

PUBLIC NOTICE

**Suggestions and objections on Tata Power's-Generation Business (Tata Power-G) Annual Performance Review (APR) Petition for FY 2008-09 under MYT framework, truing up for FY 2007-08 and determination of tariff for FY 2009-10.
(MERC Case No. 111 of 2008)**

1. The Tata Power Company Limited's Generation Business (Tata Power-G) has filed a Petition for Approval of Annual Performance Review (APR) for FY 2008-09 under MYT framework, truing up for FY 2007-08 and determination of tariff for FY 2009-10 before the Maharashtra Electricity Regulatory Commission (MERC) under the Electricity Act, 2003. The Commission has admitted the Petition on February 20, 2009 and directed Tata Power-G to publish a Public Notice under Section 64(2) of the Electricity Act, 2003 for inviting suggestions and objections from the Public through this Notice.
2. The salient Features of the Petition are provided below:

Table 1: Aggregate Revenue Requirement of Tata Power - G (Rs. Crore)

Sl.	Particulars	Previous Year (FY 2007-08)		Current Year FY 2008-09		Ensuing Year FY 2009-10	
		MERC APR Order	Audited	MERC APR Order	Revised Estimate	MERC MYT Order	Projections
1	Fuel Related Expenses	2986	3311	3301	4152		3165
2	Operation and maintenance Expenses	313	301	329	325	329	341
2.1	Employee Expenses		131		152		156
2.2	Administration and General Expenses*		68		76		77
2.3	Repair and Maintenance Expenses		103		97		109
3	Depreciation, including advance against depreciation	48	48	61	51	81	60
4	Interest on Long-term Loan Capital	23	20	34	35	50	57
5	Other Interest and Finance Charges, including Working Capital interest	89	84	99	129	78	94
6	Lease Rentals/Water cess						
7	Income tax	44	120	45	88	31	107
8	Allocation of Load Control Centre (LCC) Cost	-	-	-	2		2
10	Total Revenue Expenditure		3885		4782		3826
11	Add: Return on Equity Capital	152	152	157	154		169
12	Less: Other Income	10	27	9	13	7	17
13	Aggregate Revenue Requirement	3645	4010	4017	4923	-	3978

Note: * Administration and General Expense shown excluding the Tata Brand Equity.

Table 2: Truing up for FY 2007-08 and Provisional Truing up for FY 2008-09

Table 2A: Truing up for FY 2007-08

FY 2007-08					Rs. Crores
Sr. No.	Particulars	Approved	Entitlement as per the Regulations	Efficiency Gains / (Loss) from Controllable factors shared with Consumers	Net Entitlement (Including Transfer to Reserves) after Impact of Gains / (Loss) from Controllable factors
I	Revenue				4157
	- Power Supply				4130
	- Non-Tariff Income	10			27
II	Expenditure				
1	Fuel Related Expenses	2986	3428	39	3389
2	Operation & Maintenance Expenses	313	318	6	313
3	Depreciation, including advance against depreciation	48	48		48
4	Interest on Long-term Loan Capital	23	20		20
5	Interest on Working Capital	89	87	(7)	94
6	Other Finance Charges	0	(3)		(3)
7	Income tax	44	120		120
8	Return on Equity	152	152		152
9	Total Expenditure	3655	4170	37	4133
10	Incentive		41		41
11	Total Incl. Incentive		4211		4174
III	Gap/(Surplus)				17
IV	Impact of Tax Reversal				(28)
V	Add Excess Recovery -Page 40 of 106 of TPC-D Order dated 4th June 08				(46)
VI	Net Gap/(Surplus)				(57)

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

FY 2008-09					Rs. Crores
Sr. No.	Particulars	Approved	Entitlement as per the Regulations	Efficiency Gains / (Loss) from Controllable factors shared with Consumers	Net Entitlement (Including Transfer to Reserves) after Impact of Gains / (Loss) from Controllable factors
I	Revenue				4,899
	- Power Supply				4,885
	- Non-Tariff Income	9			13
II	Expenditure				
1	Fuel Related Expenses	3,301	4,228	25	4,203
2	Operation & Maintenance Expenses	329	329	1	327
3	Depreciation, including advance against depreciation	61	51		51
4	Interest on Long-term Loan Capital	34	35		35
5	Interest on Working Capital	99	129	(1)	130
6	Other Finance Charges + LCC Charges	-	2		2
9	Income tax	45	88		88
10	Return on Equity	157	154		154
11	Total Expenditure	4,026	5,016	26	4,991
12	Incentive		32		32
13	Total Incl. Incentive		5,048		5,022
III	Net Gap/(Surplus)				124

Table 3: Amount Recoverable from tariff on account of the Judgment of Appellate Tribunal for Electricity

Table 3A –Amount Restored by the Appellate Tribunal for Electricity

Sr. No.	Issue	Rs. Crores		
		FY 2004-05	FY 2005-06	Total
1	Depreciation	41	4	45
2	Income Tax	33	50	83
3	Employee Expenditure	0	12	12
4	R&M Expenditure	2	1	3
5	A&G Expenditure	19	16	35
6	Interest on Disallowed Capex	5	5	10
7	Departure from Mercantile System	(101)	356	255
8	Total	(1)	444	443
9	Interest for 4 years	0		0
10	Interest for 3 years		137	137
11	Total Recovery including Interest	(2)	581	579

Table 3B Amount Recoverable from the Distribution Licensees

Licensee	FY 2004-05 Sales (MU)	Ratio of Sales FY 2004-05	Share of Each Licensee	Rs. Crores			
				FY 2005-06 Sales (MU)	Ratio of Sales FY 2005-06	Share of Each Licensee	Total Share of Each Licensee
BEST	3,352	35%	(1)	3,924	38%	219	218
REL	3,962	41%	(1)	4,155	40%	232	231
TPC-D	2,269	24%	(0)	2,336	22%	130	130
Total	9,583	100%	(2)	10,415	100%	581	579

Table 4.1: Trajectory of Operational Parameters (Availability and PLF)

Sl.	Station	Availability / Capacity Index (%)			PLF (%)		
		FY 2007-08	FY 2008-09	FY 2009-10	FY 2007-08	FY 2008-09	FY 2009-10
		Actual	Estimated	Projected	Actual	Estimated	Projected
A	Hydro Stations						
	Khopoli	100%	97%	97%	41%	44%	40%
	Bhivpuri	98%	96%	95%	44%	45%	47%
	Bhira	99%	96%	96%	36%	22%	34%
B	Thermal						
	Trombay Unit 5	92%	99%	92%	91%	94%	91%
	Trombay Unit 6	100%	91%	99%	88%	77%	89%
	Trombay Unit 7	96%	76%	97%	85%	71%	90%
	Trombay Unit 4	86%	98%	92%	60%	60%	6%

Table 4.2: Trajectory of Operational Parameters (Station Heat Rate and Aux. Cons.)

Sl.	Station	Station Heat Rate (kCal/kWh)			Auxiliary Consumption (%)		
		FY 2007-08	FY 2008-09	FY 2009-10	FY 2007-08	FY 2008-09	FY 2009-10
		Actual	Estimated	Projected	Actual	Estimated	Projected
A	Hydro Stations						
	Khopoli				0.53%	0.50%	0.64%
	Bhivpuri				0.69%	0.76%	0.74%
	Bhira				0.40%	0.52%	0.48%
B	Thermal						
	Trombay Unit 5	2567	2539	2555	4.87%	4.79%	5.50%
	Trombay Unit 6	2306	2353	2400	3.07%	3.26%	3.50%
	Trombay Unit 7	2001	1968	1971	2.37%	2.42%	2.75%
	Trombay Unit 4	2497	2522	2575	7.39%	7.49%	8.00%

Table 4.3: Trajectory of Operational Parameters (Secondary Fuel Consumption and Transit Loss)

Sl.	Station	Secondary Fuel Consumption (ml/kWh)			Transit Loss (%)		
		FY 2007-08	FY 2008-09	FY 2009-10	FY 2007-08	FY 2008-09	FY 2009-10
		Actual	Estimated	Projected	Actual	Estimated	Projected
	Thermal				-	-	0.50%
	Trombay Unit 5	NA	NA	NA	-	-	-
	Trombay Unit 6	NA	NA	NA	-	-	-
	Trombay Unit 7	NA	NA	NA	-	-	-
	Trombay Unit 4	NA	NA	NA	-	-	-

Table 5: Station-wise/Unit wise Fixed and Variable Cost of Generation

Station	FY 2007-08									FY 2008-09									FY 2009-10					
	MERC APR Order			Audited			MERC APR Order			Estimated			FC			Projected								
	FC	VC	T	FC	VC	T	FC	VC	T	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/kWh	Rs. Cr.	Rs/kWh	Rs/kWh	Rs/kWh	Rs. Cr.	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh					
Hydro Station																								
Khopoli	71.8	1.43	NA	1.43	75.03	1.49	NA	1.49	45.00	0.90	NA	0.90	75.11	1.50	NA	1.50	76.00	1.51	1.54	NA	1.54			
Bhivpuri	49.7	0.95	NA	0.95	51.33	0.98	NA	0.98	34.13	0.65	NA	0.65	54.96	1.05	NA	1.05	48.20	0.92	1.09	NA	1.09			
Bhira	74.6	0.36	NA	0.36	73.41	0.35	NA	0.35	65.67	0.314	NA	0.31	79.39	0.38	NA	0.38	88.00	0.42	0.40	NA	0.40			
Thermal																								
Trombay Unit 5 (Fuel Oil)	188.90	0.57	4.99	5.56	174.79	0.52	6.52	7.05	222.95	0.67	6.74	7.41	206.92	0.62	8.54	9.16	222.00	0.67	0.72	5.40	6.12			
Trombay Unit 5 (Coal)			1.48	2.05			1.57	2.10			1.52	2.19			2.63	3.25				2.92	3.64			
Trombay Unit 6 (Fuel Oil)	170.90	0.51	4.71	5.22	185.32	0.55	5.75	6.30	190.83	0.56	6.35	6.91	207.54	0.61	7.79	8.40	187.20	0.55	0.64	4.96	5.60			
Trombay Unit 6 (Gas)			0.86	1.37			0.82	1.37			0.85	1.41			0.85	1.46				0.98	1.62			
Trombay Unit 7	94.60	0.77	0.70	1.47	101.18	0.82	0.71	1.53	93.97	0.77	0.69	1.46	101.36	0.82	0.70	1.53	103.10	0.84	1.08	0.80	1.88			
Trombay Unit 4	39.40	0.41	5.28	5.69	37.47	0.38	6.52	6.90	32.23	0.33	7.14	7.47	45.67	0.47	8.73	9.20	9.60	0.10	0.12	5.59	5.71			
TOTAL-Trombay	493.80				498.76								561.49				521.90							

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

Note: The Variable costs shown above may not match with that presented in Form 2.1 as the latter is for all the fuels taken together in unit

Table 6: Net Generation (MU)

	FY 2007-08		FY 2008-09		FY 2009-10
	MERC APR Order	Actual	MERC APR Order	Estimated	Projected
Hydro	1493	1482	1368	1141	1443
Thermal (U4 to U 7)	9718	9598	9305	9052	8964
TPC Total	11211	11080	10673	10193	10407

Table 7: Sale of Power from Unit-8**Table 7A: Annual Fixed Charge – FY 2008-09 & FY 2009-10**

Particulars	Rs. Crores			
	FY 2008-09	FY 2009-10	FY 2008-09	FY 2009-10
	For 250 MW		For 150 MW (in proportion to total Capacity)	
O&M Charges	8	32	5	19
Interest on Long Term Loans	23	97	14	58
Interest on Working Capital	5	21	3	12
Depreciation	9	38	6	23
Return on Equity	12	48	7	29
Income Tax	-	-	-	-
Annual Fixed Charges	57	235	34	141

Table 7B: Energy Charge – FY 2009-10

Fuel	Norms gm/Kwh*	Cal Value (kcal/kg)	Net Heat Contribution	Price (Rs/Tonne)	Rs./kWh
					Energy Charge (Rs/kWh)
Secondary oil (gms/Kwh)	2.36	10,450	25	20,860	0.05
Coal (Balance)		4,950	2,769	5,343	2.99
Total			2,794		3.04

* Considering a specific Gravity of 0.9 gm/ml and stabilisation of 3 Months in FY 2009-10

Status Note: Commissioning of Unit 8

The 250 MW Unit 8 was synchronised for the first time on 13th January 2009. The commissioning activities are in progress. The Commercial Operation of the Unit is expected to commence by end March 2009.

3. Copies of the following documents can be obtained on written request from the offices of The Tata Power Company 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. 150/- by DD/ Cheque/ Cash drawn on “**The Tata Power Company Limited**”).
 - c. Detailed Petition documents (in English) (on payment of Rs. 100/-).
 - d. CD of detailed Petition document (in English) (on payment of Rs. 50/-).

Office:

Office	Address	Tele / Fax No.
Registered Office	Ms. Shalini Singh, Chief-Corporate Communications, The Tata Power Company Ltd, Bombay House, 24, Homi Mody Street, Fort, Mumbai 400 001	6665 8282
Head Office	Mr. Rahul Ranade, Executive - Regulations, The Tata Power Company Limited, Corporate office, Regulation Department, 'B' Block, 2nd Floor, 34 Sant Tukaram Road Carnac Bunder, Mumbai 400 009	6717 1208
Mahalaxmi	Mr. B Tholan, The Tata Power Co Ltd., Distribution Division, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.	6717 2214
Dharavi	Mr. M. S .Medhi, The Tata Power Company Ltd., Near Shalimar Indl. Estate, Matunga (East), Mumbai 400 019.	6666 8021
Borivli	Mr. S S Dalvi, The Tata Power Co Ltd., Tata Power House Road, Borivli (East), Mumbai 400 066	6717 3517

4. The Commission has directed Tata Power-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 **Wednesday, March 18, 2009**, along with proof of service on **Mr V H Wagle, Asst. General Manager, The Tata Power Company Limited, B Block, Corporate Centre, 34, Sant Tukaram Road, Carnac Bunder, Masjid, Mumbai 400 009.**
5. Every person who intends to file suggestions and objections can submit the same in English or in Marathi, in six copies, and should mention 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 which case opportunity would be given by the Commission at the Public Hearing to be held **at VISTA HALL, 30th Floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai 400005 on Tuesday, March 24, 2009 at 11:00 hours**, for which no separate notice will be given.
6. Tata Power-G shall reply to each of the suggestions and objections received within three days of the receipt of the same but not later than **Saturday, March 21, 2009** for all the suggestions and objections received till **Wednesday, March 18, 2009**. Stakeholders can submit their rejoinders on replies provided by Tata Power-G either during the public hearing or latest by **Tuesday, March 31, 2009.**
7. The detailed Petition document and the summary are available on Tata Power's website www.tatapower.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).

Sd/-

Name (-Vidyadhar H Wagle)

Designation: Assistant General Manager

The Tata Power Company Limited