

PUBLIC NOTICE

Objections / suggestions on TPC-Distribution Business' (TPC-D) Annual Performance Review (APR) Petition for FY 2007-08 under MYT framework, truing up for FY 2006-07 and determination of tariff for FY 2008-09 (MERC Case No. 69 of 2007)

1. THE TATA POWER COMPANY LIMITED's Distribution Business (TPC-D) has filed the petition for Approval of Annual Performance Review (APR) for FY 2007-08 under MYT framework, truing up for FY 2006-07 and determination of tariff for FY 2008-09 before the Maharashtra Electricity Regulatory Commission (MERC) under the Electricity Act, 2003. The Commission has admitted the Petition on **January 8, 2008** and directed TPC 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 TPC Distribution (Rs. Crore)

Sl.	Particulars	Previous Year (FY 2006-07)*		Current Year (FY 2007-08)		Ensuing Year (FY 2008-09)	
		MERC Order	Audited	MERC Order	Revised Estimate	MERC Order	Projections
1	Power Purchase Expenses (TPC-G)	667	324	822	822		1039
2	Power Purchase Expenses (RPS)	25	10	45	45		54
3	Power Purchase Expense (Other Sources)	134	434	420	273		25
4	Standby Charges Payable	72	234	62	62		62
5	Transmission Charges Payable	61	41	54	54		57
6	Operation & Maintenance Expenses	22	28	23	45	24	43
6.1	Employee Expenses	10	11	11	14	11	14
6.2	Administration & General Expenses	9	12	10	24	10	20
6.3	Repair & Maintenance Expenses	2	5	3	6	3	9
7	Depreciation, including advance against depreciation	12	13	15	15	17	20
8	Interest & other Financial Charges	8	17	25	26	26	34
8.1	Interest on Long – term loan capital	2	6	10	10	11	14
8.2	Interest on Working Capital and on consumer security deposits	6	8	14	15	15	18
8.3	Other Finance Charges	0	3	1	1	0	2
9	Bad debts written off	2	(17)	4	4	4	5
10	Income Tax	9	8	7	8	8	14
11	Contribution to contingency reserves	1	2	2	2	2	3
12	Adjustment for profit/loss on account of controllable/ uncontrollable factors		9	0	-7		
13	Total Expenditure	1014	1103	1479	1349	81	1356
14	Return on Equity Capital	19	20	25	23	27	26
15	Aggregate Revenue Requirement	1033	1123	1504	1372		1383
16	Less: Non Tariff Income	(3)	(16)	(1)	(3)	(1)	(1)
17	Less: Income from sale of Surplus Power						
18	Less: Income from Standby Charges		(46)				
19	Less: Reimbursement of Power Purchase cost by REL & BEST		(211)				
20	Aggregate Revenue Requirement from Retail Tariff	1030	850	1503	1369		1381

* For FY 2006-07, the actual figures includes 6 monthly performance on integrated basis and balance six month for TPC-D along and therefore the figures of Order and Actual are not strictly comparable

Note: Totals may not tally due to rounding off error

Table 2: Truing up for FY 2006-07

Rs. Crores						
S.No.	Particulars	FY 2006-07				
		Approved	Entitlement as per the Regulations	Efficiency Gains / (Loss) from Controllable factors shared with Consumers	Net Entitlement after Impact of Gains / (Loss) from Controllable factors	Transferred to Reserves
I	Revenue				NA	
II	Expenditure					
1	Fuel Related Expenses	0	0	0	0	0
2	Power Purchase Expenses	898	1,002	0	1,002	0
3	Wheeling/Transmission Charges Payable	61	41	0	41	0
4	Operation & Maintenance Expenses	22	25	(1)	26	(1)
5	Depreciation, including advance against depreciation	12	13	0	13	0
6	Interest on Long-term Loan Capital	2	6	0	6	0
7	Interest on Working Capital	6	8	0	8	0
8	Other Finance Charges	0	0	(1)	1	(1)
9	Bad Debts written off	2	2	6	(4)	6
10	Statutory Appropriations/ Contingency Reserve	2	2	0	2	0
11	Return on Equity	19	20	0	20	0
12	Total Expenditure (other than Income Tax)	1,024	1,119	5	1,115	5
III	Gap				NA	

Gap Not applicable (NA) as the same is computed for TPC-Licensed Area as a whole for FY 2006-07

Table 2: Expected Performance for FY 2007-08

Rs. Crores					
Particulars	FY 2007-08				
	Approved	Entitlement as per the Regulations	Efficiency Gains / (Loss) from Controllable factors shared with Consumers	Net Entitlement after Impact of Gains / (Loss) from Controllable factors	Transferred to Reserves
Revenue				1,307	
Expenditure					
Fuel Related Expenses	0	0	0	0	0
Power Purchase Expenses	1,360	1,203	0	1,203	0
Transmission Charges Payable	54	54	0	54	0
Operation & Maintenance Expenses	23	35	(3)	38	(3)
Depreciation, including advance against depreciation	15	15	0	15	0
Interest on Long-term Loan Capital	10	10	0	10	0
Interest on Working Capital	14	15	0	15	0
Other Finance Charges	0	0	(0)	0	(0)
Bad Debts written off	4	4	0	4	0
Statutory Appropriations/ Contingency Reserve	2	2	0	2	0
Income tax	7	8	0	8	0
Return on Equity	25	23	0	23	0
Total Expenditure	1,515	1,368	(4)	1,372	(4)
Gap				(65)	

Table 3: Revenue at Existing Tariffs* (Rs. Crore)

Sl.	Particulars	Previous Year (FY 2006-07)*		Current Year (FY 2007-08)		Ensuing Year (FY 2008-09)
		MERC Order	Actual	MERC Order	Revised Estimate	Projected
1	Revenue	982	4289	1506	1304	1320

For FY 2006-07, the actual figures includes 6 monthly performance on integrated basis and balance six month for TPC-D along and therefore the figures of Order and Actual are not strictly comparable

Table 4: Energy Balance

Sl.	Particulars	Measurement Point	Total MUs			
			FY 2006-07	FY 2006-07	FY 2007-08	FY 2008-09
			H1*	H2		
1	TPC-D Sales (Retail)	Consumer Point	5956	1214	2585	2698
2	Distribution Loss		39	37	78	81
3	State Transmission Loss		101	64	136	142
4	TPC-D	G<>T	6096	1315	2799	2921
	Met by					
1	TPC G	G<>T	5731	1118	2204	2739
2	RPO		22	8	128	146
3	Other Source	G<>T	343	171	481	36
4	Interse	G<>T		18	-14	
5	Total	G<>T	6096	1315	2799	2921

* During H1 of FY 2006-07, TPC was operating as an integrated utility

* During H1 of FY 2006-07, composite transmission loss not applicable

Table 5: Trajectory of Operational Parameters

Sl.	Particulars	Distribution Losses (%)			Collection Efficiency (%)		
		FY 2006-07*	FY 2007-08	FY 2008-09	FY 2006-07	FY 2007-08	FY 2008-09
		Actual	Estimated	Projected	Actual	Estimated	Projected
1	TPC-D	2.93	2.93	2.93	100	95	96

*for H2 only, as in H1, TPC operated as an integrated utility

Table 6: TPC's Capital Expenditure Plan (Rs. Crore)

Sl.	Name of Project	Estimated Cost	Expenditure incurred till FY 2006-07	Expenditure Planned & Capitalisation Projected			
				FY 2007-08		FY 2008-09	
				Expenditure	Capitalisation	Expenditure	Capitalisation
1	Ongoing Projects	195	58	58	82	11	12
2	New Projects	29		17	15	28	28
	Total	224	58	75	97	39	40

Table 7: Aggregate Revenue Gap of TPC Distribution for FY 2007-08 and FY 2008-09

(Rs. Crore)

Sl.	Particulars	FY 2007-08*	FY 2008-09
1	Annual Revenue Requirement from Retail Tariff	1369	1381
2	Revenue from Existing tariff	1304	1320
3	Revenue gap	(65)	(61)
4	True up amount for FY 2006-07 (after considering gains and losses due to controllable / uncontrollable factors)	0	2
5	Net Revenue Gap	(65)	(59)

* Considering that these values are still an estimate for the coming six months of 2007-08, TPC D is not seeking any revisions for the estimates for the year.

3. Tariff Proposal of TPC-D

Sl.	Particulars	Existing Tariff		Proposed Tariff		% increase	
		Demand Charges Rs./kVA/Fixed Charges	Energy + Reliability Charge Paise/kWh	Demand Charges Rs./kVA/Fixed Charges	Energy Charge Paise/kWh	Demand Charges Rs./kVA/Fixed Charges	Energy Charge Paise/kWh
1	Railways						
	- 22/33 kV	275	321.00	275	337.00	0%	5%
	- 100 kV	275	319.00	275	335.00	0%	5%
2	HT Customers						
	- Industries (MERC HT – II)	300	501.00	300	526.00	0%	5%
	- Commercial (MERC - HT – III)	300	561.00	300	589.00	0%	5%
3	Public (MERC –HT –I)						
	- 22 kV	300	351.00	300	369.00	0%	5%
	- 100 kV	300	351.00	300	369.00	0%	5%
	- CPP (MERC – HT – I)	300	351.00	300	369.00	0%	5%
4	Textiles (MERC – HT – II)	300	501.00	300	526.00	0%	5%
	LT 2 Part (MERC – LT – III)						
	- Industries	300	506.00	300	531.00	0%	5%
	- Commercial	300	621.00	300	652.00	0%	5%
5	LT 1 Part (MERC – LT – II)						
	- Industries	150	526.00	150	552.00	0%	5%
	- Commercial	150	591.00	150	621.00	0%	5%
6	Residential (MERC – LT – I)						
	- S1 (0-100 units)	30	171.00	30	180.00	0%	5%
	- S1 (100-300 units)	50	371.00	50	390.00	0%	5%
	- S1 (301-500 units)	50	571.00	50	600.00	0%	5%
	- S1 (above 500 units)	100	711.00	100	747.00	0%	5%

4. Copies of the following documents can be obtained on written request from the offices of TPC mentioned below:
- Summary of the proposals (free of cost, in Marathi or English).
 - Detailed Petition documents along with CD (in English) (on payment of Rs. 150/- by DD/ Cheque/ Cash drawn on “**The Tata Power Company 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 Office	Ms. Shalini Singh, Chief - Corporate Communication, The Tata Power Company Ltd, Bombay House, 24, Homi Mody Street, Fort, Mumbai 400 001	6665 8282
Head Office	Mr.S N Joshi Sr Executive, The Tata Power Company Limited, Corporate office, Regulation Department, ‘B’ Block, 2 nd Floor, 34 Sant Tukaram Road Carnac Bunder, Mumbai 400 009	67171932
Mahalaxmi	Mr. K Sreedharan, (Head – Accounts & Admn), The Tata Power Co Ltd., Distribution Division, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.	6665 8954
Dharavi	Mr. B Tholan (Head – Accounts & Admn), The Tata Power Company Ltd., Near Shalimar Indl. Estate, Matunga (East), Mumbai 400 019.	6666 8021

Office	Address	Tele / Fax No.
Borivli	Mr Arvind Singh, Senior Manager, The Tata Power Co Ltd., Tata Power House Road, Borivli (East), Mumbai 400 066	2886 3301

5. The Commission has directed TPC-D to invite comments/suggestions from the public on the above Petition through this Notice. Suggestions/comments 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 **January 30, 2008**, along with proof of service on the Senior Manager (Regulations), The Tatta Power Company Limited, 'B' Block, 2nd Floor, 34 Sant Tukaram Road Carnac Bunder, Mumbai 400 009
6. Every person who intends to file objections and comments/suggestions can submit the same in English or in Marathi, in four 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 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 VISTA HALL, 30th Floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai 400005 on February 6, 2008 at 15:00 Hrs**, for which no separate notice will be given.
7. TPC-D shall reply to each of the objections and objections/comments/suggestions received within three days of the receipt of the same but not later than **February 2, 2008** for all the objections and comments/suggestions received till **January 30, 2008**. Stakeholders can submit their rejoinders on replies provided by TPC-D either during the public hearing or latest by **February 9, 2008**.
8. The detailed Petition document and the summary are available on TPC'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).

Signature
V H Wagle
Senior Manager (Regulations)
The Tata Power Company Limited