Capital	13.91	15.55	-1.64	0	-1.64
5	Interest on Working Capital	6.32	10.59	-4.27	0.00	-4.27
6	Other Expenses	0.00	0.00	0.00		0.00
7	Income Tax	9.79	14.98	-5.19	0	-5.19
	Total Expenditure	936.76	981.55	-44.79	0.00	-44.79
B	Return on Equity	72.46	72.81	-0.36		-0.36
C	Revenue					
1	Revenue from sale of electricity	1003.05	981.06			
2	Other Income	6.17	4.49	1.68		1.68
	Total Revenue	1009.22	985.55			
D	Revenue Gap = (C) - [(A) + (B)]	0.00	-68.81	This gap is considered in fixed cost component of FY11 tariff of Rlnfra-G cost		

§: The deviation in Fuel Cost is on account of variation in quantum of energy sale and fuel prices.

Table 3.1: Trajectory of Operational Parameters (Availability and Plant Load Factor)

Station	Availability (%)			PLF (%)		
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2008-09	FY 2009-10	FY 2010-11
	Actual	Estimated	Projected	Actual	Estimated	Projected
DTPS	96.31	95.97	95.89	101.86	98.53	95.89

Note1: Actual/ estimated availability of DTSP is more than norm of 80% for full fixed cost recovery as per MERC Tariff Regulations

Note 2: Actual/ estimated PLF of DTSP is more than target of 80% for incentive as per MERC Tariff Regulations. The PLF in actual may vary from estimates/ projections according to variation in consumer demand and dispatch instructions from MSLDC.

Table 3.2: Trajectory of Operational Parameters (Station Heat Rate and Auxiliary Consumption)

Station	Station Heat Rate (kcal/kWh)			Auxiliary Consumption (%)		
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2008-09	FY 2009-10	FY 2010-11
	Actual	Estimated	Projected	Actual	Estimated	Projected
DTPS	2300	2305	2500	7.71	7.66	8.5

Note 3: Actual/ estimated Heat Rate of DTSP is better than norm of 2500 kcal/ kWh. Heat Rate for FY11 is projected at norm as per MERC Tariff Regulations and any benefits of better Heat Rate shall be passed on to consumers as per MERC Tariff Regulations.

Note 4: Actual/ estimated Auxiliary Power Consumption (APC) of DTSP is better than norm of 8.50%. APC for FY11 is projected at norm as per MERC Tariff Regulations and any benefits of better APC shall be passed on to consumers as per MERC Tariff Regulations.

Table 3.3: Trajectory of Operational Parameters (Secondary Fuel Consumption and Transit Loss)

Station	Secondary Fuel Consumption (ml/kWh)			Transit Loss (%)		
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2008-09	FY 2009-10	FY 2010-11
	Actual	Estimated	Projected	Actual	Estimated	Projected
DTPS	0.134	0.137	2.000	1.73	1.63	0.80

Note 5: Actual/ estimated Secondary Fuel Consumption (SFC) of DTSP is better than norm of 2.000 ml/ kWh. SFC for FY11 is projected at norm as per MERC Tariff Regulations and any benefits of better SFC shall be passed on to consumers as per MERC Tariff Regulations.

Note 6: Actual/ estimated Transit Losses of primary fuel(s) of DTSP is higher than norm/ trajectory stipulated by MERC.

The financial impact of higher transit loss was/ would be absorbed by RInfra-G and would not be passed on to consumers.

Table 4: Fixed Cost and Variable Cost of Generation

Station	FY 2008-09								FY 2009-10								FY 2010-11	
	MERC APR Order				Audited				MERC APR Order				Estimated				Projected	
	FC		VC		T		FC		VC		T		FC		VC		T	
	Rs. Cr.	Rs/ kWh	Rs/ kWh	Rs/ kWh	Rs. Cr.	Rs/ kWh	Rs/ kWh	Rs/ kWh	Rs. Cr.	Rs/ kWh	Rs/ kWh	Rs/ kWh	Rs. Cr.	Rs/ kWh	Rs/ kWh	Rs/ kWh	Rs. Cr.	Rs/ kWh
DTPS	181.79	0.452	1.979	2.431	218.18	0.542	1.755	2.297	156.09	0.397	2.101	2.498	224.90	0.573	1.872	2.445	371.05	0.991

Legend: FC – Fixed Cost, VC – Variable Cost of Generation at Bus Bar, T- Total Cost of Generation

Note 7: MERC APR Order provides VC at assumed fuel prices and allows adjustment of VC for actual fuel prices through FAC.

To provide a comparative values, VC provided under APR Order is that after adjusting for FAC.

Note 8: Fixed cost for FY11 is higher on account of increased Income Tax liability and deficit of previous years.

Table 5: Net Generation (MU)

Station	FY 2008-09		FY 2009-10		FY 2010-11
	MERC APR Order	Actual	MERC APR Order	Estimated	Projected
DTPS	3721	4024.52	3915	3927.35	3785.63

Note 9: MERC indicates energy sale (net generation) in APR Orders of RIntra-G for estimating power procurement cost of the procurer-licensee. The actual sale of energy would depend, inter-alia, on demand from procurer, transmission availability, dispatch instruction from MSLDC based on Merit-Order. Hence net generation indicated in APR Orders or estimated net generation are not comparable to actual generation.

Table 6: RIntra-G's Capital expenditure plan (Rs.Crore)

Sl.	Name of Project	Expenditure incurred till FY 2008-09	Capitalisation till FY 2008-09	Expenditure Planned & Capitalisation Projected			
				FY 2009-10		FY 2010-11	
				Expenditure	Capitalisation	Expenditure	Capitalisation
1	Ongoing Projects						
	<i>DPR</i>	5.33	9.01	19.47	22.70	12.67	12.67
	<i>Non-DPR</i>	1.94	4.25	5.56	9.73	0.00	0.00
	<i>Sub-total</i>						
2	New Projects						
	<i>DPR</i>	1.89	0.00	14.20	14.20	54.71	34.71
	<i>Non-DPR</i>	11.92	0.00	4.12	4.15	3.28	3.28
	<i>Sub-total</i>						
	Total	21.08	13.26	43.35	50.78	70.66	70.66

3. Copies of the following documents can be obtained on written request from the offices of RInfra-G mentioned below:
- Summary of the Petition (free of cost, in Marathi or English).
 - Detailed Petition documents along with CD (in English) (on payment of Rs. 150/- by Cash/ DD/ Cheque drawn on “**Reliance Infrastructure Limited**”).
 - Detailed Petition documents (in English) (on payment of Rs. 100/-).
 - 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-G 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, 13th 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, 5th Floor, South Wing, Reliance Energy Center, Santa Cruz (E), 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-G shall reply to each of the suggestions and objections received within three days of the receipt of the same but not later than **April 13, 2010** for all the suggestions and objections received till **April 10, 2010**. Stakeholders can submit their rejoinders on replies provided by RInfra-G either during the public hearing or latest by **April 22, 2010**.
7. The detailed Petition document and the summary are available on RInfra-G's website www.rinfra.com and the executive summary is also available on the web site of the Commission, www.mercindia.org.in in downloadable format (free of cost).

Signature
Name (Ramesh Shenoy)
Designation: Company Secretary
Reliance Infrastructure Limited