

EXECUTIVE SUMMARY



The Maharashtra State Power Generation Company Limited (MSPGCL or MAHAGENCO) is submitting this Tariff Determination of Paras Unit no. 3 under first Multi Year Tariff (MYT) control period as per the MERC (Terms and Conditions of Tariff) Regulations, 2005 based on the actual Project Cost till 30th March 2008 and projections from 1st April 08 onwards for FY , 2008-09 and FY 09-10.

The Capital cost of the project considered for the purpose of this tariff filing as on March 31, 2008 is Rs 1439.32 Cr. including the differential IDC of Rs. 216.06 Cr. as detailed in main text of the petition. The breakup of capital cost into various categories of assets has been provided in Form 4.1 of Annexure-1.

Commissioning of the unit got delayed from the target schedule primarily because of delay in sequential supplies of material by BHEL besides the other factors. The Petitioner has therefore imposed liquidated damages to the tune of Rs 67.91 Cr. on M/s BHEL, as on January 2009, for causing the said delay in commissioning of the unit, however the final amount of LD will be finalized in due course of time.

MSPGCL submits that although the Paras Unit-3 was commissioned on 31st March 2008, however, the unit has not stabilized in the 180 days period suggested in the Tariff Regulations because of the reasons mentioned in the main text of the petition. Normative parameters on the unit are expected to be achieved by the end of December 2008 and hence MSPGCL has projected operating parameters in the petition considering such number of days as the stabilization period.

The Petitioner has summarized the cost of generation for Paras Unit-3 based on the normative parameters stipulated in the Tariff Regulation 2005 for the years 2008-09 and 2009-10 as follows:

		2008-09	2009-10
Depreciation	Rs Crore	51.61	51.96
Advance Against Depreciation	Rs Crore	51.69	51.35
Operations & Maintenance Expenses	Rs Crore	31.24	32.92
Interest on Long Term Loan	Rs Crore	121.71	112.65
Interest on Working Capital	Rs Crore	16.81	17.52
Return on Equity Capital	Rs Crore	48.76	48.76
Income Tax	Rs Crore	5.52	5.52
Total Fixed Charges	Rs Crore	327.35	320.69
Total Variable Charges	Rs Crore	204.24	228.79
Total charges	Rs Crore	531.59	549.48
Net Generation	MU	963.58	1594.32
Variable Cost	Rs/kWh	2.12	1.44

The Petitioner humbly prays to the Hon'ble Commission to:

- a. Condone the delay in submission and admit this petition
- b. Approve the tariff of Paras Unit-3 for the remaining part of the year 2008-09 and 2009-10.
- c. Approve the Variable cost of Paras Unit-3 on actual operating parameters till the stabilization of unit i.e. till end of December 2008.
- d. Allow MSPGCL to recover the differential tariff to be recovered from MSEDCL for units supplied to them from 31st March 2008 based on the final tariff determined by the Hon'ble Commission
- e. Provide the Petitioner with the workable excel model used to determine the final tariff for the unit
- f. Condone any shortcomings in the petition and allow the Petitioner to submit additional information as may be required by the Commission at a later stage.