Before the

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

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Case No. 99 of 2009

IN THE MATTER OF

Petition filed by Reliance Infrastructure Ltd.'s Generation Business' (RInfra-G) for approval of Truing up for FY 2008-09, Annual Performance Review for FY 2009-10 and Determination of Tariff for FY 2010-11

Shri V. P. Raja, Chairman
Shri S. B. Kulkarni, Member
Shri V. L. Sonavane, Member

Dated: September 8, 2010

ORDER

In accordance with the Tariff Regulations notified by Maharashtra Electricity Regulatory Commission (hereinafter referred as MERC or the Commission), Reliance Infrastructure Limited's Generation Business (RInfra-G), submitted its application for approval of truing up of FY 2008-09, Annual Performance Review (APR) for FY 2009-10 and tariff for FY 2010-11, under affidavit on December 20, 2009 . The Commission, in exercise of the powers vested in it under Section 61 and Section 62 of the Electricity Act, 2003 (EA 2003) and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by RInfra-G, all the objections and comments of the public, responses of RInfra-G, issues raised during the Public Hearing, and all other relevant material, and after review of Annual Performance for FY 2009-10, determines the tariff for the Generation Business of RInfra-G for FY 2010-11 as under.

Abbreviations

A&G	Administrative and General
AFC	Annual Fixed Charge
APR	Annual Performance Review
ARR	Annual Revenue Requirement
ATE	Appellate Tribunal for Electricity
BHEL	Bharat Heavy Electricals Limited
CAGR	Compounded Annual Growth Rate
CEA	Central Electricity Authority
Commission/MERC	Maharashtra Electricity Regulatory Commission
CPI	Consumer Price Index
CPP	Captive Power Plant
Cr	Crore
Capex	Capital Expenditure
CWIP	Capital Work In Progress
DA	Dearness Allowance
DPR	Detailed Project Report
DTPS	Dahanu Thermal Power Station
EA 2003	Electricity Act, 2003
FAC	Fuel Adjustment Cost
FGD	Flue Gas Desulphusrisation
HFO	Heavy Furnace Oil
GFA	Gross Fixed Assets

GoI	Government of India
IDBI	Industrial Development Bank of India
IDC	Interest During Construction
IWC	Interest on Working Capital
IT	Income Tax
kV	Kilo Volt
kVA	Kilo-Volt Amperes
kW	Kilo Watt
LDO	Light Diesel Oil
MAT	Minimum Alternate Tax
MoC	Ministry of Coal
MoEF	Ministry of Environment and Forests
MSLDC	Maharashtra State Load Despatch Centre
MSETCL	Maharashtra State Electricity Transmission Company Ltd.
MT	Metric Tonne
MW	Mega Watt
MYT	Multi Year Tariff
NFA	Net Fixed Assets
OEM	Original Equipment Manufacturer
O&M	Operation & Maintenance
PLF	Plant Load Factor
PLR	Prime Lending Rate
R&M	Repair & Maintenance

REC	Rate of Energy Charge
REL	Reliance Energy Limited
RInfra	Reliance Infrastructure Limited
RLA	Residual Life Assessment
RoE	Return on Equity
SBI	State Bank of India
SECL	South Eastern Coalfield Limited
SHR	Station Heat Rate
SLC	Standing Linkage Committee
TVS	Technical Validation Session
WPI	Wholesale Price Index

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1 BACKGROUND & BRIEF HISTORY

1.1 Background

This Order relates to the Petition filed by Reliance Infrastructure Limited for its Generation business (RInfra-G) for truing up of expenses and revenue for FY 2008-09, Annual Performance Review for FY 2009-10 and tariff determination for FY 2010-11.

RInfra (formerly known as BSES Ltd and Reliance Energy Limited [REL]) is a vertically integrated Utility carrying out the functions of Generation, Transmission, Wheeling and Retail Supply of electricity in the suburbs of Mumbai. RInfra has a generating plant at Dahanu, Maharashtra (Dahanu Thermal Power Station- DTPS) with installed capacity of 2 x 250 MW for supply of power to the city of Mumbai in the RInfra Licence area.

1.2 Tariff Regulations

The Commission, in exercise of the powers conferred by the EA 2003, notified the Maharashtra Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2005, (hereinafter referred as the Tariff Regulations) on August 26, 2005. These Regulations superseded the MERC (Terms and Conditions of Tariff) Regulations, 2004.

1.3 Commission's Order on ARR and Tariff Petition for FY 2005-06 and FY 2006-07

The Commission admitted the ARR Petition of Reliance Energy Limited (REL) for FY 2005-06 (Case No. 25 of 2005) and ARR and Tariff Petition of REL for FY 2006-07 (Case No. 53 of 2005) on May 18, 2006. The Commission issued its Order on the above said Petitions of REL on October 3, 2006.

1.4 ATE Order

The Commission, in the Tariff Order dated October 3, 2006, determined the revenue requirement of REL for FY 2006-07. In the same Order, the Commission also dealt with the truing up of cost and revenues for FY 2004–05 and FY 2005–06 based on actuals, subject to prudence check. REL challenged this Order of the Commission in the Appellate Tribunal for Electricity (ATE) on the issues of:

a) Disallowance of actual Employee expenditure and A&G expenditure for FY 2004-05, FY 2005-06 and FY 2006-07,

b) Disallowance of actual R&M expenditure for FY 2006-07,

c) Disallowance of higher Income Tax for FY 2004-05 and FY 2005-06,

d) Direction to reduce distribution loss level in FY 2006-07,

e) Deviation in the operating norms of station heat rate, auxiliary consumption and secondary oil consumption for generation vis-à-vis the norms stipulated in the MERC Tariff Regulations, and

f) Reversal of treatment on rebate given by REL to its consumers on account of Judgment passed by the ATE dated May 22, 2006 by including it in the ARR of REL as a distribution licensee by the Commission in the manner set out in paragraph 7.16 and 7.17 of Tariff Order for FY 2006-07. This issue was subsequently not pressed by REL, since the matter was sub-judice before the Hon'ble Supreme Court.

The ATE upheld the appeal of REL in its Judgment dated April 4, 2007 in Appeal No. 251 of 2006 as given below:

a) The ATE upheld REL's appeal regarding the allowance of the actual employee expenditure, A&G expenditure and Income Tax of Rs. 207.34 Crore, Rs. 102.02 Crore and Rs. 101 Crore, respectively, as claimed by REL as against the Commission approved figures of Rs. 161.85 Crore, Rs. 74.05 Crore and Rs. 7.64 Crore, respectively, for FY 2004-05.

b) The ATE also upheld REL's appeal regarding the allowance of the actual employee expenditure, A&G expenditure and Income Tax of Rs. 207.26 Crore, Rs. 101.64 Crore and Rs. 74 Crore, respectively, as against the Commission approved figures of Rs. 182.76 Crore, Rs. 77.48 Crore and Rs. 26.96 Crore, respectively, for FY 2005-06.

c) The ATE upheld REL's appeal in the context of applicability of norms stipulated under the Tariff Regulations, and ruled that the Commission should not deviate from the operating norms for station heat rate, auxiliary consumption and specific consumption of secondary fuel as specified in the MERC Tariff Regulations, 2005, even though REL's performance was better than the norms.

1.5 Commission's Order on MYT Petition of REL-G for FY 2007-08 to FY 2009-10

REL submitted its ARR and Multi Year Tariff (MYT) Petition for its Generation Business (numbered as Case No. 74 of 2006) for the first Control Period from FY 2007-08 to FY 2009-10, on January 22, 2007. The Commission issued the MYT Order for REL-G, on April 18, 2007, which came into effect from April 18, 2007. As the Annual Performance Review for FY 2007-08 and Tariff determination for FY 2008-09 were under process, the various Utilities filed the Petitions for continuation of Tariff for FY 2007-08 till the time of issuance of the respective Orders for each Utility. Accordingly, the Commission in its Order dated April 1, 2008 in Case No. 102 of 2007, extended the applicability of the aforesaid Tariff Orders for the Utilities till the revised tariffs are determined for FY 2008-09 under the APR framework and Orders issued thereunder.

1.6 Commission's Order on APR Petition for REL-G for FY 2007-08 and Determination of Tariff for FY 2008-09

REL-G submitted its Petition for Annual Performance Review (APR) for FY 2007-08 and determination of tariff for FY 2008-09 for its Generation Business on November 30, 2007 (numbered as Case No. 65 of 2007). The Commission issued the APR Order for RInfra-G in Case No. 65 of 2007 on April 21, 2008, which came into effect from April 21, 2008, and the tariffs were initially valid upto March 31, 2009, which was later extended till the revised tariff was determined for FY 2009-10 vide the Commission's Order dated April 15, 2009 in Case Nos. 152, 153 and 154 of 2008. REL-G appealed against the Commission's Order on the APR for FY 2007-08 and determination of tariff for FY 2008-09, before the ATE (numbered as Appeal No. 111 of 2008). The ATE upheld the appeal of REL in its Judgment dated May 28, 2009 in the aforesaid Appeal. REL-G (currently RInfra-G) has presented the impact of the ATE Judgment on truing up sections of FY 2006-07 and FY 2007-08 in the present Petition. The submissions of RInfra-G and the rulings of the Commission in this respect are detailed in the subsequent sections of the present Order.

1.7 Commission's Order on APR Petition for REL-G for FY 2008-09 and Determination of Tariff for FY 2009-10

RInfra-G submitted its Petition for Annual Performance Review (APR) for FY 2008-09 and determination of tariff for FY 2009-10 for its Generation Business on December 20, 2008 (numbered as Case No. 120 of 2008). The Commission issued the APR Order for RInfra-G in Case No. 120 of 2008 on May 28, 2009, which came into effect from June 1, 2009.

1.8 RInfra-G's Petition for truing up for FY 2008-09, Annual Performance Review for FY 2009-10 and Determination of Tariff for FY 2010-11

In accordance with the Regulation 9.1 of MERC Tariff Regulations, the application for the determination of tariff has to be made to the Commission not less than 120 days before the date from which the tariff is intended to be made effective. Further, the first proviso to Regulation 9.1 states that the *"date of receipt of application for the purpose of this Regulation shall be the date of intimation about the receipt of a complete application in accordance with Regulation 8.4 above:"* In view of the separate process being undertaken by the Commission for formulation of the MERC MYT Regulations for the Control Period from FY 2011-12 to FY 2015-16, the Commission directed RInfra-G to submit the Petition for truing up for FY 2008-09, APR for FY 2009-10 and determination of tariff for FY 2010-11 for its Generation Business, latest by December 31, 2009.

RInfra-G submitted its Petition for truing up for FY 2008-09, APR for FY 2009-10 and determination of tariff for FY 2010-11 for its Generation Business on December 20, 2009, based on actual audited expenditure for FY 2008-09, actual expenditure for first half of FY 2009-10, i.e., from April to September 2009, and revised estimated expenses for October 2009 to March 2010, and projections for FY 2010-11. RInfra-G, in its Petition, requested the Commission to:

- Accept the APR petition
- Approve additional capitalization and impact thereof for FY 2007-08 as per the Project Completion Reports submitted
- Approve the impact of the Judgment of the ATE dated July 15, 2009 for FY 2006-07 and FY 2007-08 along with the carrying cost as computed in the Petition
- Approve revised estimates of ARR of FY 2009-10 for the purpose of determination of tariff for FY 2010-11.

The Commission, vide its letter dated February 3, 2010, forwarded the preliminary data gaps and information required from RInfra-G. RInfra-G submitted its replies to preliminary data gaps and information requirement on February 10, 2010.

The Commission scheduled a Technical Validation Session (TVS) on RInfra-G's Petition for approval of APR for FY 2009-10 and Tariff for FY 2010-11, on February 16, 2010, in the presence of Consumer Representatives authorised under Section 94(3) of the EA 2003 to represent the interest of consumers in the proceedings before the Commission. The list of individuals, who participated in the TVS, is provided at

Appendix-1. During the TVS, the Commission directed RInfra-G to provide additional information and clarifications on issues raised during the TVS. The Commission also directed RInfra-G to submit the draft Public Notice in English and Marathi in the format prescribed by the Commission.

1.9 Admission of Petition and Public Process

RInfra-G submitted its responses to the queries raised during the TVS, on March 12, 2010 and the Commission admitted the APR Petition of RInfra-G on March 17, 2010.

In accordance with Section 64 of the EA 2003, the Commission directed RInfra-G to publish its application in the prescribed abridged form and manner, to ensure public participation. The Commission also directed RInfra-G to reply expeditiously to all the suggestions and objections from stakeholders on its Petition. RInfra-G issued the Public Notice in newspapers inviting suggestions and objections from stakeholders on its APR Petition. The Public Notice was published in The Times of India (English), DNA (English), Loksatta (Marathi) and Samana (Marathi), newspapers on March 20, 2010. The copies of RInfra-G's Petitions and its summary were made available for inspection/purchase to members of the public at RInfra-G's offices and on RInfra-G's website (www.rinfra.com). The copy of the Public Notice and the Executive Summary of the Petition was also made available on the web site of the Commission (www.mercindia.org.in) in downloadable format. The Public Notice specified that the suggestions and objections, either in English or Marathi, may be filed in the form of affidavits along with proof of service on RInfra.

The Commission received written suggestions and objections expressing concerns on fuel cost, operation and maintenance, income tax, etc., and a host of other issues. The Public Hearing was held on **April 15, 2010 at 11:00 hours at Rangsharda Natya Mandir, Bandra Reclamation, Bandra (W), Mumbai 400 050**. The list of objectors, who participated in the Public Hearing, is provided in **Appendix- 2**.

The Commission has ensured that the due process contemplated under law to ensure transparency and public participation has been followed at every stage meticulously and adequate opportunity was given to all the persons concerned to file their say in the matter.

Though a common Public Hearing was held for processing the APR Petitions for FY 2009-10 and determination of ARR and Tariff for FY 2010-11 filed by RInfra-G (numbered as Case No. 99 of 2009) and RInfra-T (numbered as Case No. 100 of 2009), the Commission is issuing separate Orders on the two Petitions filed by RInfra. RInfra is yet to file the APR and Tariff determination Petition for it distribution Business (RInfra-D). This Order deals with the truing up for FY 2008-09, Annual

Performance Review of FY 2009-10 and determination of Tariff of RInfra-Generation Business for FY 2010-11. Various suggestions and objections that were raised on RInfra-G's Petition after issuing the Public Notice both in writing as well as during the Public Hearing, along with RInfra-G's response and the Commission's rulings have been detailed in Section 2 of this Order.

1.10 Organisation of the Order

This Order is organised in the following seven Sections:

- **Section 1** of the Order provides a brief history of the quasi-judicial regulatory process undertaken by the Commission. For the sake of convenience, a list of abbreviations with their expanded forms has been included.
- **Section 2** of the Order lists out the various suggestions and objections raised by the objectors in writing as well as during the Public Hearing before the Commission. The various suggestions and objections have been summarized, followed by the response of RInfra-G and the rulings of the Commission on each of the issues.
- **Section 3** of the Order details the truing up of expenses and revenue of RInfra-G for FY 2008-09, including sharing of efficiency gains/losses due to controllable factors.
- **Section 4** of the Order details the impact of the ATE Judgment dated May 28, 2009 in Appeal No. 111 of 2008 and Appeal No. 115 of 2009 in the matter of Appeal filed by RInfra against the Commission's Order dated April 21, 2008.
- **Section 5** of the Order details the performance parameters as approved by the Commission in the MYT Order for the first Control Period, RInfra-G's proposal for performance parameters and the Commission's approach on performance parameters during FY 2009-10 and FY 2010-11.
- **Section 6** of the Order comprises the review of performance for FY 2009-10 and the Commission's analysis on various components of Energy Charge and Annual Fixed Charge of RInfra-G's Dahanu Thermal Power Station (DTPS) for FY 2010-11.
- **Section 7** of the Order details the tariff design for RInfra-G's DTPS and the approved Annual Fixed Charge and Energy Charge for FY 2010-11.

2 OBJECTIONS RECEIVED, RINFRA-G'S RESPONSE AND COMMISSION'S RULING

2.1 Fuel Cost

Advocate Parag M. Alavani, General Secretary, Bharatiya Janata Party (BJP) (Mumbai) and Shri. Pramod Muzumdar representing Urja Prabodhan Kendra, submitted that RInfra-G should clarify the reasons for the increase in actual fuel cost to Rs.706.43 Crore in FY 2008-09 as against Rs.619.09 Crore approved by the Commission in its APR Order for FY 2008-09. They further stated that RInfra-G has projected a rising trend in fuel related expenses for FY 2009-10 and FY 2010-11 wherein TPC-G has projected a reduction of about 40% in the fuel related expenses for the corresponding years in their APR Petition.

RInfra-G's Response

RInfra-G submitted that the increase in total fuel related expenses is primarily on account of higher generation as compared to the generation approved by the Commission in the APR Order for FY 2008-09. RInfra-G further submitted that the above mentioned rise in fuel expenditure of Rs. 87 Crore is the net effect of increase in fuel cost on account of increase in fuel prices and higher actual generation and the reduction in fuel cost due to better performance than the specified norms.

Commission's Ruling

As regards the increase in fuel cost for FY 2008-09, the Commission has addressed this issue in detail in Section 3 while carrying out the truing up of expense and revenue for FY 2008-09 based on actual expenses and revenue. As detailed in Section 3, the total fuel costs have increased from Rs. 619.09 Crore approved in APR Order to Rs 796.51 Crore mainly because of increase in generation from 4128 MU approved in the Order, to 4423 MU, and because of increase in the average variable cost from Rs 1.50/kWh as approved in the Order, to Rs 1.75/kWh.

2.2 Operation & Maintenance (O&M) Expenses

Shri. Pramod Muzumdar submitted that RInfra-G should clarify the reasons behind increase in estimated O&M expenses for FY 2009-10 at Rs.100.91 Crore as against the approved O&M expenses of Rs.77.30 Crore.

Shri. Vini Terry submitted that frequent breakdowns of the generation unit should be analysed as they lead to increase in O&M costs.

RInfra-G's Response

RInfra-G submitted that the reason for increase in O&M expenses is attributable to the following factors:

- **Deviation in base O&M expenses:** A large part of the deviation is due to lower value of O&M expenses approved in the APR Order. The Commission derived the value of O&M expenses by averaging the actual expenses incurred in the period from FY 1999-00 to FY 2003-04 to arrive at the base expenses and then provided a simple inflation on the same for each subsequent year. Since the expenses incurred during FY 1999-00 and FY 2001-02 were much lower than that for FY 2002-03 and FY 2003-04, the averaging results in a suppressed average, resulting in lower allowances.
- **Repair & Maintenance (R&M) expenses of Flue Gas Desulphurisation (FGD) Plant:** The R&M expenses considered in Detailed Project Report (DPR) of FGD plant was Rs.16.96 Crore per year. However, in FY 2007-08, FGD was under warranty and thus, R&M requirements were minimal. Starting from the second half of FY 2008-09, R&M cost of the FGD plant has to be borne by RInfra-G. Further, Maharashtra Pollution Control Board (MPCB) has tightened the consent to operate DTPS with sulphur emission norms after commissioning of FGD plant and mandated operation of FGD plant with 85% availability. In view of more stringent norms and criticality of FGD plant, RInfra-G had to increase the R&M of FGD plant. Accordingly, RInfra-G has increased the procurement of spares, material and services.

Commission's Ruling

As detailed in Section 3 of this Order, the Commission has approved O&M expenses for FY 2008-09 on normative basis in accordance with the provisions of the MERC Tariff Regulations. However, as regards the R&M expenses for FGD plant, the Commission has considered the actual R&M expenses incurred in FY 2008-09.

2.3 Income Tax

Advocate Parag M. Alavani and others submitted that RInfra-G has paid/projected higher Income Tax than approved in the APR Order for FY 2008-09. They further submitted that RInfra-G is increasing the burden on consumers with higher tariffs and thus, making additional profits at the cost of consumers.

Shri. Pramod Muzumdar submitted that for FY 2010-11, there has been a steep rise in the Income Tax projections to Rs.49.02 Crore as against Rs.14.98 Crore estimated for FY 2009-10 indicating higher profits from revenue. He added that RInfra-G has projected an increase of 500% in Income Tax which effectively indicates an increase of 1500% in its profit.

RInfra Response

RInfra-G submitted that from FY 2009-10, the benefit of Section 80 IA will not be available to Dahanu Thermal Power Station. Accordingly, Income Tax liability has been computed at Corporate Tax Rate of 33.99%, as against Minimum Alternate Tax (MAT) rate (which was previously 11.33%). Further, FGD plant is eligible for 100% depreciation benefit and the same is assumed to have been availed up to 50% during FY 2007-08 and the rest during FY 2008-09 on account of commissioning of FGD in second half of FY 2007-08. Further, MAT credit can be redeemed till FY 2008-09. Accordingly, Income Tax payable by RInfra-G for FY 2009-10 works out to Rs.14.98 Crore, after fully offsetting the MAT credit accrued till FY 2008-09. Further, RInfra-G submitted that the increase in income tax for FY 2010-11 is on account of following factors:

- Applicability of full tax at Corporate Tax Rate of 33.99%;
- No MAT credit left to adjust in FY 2010-11;
- Deduction of higher depreciation of FGD not available in FY 2010-11.

Commission's Ruling

The computation of income tax and the associated issues has been deliberated in Section 3 and Section 7 of this Order.

2.4 Capital Expenditure

Advocate Parag M. Alavani submitted that the proposed increase in capital expenditure every year should be justified. Shri. Pramod Muzumdar submitted that the capital expenditure projected by RInfra-G for FY 2010-11 appears to be on the higher side. Shri. P.N. Shridharan submitted that the Commission should provide in detail the method for approving the capital cost. Shri N. Ponrathnam submitted that the capital expenditure towards civil works and township needs to be verified by the Commission. He further requested that the Commission should scrutinise the security expenses in detail. Shri. S.L. Patil representing Thane Belapur Industries Association submitted that the capital expenditure incurred and the benefits to the consumers achieved from the same needs to be established and segregation of costs elements needs to be done.

RInfra's Response

RInfra-G submitted that capital expenditure plan for FY 2010-11 include projects towards fly ash utilisation based on Ministry of Environment and Forests (MoEF) notification, and Renovation & Modernisation projects to improve the reliability, availability, heat rate, Auxiliary Power Consumption, etc.

Commission's Ruling

The Commission has instituted a process of giving in-principle approval for the capital expenditure schemes for Renovation and Modernisation costing above Rs. 10 Crore, wherein the Utility has to submit Detailed Project Report (DPR) as well as the expected cost-benefit analysis, pay-back period, etc. On completion of the schemes, the capitalisation of the expenditure incurred is allowed after cost benefit analysis submitted by the Utilities, is scrutinised and justified.

2.5 Transit Losses

Shri N. Ponrathnam submitted that the Commission should not allow transit loss to RInfra-G.

RInfra's Response

Rnfra-G has not submitted any reply to this Objection.

Commission's Ruling

The Commission allows transit losses only in accordance with the MERC Tariff Regulations which stipulate the transit loss of 0.3% for Pit head generating stations and 0.8% for Non-pit head generating stations.

2.6 Sharing of Gains and Losses

Shri. Pramod Muzumdar submitted that RInfra-G should clarify the amount of Rs. 21.59 Crore on account of Plant Load Factor (PLF) incentive and Rs. 60.05 Crore for higher efficiency gain/loss mentioned in the APR Petition.

RInfra's Response

RInfra-G submitted that Regulation 37 of the MERC (Terms and Conditions of Tariff) Regulations, 2005 provides incentive to the generator for achieving PLF in excess of 80%. During FY 2008-09, DTPS achieved a PLF of 101.86%. The generation in excess of target PLF of 80% replaces the power procurement at much higher rates compared to rate of Energy Charge of DTPS. The PLF incentive is very small price compared to the replacement cost of short-term power that such excess generation displaces.

As regards the efficiency gains/loss, RInfra-G submitted that when a generating station performs better than the norms in terms of controllable factors like Heat Rate, Auxiliary Consumption, Secondary Oil Consumption, etc., it results in efficiency gain to the station. These are shared with consumers in accordance with Regulation 19 of the MERC Tariff Regulations, 2005 in the ratio of 2/3rd and 1/3rd between the Generating Company and the Distribution Licensees, respectively. RInfra-G has made efficiency gains of about Rs.90 Crore in FY 2008-09, out of which Rs.60 Crore is being retained by it and Rs.30 Crore is being passed on to the Distribution Licensee.

Commission's Ruling

In accordance with the MERC Tariff Regulations, the sharing of gains and losses is to be carried out at the end of the year based on the actual performance for the entire year. Accordingly, the Commission has determined the sharing of gains and losses on account of controllable factors for FY 2008-09, as detailed in Section 3 of this Order.

In accordance with the MERC Tariff Regulations, in order to incentivise the generator to achieve better than normative levels, incentive at a flat rate of 25.0 paise/kWh is provided for the generation in excess of target PLF of 80%.

2.7 Availability and PLF

Shri. Pramod Muzumdar submitted that the projected values of Availability and PLF are showing continuous decline and requested the Commission to review the present norms in case of RInfra-G and fix them on the basis of achieved and projected availability for coming years.

Shri N. Ponrathnam submitted that increase in PLF above 100% needs to be scrutinised.

RInfra's Response

RInfra-G submitted that the actual Availability/PLF may vary according to variation in consumer demand and despatch instruction from Maharashtra State Load Despatch Centre (MSLDC) and planned/forced outages. In any case, if actual performance falls short of norms, fixed cost recovery would be commensurately reduced during truing-up process.

Commission's Ruling

As per the provisions of MERC Tariff Regulations, full recovery of the Annual Fixed Charges is allowed in case the actual availability is equal or higher than the normative availability. The recovery of Annual Fixed Charges reduces on a pro-rata basis in case the generating station achieves availability less than the normative availability. In case of RInfra, the generating station has been achieving PLF in excess of 100% over the last 3 years. In this regard, the Commission engaged M/s CPRI to carry out the study to assess the impact of higher PLF on the equipments of DTPS. CPRI, in its Report, highlighted that as DTPS is operating all major equipments and all auxiliaries upto the limit of their respective design margins and without exceeding their respective safety limits, therefore, PLF greater than 100% as claimed by RInfra-G is quite possible.

2.8 Station Heat Rate, Auxiliary Consumption and Secondary Fuel Consumption

Shri. Pramod Muzumdar submitted that RInfra-G should clarify the reasons behind the increase in secondary fuel consumption from 0.137 ml/kWh to 2.00 ml/kWh, Station Heat Rate (SHR) from 2305 kcal/kWh to 2500 kcal/kWh, and Auxiliary Consumption from 7.66% to 8.5%, from FY 2009-10 to FY 2010-11. Shri N. Ponrathnam submitted that RInfra-G has installed FGD plant to control pollution and as a result the auxiliary consumption of the plant has increased. He requested the Commission to review various norms specified including the pollution norms.

RInfra's Response

RInfra-G submitted that all estimates and projections are made at normative performance levels of various parameters (including SHR, Auxiliary Consumption and Secondary Fuel Consumption) as specified by the Commission. If the actual performance at the end of the year turns out to be better than the norms, benefits are shared with the consumers in accordance with the MERC Tariff Regulations.

Commission's Ruling

The MERC Tariff Regulations stipulate normative SHR of 2500 kcal/kWh and Secondary Fuel Consumption of 2 ml/kWh. Accordingly, the Commission while approving the tariff, determines the variable cost of RInfra-G on normative basis by applying norms stipulated in the MERC Tariff Regulations, and the benefits of better actual or poorer performance with respect to normative performance parameters including sharing of efficiency gains/losses are considered at the time of truing up.

2.9 Fixed Cost

Shri. Pramod Muzumdar submitted that there has been an increase in the Fixed Cost and the total Cost of Generation for FY 2009-10 as against FY 2008-09, which indicates that no benefits have been accrued on account of increased capital expenditure.

RInfra's Response

RInfra-G submitted that fixed cost projected for FY 2009-10 is higher on account of increased Income Tax liability and accrued revenue gap of previous years.

Commission's Ruling

As regards the increase in fixed cost and total cost of generation for FY 2009-10, the Commission will undertake the component-wise prudence check of fixed cost for FY 2009-10 at the time of truing up of expenses and revenue based on actual figures for the entire year.

2.10 Review of Norms

Shri. Pramod Muzumdar requested the Commission to review the performance norms based on the past performances and benchmark it with the other Generation licensees.

RInfra-G's Response

RInfra-G submitted that revision of norms for individual stations based on its own individual performance would result in different norms for different plants and focus would shift from performance to efficiency gains and norms would lose their meaning and sanctity.

RInfra-G added that norms in the Regulations cannot be fixed for an entity based on its own past performance. Norms should be fixed for group of 'similarly' placed entities, which define 'Industry Standards' for plants of similar size and vintage, for others to benchmark against and improve upon. Any gains and losses on account of actual performance being better/worse are only incidental to such process, which means norms ought to be set without keeping in mind any reward or penalty.

RInfra-G further stated that the Commission should conduct a State-wide benchmarking of performance to see if average performance of industry has moved towards greater efficiency. Based on the outcome of such study, the Commission may suggest better norms than that prevalent in the MERC Tariff Regulations, 2005 and such revision should then be equally followed for all existing generating plants in the State.

Various reports of Central Electricity Authority (CEA) have indicated that certain power plants operate more efficiently than other plants similarly placed in terms of technology, fuel, size and vintage but that has not become a ground for the Commission to revise the norms for better performing plants.

Better performance of DTPS than norms specified is primarily on the account of better up-keep of the equipment and system through better O&M practices and skilled manpower. Such practices have helped DTPS to overcome the normal deterioration in performance on account of wear and tear and technological obsolescence. The suggested approach of different norms/benchmarks for different generators would discourage efficient operations of the generating stations in the State.

Commission's Ruling

The Commission is of the view that since this APR for FY 2009-10 is the final year of the first MYT Control Period it would not be appropriate to revise the norms approved for the Control Period. However, the Commission is separately dealing with this issue in the new MYT Regulations for the next Control Period.

3 TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2008-09

RInfra-G, in its Petition, sought approval for the final truing up of expenditure and revenue for FY 2008-09 based on actual expenditure and revenue as per Audited Accounts. RInfra-G provided the comparison of actual expenditure against each head with the expenditure approved by the Commission along with the reasons for deviations and also proposed the sharing of the efficiency gain/loss for some of the heads of expenditure and revenue, as applicable. RInfra-G also provided the details of the revenue earned during FY 2008-09 under various heads.

Accordingly, the Commission in this Section has analysed all the elements of actual expenses and revenue for RInfra-G for FY 2008-09, and has carried out the truing up of expenses and revenue after prudence check. Further, for FY 2008-09, the Commission has approved the sharing of gains and losses on account of controllable and uncontrollable factors between RInfra-G and the Distribution Licensee, in accordance with Regulation 19 of the MERC Tariff Regulations, in this Section.

3.1 Gross Generation and Plant Load Factor

The Commission, in its APR Order dated May 28, 2009 in Case No. 120 of 2008 approved gross generation of 4340 MU. However, the actual gross generation achieved during FY 2008-09 is 4423 MU, which is higher than the quantum approved by the Commission and has been accepted by the Commission for truing up purposes. RInfra-G, during FY 2008-09, achieved a Plant Load Factor (PLF) of 101.86% as against the approved PLF of 94.25%.

The Commission asked RInfra-G to submit the justification for reporting PLF higher than 100% during FY 2008-09. RInfra-G submitted that the high PLF of DTPS is a result of high availability of DTPS (around 96.31% in FY 2008-09) and higher loading of Units, when available. RInfra-G also submitted that various measures and systems have been adopted that helped DTPS to achieve a higher availability by reducing time towards planned and forced maintenance.

The summary of availability, gross generation and PLF approved by the Commission in APR Order for FY 2008-09, actual availability, gross generation and PLF during FY 2008-09, and availability, gross generation and PLF considered for truing up is shown in the Table below:

Table: Summary of Availability, PLF (%) & Gross Generation (MU) for FY 2008-09

Particulars	APR Order	Actuals	Allowed after truing up
Availability	94.25%	96.31%	96.31%
PLF	94.25%	101.86%	101.86%
Gross Generation (MU)	**4128.15**	**4423.21**	**4423.21**

3.2 Auxiliary Consumption

RInfra-G, in its Petition, submitted that the auxiliary consumption of DTPS during FY 2008-09 was 7.71%, based on actual generation. RInfra-G submitted that FGD plant has consumed 57.75 MU as compared to 56.00 MU approved by the Commission. RInfra-G submitted that as the Commission has not specified any norms for auxiliary consumption for FGD plant, RInfra-G has considered actual auxiliary power consumption for truing up purposes.

RInfra-G submitted that DTPS has been able to maintain its Auxiliary consumption at around the levels of 7.7% over the past five years (excluding FGD aux. consumption), even though there has been a constant increase in availability and loading of machines. DTPS' team’s constant endeavour to employ more and more energy efficient measures in the plant and their dedication and diligence towards maintenance and overhaul of the Units at regular intervals results in achieving performance better than the norms. Efficient management of auxiliary consumption results in constant improvement in the plant’s net generation, resulting in greater amount of economical power being supplied to the consumers.

The Commission has considered the auxiliary consumption as a controllable parameter and hence, difference between the normative auxiliary consumption of 8.5% for FY 2008-09 plus actual consumption of 57.75 MU of FGD plant for FY 2008-09 has been considered for computing the sharing of efficiency gains with the consumers. The summary of auxiliary consumption approved in the APR Order, actual auxiliary consumption and auxiliary consumption considered for truing up for FY 2008-09 is given in the following Table:

Table: Auxiliary Consumption for FY 2008-09

Particulars	Unit	APR Order	Actuals	Normative Allowed after truing up
Auxiliary Power Consumption without FGD	%	8.50%	7.71%	8.50%
Additional Aux. Consumption For FGD	MU	56.00	57.75	57.75
Auxiliary Power Consumption with FGD	%	9.86%	9.01%	9.81%

3.3 Station Heat Rate

RInfra-G, in its Petition, submitted that the actual heat rate achieved during FY 2008-09 was 2300 kcal/kWh as compared to 2500 kcal/kWh specified in the MERC Tariff Regulations. RInfra-G submitted that it has considered the heat rate of 2500 kcal/kWh for truing up purposes for FY 2008-09.

The Commission, while accepting normative heat rate for truing up purposes, has considered the difference between the normative heat rate and the actual heat rate for FY 2008-09 for computing the efficiency gains. The summary of heat rate approved in the APR Order, actual heat rate and heat rate as considered by the Commission for truing up for FY 2008-09 is given in the following Table:

Table: Heat Rate (kcal/kWh)

Particulars	APR Order	Actuals	Normative Allowed after truing up
Heat Rate	2500	2300	2500

3.4 Secondary Fuel Oil Consumption

RInfra-G submitted that during FY 2008-09, it has used only Light Diesel Oil (LDO) as secondary fuel for power generation. RInfra-G, in its Petition, submitted that the actual secondary fuel oil consumption during FY 2008-09 was 0.134 ml/kWh as compared to 2 ml/kWh specified in the MERC Tariff Regulations.

The Commission has considered the normative secondary fuel oil consumption as specified in the Tariff Regulations, i.e., 2 ml/kWh, for the purpose of the truing up for FY 2008-09. The difference between the actual secondary fuel consumption of 0.134 ml/kWh and the normative secondary oil consumption of 2 ml/kWh has been considered for computing the efficiency gain due to controllable factors.

The summary of actual secondary fuel oil consumption for FY 2008-09, and secondary fuel oil consumption as considered by the Commission for truing up is given in the following Table:

Table: Secondary Fuel Oil Consumption (ml/kWh)

Particular	APR Order	Actuals	Normative Allowed after truing up
Secondary Fuel Oil Consumption	2.00	0.134	2.00

3.5 Blending of coal, fuel price and fuel calorific value

The Commission, in its APR Order dated April 21, 2008 for FY 2008-09 in Case No. 65 of 2007, considered the fuel prices and calorific value of fuels based on the actuals for the period from April 2007 to January 2008. The variation in the fuel prices during FY 2008-09 has been recovered by RInfra as part of Fuel Adjustment Cost (FAC) charges.

RInfra-G submitted that during FY 2008-09, it has used a blend of domestic coal, raw (F Grade) and imported coal as primary fuel. RInfra-G stated that based on the trajectory set out by the Commission for transit losses for washed coal, RInfra-G has adjusted the price of washed coal considering the transit loss norm of 1.29% as compared to actual transit loss of 2.00%. However, for the Raw Coal, as Commission has not specified any trajectory, therefore, for truing up purpose, RInfra-G has considered price of Raw Coal after adjusting the actual transit loss of 3.71% with normative transit loss of 0.80%.

RInfra-G further submitted that in addition to sourcing coal from domestic coal mines, it also imports coal from foreign mines to meet its balance fuel requirement. The coal from foreign mines ("Imported Coal") is also subjected to transit losses before it reaches the coal yard of RInfra-G. The transit loss in case of Imported Coal primarily occurs during unloading from ship to barges, transportation by barges to jetty, unloading from barges to trucks/jetty, loading from jetty to trucks, transportation by trucks by road from jetty to yard. The actual transit loss of imported coal for FY 2008-09 was 0.33%. RInfra-G submitted that MERC Tariff Regulations specify the transit loss based on proximity of mines to the power station (pit head or non pit head). Thus DTPS (RInfra-G) being a non pit head power station and imported coal being subjected to as many, if not more, hassles of transportation and handling, although a higher norm is justifiable. RInfra-G therefore, suggested that the norms specified for transit loss in case of non pit head plant ought to apply for all types of coal sourced from mines situated far from the power plant. RInfra-G further submitted that there is nothing in the MERC Tariff Regulations that excludes applicability of transit loss norm for coal sourced from far off foreign mines, as Regulation 33 of MERC Tariff Regulations is nor specific to origin of coal (domestic or foreign) but is specific to distance of coal mines from the power station (pit head or non pit head).

The Commission is of the view that RInfra-G should have entered into proper contracts to get imported coal on delivery basis and hence, the Commission has not considered any transit loss for imported coal, since the MERC Tariff Regulations do not provide for any transit loss on imported coal. However, for washed coal and raw coal, the Commission has considered the normative transit loss of 0.80% for truing up purposes.

RInfra-G submitted data on the actual fuel prices and calorific value of respective fuels for FY 2008-09. For the purpose of truing up of fuel costs (variable cost of generation) for FY 2008-09, the Commission has considered the actual fuel costs with normative transit losses and actual calorific value, as given in the Table below:

Table: Fuel Price and Calorific Value of Primary Fuel

Particulars	APR Order	Actuals	Considered by RInfra-G for truing-up	Allowed after truing up
A. Fuel Price (Rs/MT)				
Washed Coal	2300	2433	2416	2404
Raw (F Grade) Coal	1876	2055	1995	1995
Imported Coal	2809	3951	3970	3938
B. Calorific Value (kCal/kg)				
Washed Coal	3903	3741	3741	3741
Raw (F Grade) Coal	3250	3505	3505	3505
Imported Coal	5073	4846	4846	4846

Table: Fuel Price and Calorific Value of Secondary Fuel

Particulars	APR Order	Actuals	Allowed after truing up
A. Fuel Price (Rs/kL)			
LDO	27793	37,061	37,061
B. Calorific Value (kcal/kg)			
LDO	10730	10,723	10,723

3.6 Total Fuel Costs

RInfra-G, in its Petition, submitted that the total actual fuel cost for FY 2008-09 is estimated to be Rs. 706.43 Crore.

Based on the normative performance parameters, fuel prices and fuel calorific value as discussed in above paragraphs, the approved total fuel costs and variable cost of generation for FY 2008-09 are summarised in the following Table:

Table: Fuel Costs ***(Rs Crore)***

Particulars	APR Order	Actuals	Based on Normative Parameters-RInfra-G	Allowed after truing up based on normative parameters approved in this Order
Coal Cost		704.23	763.44	759.06
Secondary Fuel Costs		32.79	33.07	33.07
Total Fuel Costs	**619.09**	**737.02**	**796.51**	**792.13**

3.7 O&M Expenses

The Operation and Maintenance (O&M) expenditure comprises of employee related expenditure, Administrative and General (A&G) expenditure, and Repair and Maintenance (R&M) expenditure. RInfra-G's submissions on each of these expenditure heads, and the Commission's ruling on the truing up of the O&M expenditure heads are detailed below.

RInfra-G submitted that the Commission in its APR Order for FY 2008-09 in Case No. 120 of 2008, undertook the provisional truing up of O&M expenses for FY 2008-09, wherein the base O&M expenses were considered at normative level of Rs. 63.20 Crore as per Regulation 34.6.1 of MERC Tariff Regulations. In addition to such expenses, Rs. 5.19 Crore towards wage revision, Rs.1.68 Crore towards increase in terminal benefits after wage revision and Rs.3.00 Crore towards R&M expenses of FGD plant were also approved by the Commission. However, during FY 2008-09, RInfra-G incurred Rs.91.33 Crore of O&M expenses as compared to Rs. 73.07 Crore approved by the Commission in the APR Order.

The various components of O&M Expenses are elaborated below:

- **<u>Employee Expenses</u>**

RInfra-G submitted that the actual impact of wage revision of its employees including increase in terminal benefits in FY 2008-09 was Rs. 6.87 Crore.

- **A&G Expenses**

RInfra-G submitted that the actual A&G expenses in FY 2008-09 were Rs. 17.89 Crore.

- **R&M Expenses**

RInfra-G submitted that it has incurred additional R&M expenses towards FGD plant amounting to Rs. 2.97 Crore in FY 2008-09 as against Rs. 3.00 Crore approved by the Commission in the APR Order in Case No. 120 of 2008.

The summary of the O&M expenses as submitted by the RInfra-G has been shown in the following Table:

Table: Total O&M expenses as submitted by RInfra-G ***(Rs Crore)***

Particulars	APR Order	Actual
O&M Expenses	63.20	81.49
Impact of wage revision for FY 2008-09 (including increase in terminal benefits)	6.87	6.87
Additional R&M (for FGD plant)	3.00	2.97
Total O&M expenses	**73.07**	**91.33**

RInfra-G submitted that the actual O&M expenses are higher than the amount arrived at by escalating the base O&M expenses and submitted that the deviation is primarily on account of following two factors:

- The methodology used to estimate the base expenses, and;
- The actual rate of increase vis-à-vis the rate considered by the Commission.

The issue of determination of base O&M expenses and escalation thereof had been raised by RInfra-G in its APR petition for _FY 2008-09_in Case No. 120 of 2008, as reproduced below:

"The MERC Tariff Regulations stipulates that for the purpose of allowing O&M expenses, the actual expenses for the period from FY 1999-2000 to FY 2003-04 shall be averaged to arrive at the base expenses as at March 31, 2002. Such base expenses shall be escalated at 4% per annum to arrive at O&M expenses for the purpose of tariff, for subsequent financial years. The MERC Tariff Regulations also state that any abnormal expenses shall be allowed separately, subject to prudence check by the Commission.

RInfra-G requested the Commission to re-visit the methodology on account of the following factors:

1. *Inflationary increase permitted at 4% by the Commission does not reflect the actual cost escalation on account of inflation. Inflation, being an uncontrollable factor, it is necessary to adopt an escalation factor that best reflects the prevailing economic and market conditions and variations from such rate should be allowed as pass through.*
2. *From FY 2002-03, RInfra-G made major changes in the operations and management of DTPS plant, instituted processes and systems and carried out a variety of technological interventions to improve the performance of the plant. Also, in FY 2002-03, DTPS plant was affected by flooding, which required major maintenance and consequent expenditure. These factors are reflected both in the performance as also in the total O&M expenses of the plant post FY 2001-02, as stated below:*
    a. *PLF increased to 100.30% in FY 2003-04 from 90.50% in FY 2002-03. Similarly, Availability increased to 96.84% from 91.03%.*
    b. *O&M expenses for FY 2001-02 were Rs. 39.80 crore, which increased to Rs. 62 crore in FY 2002-03, i.e., an increase of 56%.*
3. *RInfra-G submitted that it has constantly run the plant at over 100% PLF and is constantly carrying out maintenance and overhaul initiatives to sustain these high efficiency and reliability levels even with ageing Units of DTPS, which clocked 1,00,000 hours of operation.*
4. *For the period from FY 1999-2000 to FY 2003-04, the normal O&M expenses of FY 2002-03 and FY 2003-04 are, therefore, subdued due to averaging of expenses over this period. The Base Expenses at March 31, 2002 arrived at after averaging would, therefore, remain lower than actual expenses. Accordingly, expenses arrived after escalating these base O&M expenses also does not reflect the actual expenses.*

RInfra-G submitted that in view of the above, the pattern and magnitude of O&M expenses at DPTS Plant has, therefore, considerably changed from FY 2002-03 onwards. Furthermore, the escalation factor being pegged at 4% does not reflect the actual levels of inflation during the intervening years. For example, the rate of *increase in employee expenses is between 10%-15% and R&M of plant machinery by OEMs (e.g., BHEL) also increases by 10%-12% compared to normative rate (4%) or inflationary rate (5-6%) considered by the Commission.*

Accordingly, RInfra-G requested the Commission to refine the methodology of arriving at base O&M expenses, which the Commission could employ going forward to allow normative O&M expenses for the financial year for which tariff is being approved. This would work by computing a rolling average of O&M expenses (allowed by the Commission after truing up) to determine Base Expenses, instead of computing a fixed average, as elaborated below:

1. *Tariff determination for Financial Year 'n' (Ensuing Year)*
2. *Base O&M expenses would consider actual expenses (as allowed in the final truing up by the Commission) for financial years 'n-6' to 'n-2'. Financial Year 'n-1' being the Current Year would only have first half actuals available, and hence, would not be considered.*
3. *The Base Expenses so arrived at will be at March 31, of FY 'n-4'.*
4. *Instead of merely considering an escalation factor of 4%, these expenses should be inflated by actual inflation index of each intervening year to arrive at permissible O&M expenses for FY 'n'. The actual inflation index could be worked out by using a suitable combination of annual CPI and WPI values for each intervening financial year.*
5. *At the time of truing-up for FY 'n', all uncontrollable expenses should be permitted over and above the normative allowance, subject to prudence check by the Commission.*

RInfra-G submitted that this method would result in the allowed O&M expenses to mimic the actual incurrence more closely and would also permit pass through of the risk of inflation, which is otherwise uncontrollable. Further, such rolling average would ensure that the effect of necessary and uncontrollable expenses or abnormal expenses incurred for the sake of greater plant efficiency in the intervening years gets accommodated in the Base Expenses.

Based on the above methodology, RInfra-G estimated base O&M for FY 2007-08 by taking average of previous 5 years. The details of O&M expenses of previous 5 years (FY 2002-03-FY 2006-07) as submitted by RInfra-G are tabulated below:

Table: Details of O&M expenses of previous 5 years (FY 2002-03 to FY 2006-07) as submitted by RInfra-G (Rs. Crore)

Particulars	***FY 1999-00***	***FY 2000-01***	***FY 2001-02***	***FY 2002-03***	***FY 2003-04***	***FY 2004-05***	***FY 2005-06***	***FY 2006-07***
Employee expenses	*7.50*	*11.36*	*11.70*	*13.00*	*18.78*	*24.80*	*22.61*	*21.95*
A&G expenses	*8.10*	*8.10*	*8.10*	*17.40*	*14.10*	*17.57*	*16.96*	*13.60*
R&M expenses	*13.96*	*9.20*	*20.00*	*31.60*	*26.39*	*21.38*	*22.88*	*26.89*
Total O&M	***29.56***	***28.66***	***39.80***	***62.00***	***59.27***	***63.75***	***62.45***	***62.39***

From the above table, the average for the period FY 03 to FY 07 works to Rs 61.97 Crore, which is the base O&M expenses for FY 05. This is escalated at 4% twice as per Regulations to arrive at the base O&M expenses for FY 07, which works out to Rs 67.03 Crore. Thus with a inflationary increase of 5.29% considered by MERC, the base O&M expenses for FY 08 works out to Rs 70.57 Crore, which closely mimics the actual base expenses of Rs 68.95 Crore…."

...

RInfra-G further submitted that the Commission in the APR Order for FY 2008-09 dated May 28, 2009 held as under:

"RInfra-G, in the tariff determination process of last (third) year of first Control Period, has proposed to revise the methodology for allowing the O&M expenses. RInfra-G in its MYT Petition and APR Petition for FY 2007-08 had not raised this issue of modification in methodology of O&M expenses. The Commission therefore rejects RInfra-G's request to modify the methodology of O&M expenses for the last year of the first Control Period. In any case, RInfra-G's request would amount to amendment of the MERC Tariff Regulations for which, there is a separate process that has been prescribed, and cannot be done under the APR Petition of one of the Utilities in the State."

In the context of the above Tariff Order of the Commission, RInfra-G submitted that the reason cited for rejecting the request for approval of higher O&M expenses was not prudence check of such increase but based on the premise that:

1. RInfra-G had not raised the issue of lacuna in determination of base O&M expenses by the Commission; and

2. Change in methodology (of adopting rolling average of O&M expenses) proposed by RInfra-G amounts to amendment to MERC Tariff Regulations.

Reasons for not raising the lacuna in base O&M expenses:

RInfra-G submitted that the deviation in base O&M expenses arose when amounts of O&M expenses pertaining to dissimilar performance levels were averaged. Although on a stand-alone basis, such O&M expenses of a year was commensurate with the performance level of the year, on account of improved performance in later years (FY 2003-FY 2004), the O&M expenses of the period for FY 2003-2004 represented the normal expenses and the actual O&M expenses of FY 2000-2001 were lower on account of lower performance levels, which needs to be considered as normal or "abnormal" in a comparative sense. RInfra-G submitted that there was no reason to bring the issue to the fore in previous Petition (APR FY 2007-08) when the Commission itself trued up FY 2006-07 ARR vide its Order dated April 21, 2008 and allowed actual O&M expenses for FY 2007-08. The Commission had also revised O&M expenses for FY 2007-08 (and for FY 2008-09) by partially truing up the expenses, for deviation on account of wage revision and R&M expenses for FGD plant and held that it would true up the balance deviation during final truing up of FY 2007-08 (APR FY 2008-09). RInfra-G emphasised that had such mathematical insight been available to the Commission, either during passing of MYT Order or during subsequent APR process of FY 2007-08, the same would have been taken into consideration by the Commission itself without waiting for submissions from the Petitioner, as Regulation 34.6.1 itself mandates exclusion of any abnormal expenses while computing the average of O&M expenses of the period FY 1999-2000-FY 2003-04.

Change in methodology amounts to amendment of Regulations:

RInfra-G submitted that under its APR Petition for FY 2008-09 (Case No.120 of 2008), it had suggested the rolling average method to even out any abnormal O&M expenses, which is in the spirit of Regulation 34.6.1 of MERC Tariff Regulations. It was in the same spirit that the Commission allowed wage revision impact including that on Terminal Benefits during APR FY 2007-08 despite not factoring the same in MYT Order (which was as per Regulation 34.6.1). RInfra-G submitted that in accordance with Regulation 12.2 of Tariff Regulations, the Commission should have classified the deviation in base O&M expenses as that arising out of uncontrollable factors without amending the Tariff Regulations. Thus, the Commission can classify the deviation between actual and forecasted values of variables into those caused by controllable factors and uncontrollable factors. In the instant case, since deviation of

O&M expenses was on account of an error of averaging dissimilar O&M expenses, RInfra-G requested the Commission to classify such deviation as uncontrollable and pass loss/ gain as per provisions of Tariff Regulations.

RInfra-G further stated that the Commission, under its Tariff Order dated March 05, 2010 (Case No 16 of 2008) in the matter of Truing Up for MSPGCL's Generating Stations for FY 2005-2006, FY 2006-2007 and FY 2007-2008 based upon Judgment issued by ATE in Appeal No. 86 and 87 of 2007, adopted actual expenses of FY 2007 as base expenses for approval of O&M expenses during MYT period of FY 2008-FY 2010. The relevant parts of the under (section 3.1.3) is reproduced below:

"In accordance with the ATE Judgment in Appeal No. 86 and 87 of 2007 and the Commission's ruling in the MYT Order and submissions made to the ATE in the said Appeals, the Commission has considered the actual expenses for FY 2006-07 as the base expenses for projecting the revised O&M expenses to be approved for the first Control Period, i.e., FY 2007-08, FY 2008-09 and FY 2009-10."

The Commission, in the above Order (Case No 16 of 2008), has deviated from the MERC Tariff Regulations in respect of O&M expenses of existing stations for the reason that O&M expenses of previous years were inadequate and hence, not representative. Further, the Commission, under the said Order dated March 5, 2010 has also embarked on classifying the deviation between forecasted and actual expenses as per Regulation 12.2 and share the efficiency loss/ gain (deviation on account of controllable factors) in accordance with the Regulations.

RInfra-G submitted that in this case, the deviation in O&M expenses is primarily arising out on account of computation methodology of base expenses and this may be classified as uncontrollable. The Discussion Paper on MYT Regulations for next Control Period proposes to consider average actual O&M expenses of FY 2006-FY 2010 and escalation with suitable factor to arrive at Base O&M expenses for FY 2010-11. RInfra-G submitted that such an approach would allow O&M expenses, which closely mimic the actual expenses. Thus, the O&M expenses to the extent of actual incurrence have been allowed in FY 2006-07 and would be allowed in next MYT control period, whereas, the same are not being allowed for the present Control Period on account of different mode of computation of base O&M expenses. Thus, RInfra-G submitted that it would be unfair if RInfra-G cannot recover these legitimate expenses, merely on account of error in computation and would discourage the Petitioner who is continuously striving to operate and maintain the power station at Dahanu as one of the best power plants in India.

The Commission approved the overall O&M expenses of Rs. 80.26 Crore for FY 2008-09 in the MYT Order on normative basis in accordance with the provisions of the MERC Tariff Regulations. The Commission, in the APR Order in Case No. 120 of 2008 had undertaken the provisional truing up of O&M expenses for FY 2008-09 and also revised the O&M expenses on following accounts:

- Based on revised submission by RInfra-G, the Commission had reduced the R&M expense for FGD plant to Rs. 3.0 Crore as against approved R&M expense for FGD plant of Rs. 10 Crore.
- Impact of wage revision on terminal benefits of Rs. 1.68 Crore was also considered.

As regards RInfra's arguments that the O&M expenses for FY 2003-2004 represented the normal expenses and the actual O&M expenses of FY 2000-2001 were lower on account of lower performance levels, the Commission would like to clarify that the Tariff Regulations stipulates the normative availability of 80% for fixed charge recovery and target PLF of 80% for incentive computations. RInfra-G is entitled to incentive @ 25 paise/kWh for the net generation in excess of 80% PLF. It is important to note that PLF increased to more than 100.30% in FY 2003-04 and the O&M expenses in 2003-04 were also much higher than the O&M expenses in FY 2001-02. As elaborated by RInfra-G, the main reason for increase in O&M expenses is higher PLF, i.e., higher generation. In case RInfra-G's argument that the Commission should not have considered the abnormal expenses while arriving at the O&M expenses as per norms were to be accepted , it will be more appropriate not to consider the O&M expenses for FY 2003-04, as the PLF during FY 2003-04 was more than 100% as against normative PLF of 80%. Further, as submitted by RInfra-G, during FY 2002-03, DTPS plant was affected by flooding due to which the O&M expenses in FY 2002-03 were higher as compared to O&M expenses of previous years. Therefore, the increased level O&M expenses for FY 2002-03 and FY 2003-04, which has been considered by RInfra-G as normal O&M expenses can be categorised as abnormal expenses, as in FY 2002-03, there were one-time expenses due to flooding and O&M expenses in FY 2003-04 were higher due to higher generation, for which RInfra-G is entitled for an incentive. Based on actual performance, it is observed that RInfra-G has been earning PLF incentive of around Rs. 20 Crore every year, for generation in excess of target PLF. The additional cost incurred for earning PLF incentive cannot be passed on to consumers and hence, correcting the base O&M expenses, which were arrived by averaging the O&M expenses for five years from FY 1998-99 to FY 2003-04 with actual O&M expenses in FY 2002-03 and FY 2003-04 will not be appropriate.

The Commission has therefore, considered the O&M expenses as approved in the APR Order for FY 2008-09 for computing the sharing of gains and losses.

As regards the actual additional R&M expenses for FGD plant incurred in FY 2008-09, the Commission has considered the same for FY 2008-09. The summary of the O&M expenses approved in the APR Order for FY 2008-09, actual O&M expenses and O&M expenses considered by the Commission for computing sharing of losses is shown in the Table below:

Table: O&M expenses as approved by the Commission **(*Rs. Crore)***

Particulars	**APR Order**	**Actuals for FY 2008-09**	**Base considered for sharing of gains/losses**
O&M Expense for FY 2008-09	63.20	81.49	63.20
Impact of Wage Revision	5.19	6.87	5.19
Additional R&M Expense for FGD	3.00	2.97	2.97
Increased Liability on terminal benefit on account of wage revision not considered in APR Order	1.68		1.68
Total O&M Expenses	**73.07**	**91.33**	**73.04**

3.8 Capital expenditure and Capitalisation

The Commission has examined the actual capitalisation claimed by RInfra-G in detail as against the various capex schemes approved by the Commission. RInfra-G, stated that vide its letter dated July 27, 2009, RInfra-G has submitted the Project Completion Reports of all projects capitalized during FY 2008-09 providing actual benefits achieved vis-à-vis the benefits envisaged.

As regards the clarification for not capitalising employee and A&G expenses, RInfra-G submitted that the Capex projects at DTPS during FY 2008-09 were primarily technology oriented (such as procurement of VFDs, etc.) executed by contractors/technology vendors wherein involvement of DTPS was limited to technical quality assurance, supervision and project coordination, etc. Accordingly, RInfra-G has not capitalised any employee or A&G expenses.

The Commission has verified the actual capitalisation claimed by RInfra-G as against capex schemes already approved by the Commission. The Commission's rationale for approving the capitalisation for FY 2008-09 is discussed below:

The Commission has considered the actual capital expenditure and capitalisation of the DPR schemes after scrutinising the data provided by RInfra-G for FY 2008-09. As regards Non-DPR schemes, the Commission at this stage has not considered capitalisation of Construction of Ash Dyke (Pond No. 4) scheme during FY 2008-09, as RInfra-G has informed that the project is partially completed and would be completed in FY 2010-11.

The Commission also scrutinised the data provided by RInfra-G as regards the assets added during FY 2008-09 and also ascertained the benefits of the capitalisation for FY 2007-08, which was disallowed by the Commission in the APR Order dated May 28, 2009, in Case No. 111 of 2008. Accordingly, for truing up for FY 2008-09, the Commission has considered the capitalisation of Rs. 20.91 Crore.

The summary of the total capitalisation as approved in the APR Order, actuals as per RInfra-G and as approved by the Commission is shown in the Table below:

Table: Capitalisation ***(Rs Crore)***

Particulars	**FY 2008-09**		
	APR Order	**Actuals**	**Approved after truing up**
Capitalisation	22.93	21.55	20.91

3.9 Depreciation

The Commission, in its APR Order dated May 28, 2009, permitted depreciation expenditure of Rs. 23.91 Crore for FY 2008-09, which amounted to 1.55% of opening level of Gross Fixed Assets (GFA) of RInfra-G for FY 2008-09. The depreciation expense claimed by RInfra-G for FY 2008-09 is Rs. 24.32 Crore.

RInfra-G submitted that the difference between approved and actual depreciation is on account of revision of capitalisation of FY 2007-08 and depreciation on assets added during the year in accordance with the ATE Judgment in Appeal No. 137 of 2008.

Considering the ATE Judgment in Appeal No. 137 of 2008, the Commission has allowed depreciation on assets added during the year in addition to the depreciation on the opening GFA. The depreciation approved by the Commission in the APR Order, actual depreciation claimed by RInfra-G, and depreciation allowed after truing up for FY 2008-09 has been summarised in the following Table:

Table: Depreciation ***(Rs Crore)***

Particulars	**APR Order**	**Actuals**	**Allowed after truing up**
Opening GFA	1547.29	1557.17	1557.17
Addition to GFA		21.55	20.91
Depreciation on Opening GFA		24.07	24.07
Depreciation on Addition to GFA		0.25	0.24
Total Depreciation	**23.91**	**24.32**	**24.31**

3.10 Interest on Debt

The Commission, under its APR Order dated May 28, 2009, had approved interest expenditure of Rs 13.90 Crore, after considering the interest expenditure on normative debt corresponding to capitalised assets only. RInfra-G submitted that in accordance with the philosophy of the Commission, 70% of total capitalization (works capitalized + interest capitalized + expenses capitalized) is considered as normative loan for computing interest on loan capital.

RInfra-G, in its APR Petition, submitted that during FY 2008-09, the total capitalization was Rs. 21.55 Crore. RInfra-G submitted that a normative interest rate of 10% p.a. was considered towards interest expenses for projects capitalized during FY 2005-06 and FY 2006-07 and interest rate of 8% p.a. has been considered towards the interest expenses for projects capitalized during FY 2006-07 and FY 2007-08. For projects capitalized during FY 2008-09, a normative interest rate of 9% p.a. has been considered as approved by the Commission under its Order dated May 28, 2009.

RInfra-G submitted that the total interest expenses during FY 2008-09, as per the methodology outlined above, works out to Rs.14.38 Crore as compared Rs. 13.90 Crore approved by the Commission in its APR Order dated May 28, 2009. RInfra-G further submitted that the deviation in interest charges is on account of deferment of approval by the Commission for capitalisation during FY 2007-08. The Commission has considered the interest rate of 10.00% p.a. for the assets put to use during FY 2004-05 and FY 2005-06, interest rate of 8% p.a. for assets put to use during FY 2006-07 and FY 2007-08 and interest rate of 9% p.a. for assets put to use during FY 2008-09.

As against RInfra-G's claim of interest expenditure of Rs 14.38 Crore for FY 2008-09, the approved interest expenditure on long-term loan works out to Rs 14.32 Crore. The summary of the interest expenses as approved in the APR Order, revised estimate based on the capitalisation by RInfra-G and approved by the Commission after truing up for FY 2008-09 is shown in the Table below:

Table: Interest Expenses (Rs Crore)

Particulars	**FY 2008-09**		
	APR Order	**Truing up sought by Rinfra-G**	**Approved**
Op. Balance	168.47	174.93	174.93
Additions	16.05	15.09	14.64
Repayments	(10.14)	(11.30)	(11.15)
Cl. Balance	174.38	178.71	178.42
Interest	**13.90**	**14.38**	**14.32**

3.11 Interest on working capital

RInfra-G submitted that it has estimated the Interest on Working Capital (IWC) considering State Bank of India (SBI) Prime Lending Rate (PLR) @ 12.75% on the working capital requirement computed in accordance with the MERC Tariff Regulations, at Rs 9.99 Crore as against Rs 8.13 Crore approved in the APR Order by the Commission.

Further, in response to the Commission's query, regarding clarity on usage of cash flows of any other business and or cash flows to meet the working capital requirement, RInfra stated its difficulty in furnishing details of the cash flows of

RInfra-G. RInfra-G further submitted that the internal treasury funds were utilised primarily because of ease of availability, no administrative or processing charges, commission, etc., which otherwise are issues to deal with if actual capital is borrowed from lending agencies. RInfra-G further stated that, according to the ATE Judgment in Appeal No. 117 of 2008, the Commission should apply only the normative interest rate on working capital requirement to permit interest on working capital and allow the entire interest in the ARR.

The Commission has estimated the normative working capital requirement and interest thereof for FY 2008-09 based on the revised expenses approved in this Order after truing up. However, interest on working capital is a controllable parameter as defined under the MERC Tariff Regulations and the Commission has therefore, computed the sharing of gains/losses on the basis of normative working capital interest and the actual working capital interest incurred, which in this case RInfra-G failed to furnish to the Commission. Further, the MERC Tariff Regulations stipulate that rate of Interest on Working Capital shall be considered on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on the date on which the Application for determination of tariff is made. As the short-term Prime Lending Rate of State Bank of India at the time when RInfra-G filed the Petition for tariff determination for FY 2008-09 was 12.75%, the Commission has considered the interest rate of 12.75% for estimating the normative Interest on Working Capital, which works out to Rs 9.15 Crore.

3.12 Return on Equity (RoE)

RInfra-G submitted that it had computed the Return on Equity (RoE) for FY 2008-09 for its generation business in accordance with the MERC Tariff Regulations, which stipulates a 14% return on equity per annum on the regulatory equity at the beginning of the financial year. RInfra-G submitted that the Commission had approved Rs. 510.68 Crore as the regulated equity at the beginning of FY 2008-09. RInfra-G further submitted that considering the revised capitalisation for FY 2007-08, the return on equity works out to Rs. 71.91 Crore for FY 2008-09.

Accordingly, the Commission has computed the RoE for FY 2008-09 on the opening balance of equity in accordance with the MERC Tariff Regulations as applicable for the generation business. The summary of RoE as projected by RInfra-G and approved by the Commission for FY 2008-09 is summarised in the following Table:

Table: Return on Equity (Rs Crore)

Particulars	FY 2008-09		
	APR Order	Revised Estimate	Approve
Reg. Equity at beginning of year	510.68	513.64	513.64
Equity Por. of Capitalised Expenditure	6.88	6.47	6.27
Reg. Equity at the end of the year	517.56	520.11	519.91
Total Return on Regulated Equity	**71.50**	**71.91**	**71.91**

3.13 Income Tax

RInfra-G, in its Petition, submitted that in FY 2008-09, Dahanu Plant is eligible for Section 80 IA Benefit under Income Tax Act, 1961 and the income tax is payable at applicable Minimum Alternate Tax (MAT) Rate @ 11.33%. RInfra-G estimated the income tax for FY 2008-09 at Rs 14.74 Crore. RInfra-G submitted that the methodology adopted by RInfra-G is same as the methodology adopted by the Commission in the APR Order for FY 2008-09 dated May 28, 2009, i.e., working out the tax by adding the non-deductible expenditure for tax purposes to the RoE and then subtracting the tax deductible expenditure from the same.

However, as regards the Income tax liability arising out of PLF incentive, RInfra- G submitted that in view of the ATE Judgment in Appeal No. 111 of 2008, the Commission should allow the income tax liability arising out of PLF incentive. Accordingly, RInfra-G computed the taxable income by grossing up the RoE and PLF incentive to arrive at Profit Before tax (PBT) and adding back normative interest on debt and interest working capital. MAT (@ 11.33%) has been applied on taxable income to compute the IT liability.

In response to the clarification sought by the Commission on whether income tax refund for previous years was availed, RInfra-G stated that the IT refund primarily arises due to the difference between tax avoided based on the computation done by RInfra-G and the final assessment, which may include an assessment of pending issues for previous years under review at different levels of assessment, appellate, etc. Besides, RInfra stated that computation of tax for regulated business is done as per the Tariff Regulations and is taken accordingly in the filing of APR/ARR. Therefore, RInfra submitted that refund received/additional surcharge made, if any at the Company level would not impact computation submitted for APR/ARR.

For the purpose of income tax computations, the Commission has considered the RoE as the regulatory profit before tax, in accordance with the approach adopted by the Commission in the previous APR Order. Further, the Commission has not grossed up such RoE component for income tax, since the income tax is being allowed as an expense under the ARR, in accordance with the MERC Tariff Regulations. However, in accordance with the ATE Judgment, the Commission has considered the incentive earned by RInfra-G due to actual generation being higher than target PLF for the computation of income tax for FY 2008-09. As regards considering normative interest on working capital for tax computations, the Commission has considered the difference between normative and actual interest on working capital (which in the current case is Zero) for computation of tax for FY 2008-09.

As regards income tax refund received by RInfra-G in FY 2008-09, the Commission does not find any merit in the contention of RInfra-G that tax refund received/additional charge made at the Company level would not impact computation submitted for ARR/APR. The Commission is of the view that such refund should have been derived out of the higher tax liability which the consumers of various businesses of RInfra would have borne at some point of time in the past and hence, such refunds should be used to reduce the present cost burden on the consumers after factoring the time value of such amount. On the other hand, the Commission also finds that such refund, if taken into consideration in the present Order will lead to apportioning of such refund between Generation, Transmission and Distribution Businesses of RInfra. The procedure appears to be quite tedious as far as the present APR exercise is concerned and therefore, the impact of tax refund has not been considered by the Commission in the present APR process.

Based on the above principles and on the basis of submissions made by RInfra-G, the Commission has estimated the income tax of RInfra-G on standalone basis for FY 2008-09. The income tax projected by RInfra-G in its APR Petition and the income tax approved by the Commission after truing up is shown in the Table below:

Table: Income Tax (Rs Crore)

Particulars	**FY 2008-09**	
	Revised Estimate by RInfra-G	**Approved after truing up**
Profit Before Tax/ROE	81.10	71.91

Particulars	**FY 2008-09**	
	Revised Estimate by RInfra-G	**Approved after truing up**
Incentive	21.59	21.59
Add: Normative Interest on Working Capital	9.99	9.99
Add: Interest on loan approved by Commission	14.65	14.32
Less: Actual Interest on Long Term loan		
Total	**127.33**	**116.97**
Tax Rate (%)	11.33%	11.33%
Income Tax	**14.43**	**13.25**

3.14 Non Tariff Income

RInfra-G submitted that the actual non-tariff income for FY 2008-09 is Rs. 7.11 Crore as against Rs. 6.17 Crore approved by the Commission in its APR Order in Case No. 120 of 2008.

The Commission has considered the actual non-tariff income for truing up as shown in the Table below:

Table: Non-Tariff Income ***(Rs Crore)***

Particulars	APR Order	Actuals	Allowed after truing up
Non-Tariff Income	6.17	7.11	7.11

3.15 Revenue from Sale of Electricity

RInfra-G submitted that the revenue from sale of electricity to RInfra-D is in accordance with the tariff determined by the Commission in its APR Order in Case No. 120 of 2008. Further, RInfra-G has considered PLF incentive receivable on actual net generation (PLF in excess of 80%) and fuel surcharge payable for difference between Rate of Energy Charge (REC) at actual calorific values estimated and REC determined by the Commission.

RInfra-G, in its Petition, submitted that it is entitled for incentive on account of higher thermal generation than normative PLF of 80%. The incentive due to RInfra-G for FY

2008-09 works out to Rs. 21.59 Crore. The details of incentive computations submitted by RInfra-G for DTPS are given in the following Table:

Table: Incentive Computations for thermal units as submitted by RInfra-G

Unit	Actual Net Generation (MU)	Net Generation at 80% PLF (MU)	Energy eligible for incentive (MU	Rate of Incentive (Rs/kWh)	Incentive (Rs Crore)
DTPS	4024.51	3160.80	863.71	0.25	21.59

The Commission has approved the PLF incentive as submitted by RInfra-G.

The Commission has considered the revenue for FY 2008-09 for RInfra-G based on the fixed cost and rate of energy charge as submitted by RInfra-G.

Table: Revenue

Particular	Unit	RInfra-G	Commission
Fixed cost	Rs. Crore/ Year	181.79	181.79
Rate of Energy Charge	Rs./kWh	1.66	1.66
Energy Charge	Rs. Crore	668.07	668.07
PLF Incentive	Rs. Crore	21.59	21.59
Fuel surcharge	Rs. Crore	128.44	128.44
Revenue from existing Tariff	**Rs. Crore**	**999.89**	**999.89**

The Commission has considered the total revenue for FY 2008-09 at Rs. 999.89 Crore, as submitted by RInfra-G in its Petition.

3.16 Sharing of gains and losses in FY 2008-09

RInfra-G categorised the expenditure as controllable and uncontrollable and computed the gains and losses for the controllable expenditure and shared the same with the distribution licensee in accordance with the MERC Tariff Regulations. The relevant provisions under the Tariff Regulations stipulating sharing of gains/losses due to controllable factors are reproduced below:

"17.6.2 Some illustrative variations or expected variations in the performance of the applicant which may be attributed by the Commission to controllable factors include, but are not limited to, the following:

(a) Variations in capital expenditure on account of time and/ or cost overruns/efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;

(b) Variations in technical and commercial losses, including bad debts;

(c) Variations in the number or mix of consumers or quantities of electricity supplied to consumers as specified in the first and second proviso to clause (b) of Regulation 17.6.1;

(d) Variations in working capital requirements;

(e) Failure to meet the standards specified in the Standards of Performance Regulations, except where exempted in accordance with those Regulations;

(f) Variations in labour productivity;

(g) Variations in any variable other than those stipulated by the Commission under Regulation 15.6 above, except where reviewed by the Commission under the second proviso to this Regulation 17.6.

…

19.1 The approved aggregate gain to the Generating Company or Licensee on account of controllable factors shall be dealt with in the following manner:

(a) One-third of the amount of such gain shall be passed on as a rebate in tariffs over such period as may be specified in the Order of the Commission under Regulation 17.10;

(b) In case of a Licensee, one-third of the amount of such gain shall be retained in a special reserve for the purpose of absorbing the impact of any future losses on account of controllable factors under clause (b) of Regulation 19.2; and

(c) The balance amount of gain may be utilized at the discretion of the Generating Company or Licensee.

19.2 The approved aggregate loss to the Generating Company or Licensee on account of controllable factors shall be dealt with in the following manner:

(a) One-third of the amount of such loss may be passed on as an additional charge in tariffs over such period as may be specified in the Order of the Commission under Regulation 17.10; and

(b) The balance amount of loss shall be absorbed by the Generating Company or Licensee."

The Commission has considered the performance parameters and expenses for computing the sharing of gains/losses in accordance with the provisions of the Tariff Regulations, as elaborated below:

Fuel Cost

RInfra-G submitted that the variation in fuel cost is due to variation in the operational parameters such as heat rate, auxiliary power consumption, specific secondary oil consumption and transit loss for imported coal of the DTPS, which are controllable factors.

RInfra-G computed the fuel cost based on the approved operational norms of heat rate and secondary fuel oil consumption and estimated a total efficiency gain of Rs. 90.08 Crore, which it proposed to share with the Distribution Licensee to the extent of Rs 30.03 Crore (one-third). RInfra-G proposed to retain two third of the computed efficiency gain. The summary of the efficiency gain on account of fuel cost as proposed by RInfra-G has been shown in the Table below:

Table: Gain and loss due to variation in fuel cost as proposed by RInfra-G (Rs Crore)

Efficiency Gains	**[REC_n - Act. Var cost] x Net Generation**
Efficiency Gains	90.08
To be passed on to Distribution Licensee (Consumers)	30.03
To be retained by RInfra-G	60.05

Considering the ATE Judgment in Appeal No. 111 of 2008, the Commission has considered the truing-up of expenditure and computed the efficiency gain for entire energy sold by RInfra-G. Further, for computing the efficiency gain, the Commission has considered the approved normative heat rate and approved secondary fuel oil consumption for DTPS. The Commission has considered the sharing of gains in accordance with the provisions of the Tariff Regulations and has considered the sharing of gains as one third to be shared with the Distribution Licensee, i.e., RInfra-D, and two thirds of the gain to be retained by RInfra-G.

Table: Gain and loss due to variation in fuel cost approved by Commission (Rs Crore)

Particulars	RInfra-G	Commission
Energy Charge (Trued up) (Rs./kWh)	1.979	1.969
Actual Var. Cost (Rs./kWh)	1.755	1.755
Net Generation (MU)	4024.52	4024.52
Efficiency Gains	90.08	85.80
To be passed on to Distribution Licensee (Consumers)	30.03	28.60
To be retained by RInfra-G	60.05	57.20

The reason for the difference between RInfra-G’s submission and the Commission's computation of Efficiency Gains approved amount on account of variation in fuel cost is due to variation in transit loss considered by the Commission as against the transit losses considered by RInfra-G.

O&M Expenses

As regards the sharing of gains and losses for O&M expenses, RInfra-G has requested the Commission to allow the O&M expenses on actuals, citing uncontrollable factors, however, the Commission has clearly stipulated that the O&M expenses as approved in the APR Order in Case No.120 of 2008 would form the basis for computing the sharing of gains and losses. The O&M expenses for FY 2008-09 allowed by the Commission after truing up have been elaborated in Section 3.7. Accordingly, the Commission has considered the difference between the actual O&M expenses and O&M expenses allowed after truing up for computing efficiency losses, and one-third of the losses have been passed on the Distribution Licensee, i.e., RInfra-D, while two thirds of the losses have to be borne by RInfra-G.

Interest on Working Capital

As discussed in the above paragraphs, the actual interest on working capital incurred by RInfra-G during FY 2008-09 is nil and the normative interest on working capital approved by the Commission considering other elements of expenses approved after truing up, works out to Rs. 9.15 Crore. As the actual expenditure under this head is zero, the Commission has considered the entire normative interest on working capital as efficiency gains, and one third of the gains have been shared with the Distribution Licensee, i.e., RInfra-D, while two thirds of the gain have been retained by RInfra-G. Accordingly, net entitlement of RInfra-G towards interest on working capital works to Rs 6.09 Crore and efficiency gain to be shared with Distribution Licensee works out to Rs 3.05 Crore. Further, the detailed rationale in sharing the efficiency gains in respect of interest on working capital for FY 2008-09 has been provided in Section 4 of this Order.

Gap/(Surplus) for FY 2008-09 based on truing up and sharing of efficiency gain/losses

Based on the above computations for truing up of various elements of expenses and revenue and sharing of efficiency gains/losses, the Commission has estimated the total surplus as Rs. 13 Crore as against the gap of Rs. 6 Crore estimated by RInfra-G for FY 2008-09.

The summary of the net ARR and efficiency gains as approved by the Commission for FY 2008-09 is given in the following Table:

Table : Summary of Truing up for FY 2008-09

S.No.	Particulars	FY 2008-09					
		Tariff Order	Actual	Entitlement as per Regulations/Order	Deviation	Efficiency (Gain)/loss shared with Distribution Licensees	Net Entitlement
A	**Expenditure**						
1	Fuel Related Expenses	619.09	706.43	792.13	85.70	28.57	763.57
2	Operation & Maintenance Expenses	73.07	91.33	73.04	18.29	-6.10	79.14
3	Depreciation, including advance against depreciation	23.91	24.32	24.31			24.31
4	Interest on Long-term Loan Capital	13.90	14.38	14.32	0.00	0.00	14.32
5	Interest on Working Capital	8.13	0.00	9.15	9.15	3.05	6.10

6	Income Tax	9.68	13.36	13.25	0.00	0.00	13.25
	Total Expenditure	**747.78**	**849.82**	**926.21**	**113.14**	**25.52**	**900.69**
B	Return on Equity	71.50	71.91	71.91	0.00	**0.00**	**71.91**
C	Additional Revenue due to Reduced Aux Consumption						
D	Incentive for Higher PLF	0.00	21.59	21.59	0.00	**0.00**	**21.59**
E	**Total including expenditure +RoE +Incentive**	819.28	943.32	1019.71	113.14	25.52	994.19
F	**Revenue**						
1	Revenue from sale of electricity	**813.11**	**999.89**	**999.89**	0.00	0.00	**999.89**
2	Other Income	6.17	7.11	7.11	0.00	0.00	7.11
	Total Revenue	**819.28**	**1007.00**	**1007.00**			**1007.00**
G	**Revenue Gap/(Surplus)**						**-12.81**

4 IMPACT OF JUDGMENT OF APPELLATE TRIBUNAL FOR ELECTRICITY (ATE) AND PREVIOUS YEARS TRUING UP

4.1 BACKGROUND

As discussed in Section 1, the Commission issued the Order on the ARR Petition of RInfra-G for FY 2008-09 (Case No. 65 of 2007) on April 21, 2008. In the said Order, the Commission had undertaken the truing up of the expenditure for FY 2006-07. RInfra-G appealed (Appeal No.111 of 2008) against the Commission's APR Order, before the ATE. The ATE issued its Judgment on RInfra-G's above said Appeal on May 28, 2009. RInfra-G submitted that the ATE has allowed RInfra-G's appeal on the following issues and accordingly, it is entitled to recover certain amount of expenditure disallowed by the Commission in its Order dated April 21, 2008.

4.2 EFFICIENCY GAINS

On the issue of efficiency gains for FY 2006-07, the Commission in its above said Order dated April 21, 2008 stipulated as follows:

> "… *However, the Commission observes that REL has computed the efficiency gain based on net heat rate. If efficiency gain is computed on the basis of net heat rate, then the benefit of the better auxiliary consumption will get passed on twice as any gain in the net generation out of the reduction in the auxiliary consumption is realized through the extra sales by REL-G. Therefore, the Commission has considered the efficiency gain on account of fuel cost on the*

basis of gross heat rate and any benefit out of the better auxiliary consumption would be treated in the truing up of the revenue and not in truing up of the expenditure. Further, the Commission has considered the sharing of gains in line with Tariff Regulations and has considered the sharing of gains as one third to be shared with the distribution licensee, i.e., REL-D, and two thirds of the gain to be retained by REL as against the REL submission of retaining one third of the gains as a special reserve for absorbing future loses"

The ATE, in its Judgment in Appeal No. 111 of 2008, ruled as under:

"As per the Commission's calculations the total efficiency gains is only Rs.72.35 Crores and not Rs.78.13 Crores. According to the Commission, in case efficiency gain is calculated in the manner done by appellant, the appellant will get benefit of efficiency gain twice. The reason for so believing is the Commission's view that any gain in net generation out of reduced auxiliary consumption results in extra sales by REL-G. The Commission has considered the efficiency gain on account of fuel cost on the basis of gross heat rate and any benefit out of better auxiliary consumption to be treated in the truing up of revenue and not in the truing up of expenditure. The appellant, however, explains that the production is determined by demand and not by auxiliary consumption. The appellant claims that the better operational parameters have actually gone in reducing the cost of production rather than in increase in sales as the generation has been only to the extent needed to meet the demand plus the auxiliary consumption. It will not be correct to say that on account of reduced auxiliary consumption there has been increase in sale to the extent of reduced auxiliary consumption. In fact, auxiliary consumption is a part of cost. When auxiliary consumption is reduced the total amount to be produced is also reduced. A generating company is required to generate as much as is required to meet the demand of the purchaser. In case generating company has to sell more power it has to produce more power. The production does not increase on account of lower auxiliary consumption. Only the need to produce is reduced to the extent the auxiliary consumption is reduced. Therefore, reduction in auxiliary consumption does not actually mean increase in the sale of electricity units produced. The benefits of the better operational parameters go to the consumer in the form of reduced cost of generation and as sharing of efficiency gain as per provisions of Regulation19. To this extent we find merit in the appeal".

15.a) The Commission will allow the claim of the appellant towards efficiency gain on account of better operational performance on the entire actual exbus energy sent out rather than on the basis of truing up of revenue"

RInfra-G submitted that therefore, the efficiency gains of Rs 78.16 Crore computed based on actual ex-bus energy should be allowed and accordingly there would not be true up on revenue side. The summary of the impact of ATE Judgment in Appeal No. 111 of 2008 for efficiency gains as submitted by RInfra is shown in the Table below:

Table: Entitlement of efficiency gains for FY 2006-07 submitted by RInfra-G (Rs Crore)

Particulars	Order dated April 21, 2008	As per ATE Judgment
Total Efficiency gains	72.35	78.16
Allowed to RInfra-G	48.23	52.11
Passed on to the Consumers (through RInfra-D)	24.12	26.05

In accordance with the ATE Judgment in Appeal No. 111 of 2008 on entitlement of efficiency gains, the Commission has considered the efficiency gains of Rs 78.16 Crore as claimed by RInfra-G for FY 2006-07. The summary of the impact of ATE Judgment for efficiency gains as approved by the Commission is shown in the Table below:

Table: Entitlement of efficiency gains for FY 2006-07 approved by Commission (Rs Crore)

Particulars	RInfra-G	Approved
Total Efficiency gains	78.16	78.16
Allowed to RInfra-G	52.11	52.11
Passed on to the Consumers (through RInfra-D)	26.05	26.05

4.3 INTEREST ON WORKING CAPITAL

On the issue of interest on working capital for FY 2006-07, the Commission in its above said Order dated April 21, 2008 stipulated as follows:

> *"As discussed in the above paragraphs, the actual interest on working capital incurred by REL during FY 2006-07 is nil and the normative interest on working capital approved by the Commission considering other elements of expenses as approved after truing up, works out to Rs 6.37 Crore. As the*

actual expenditure under this head is zero, the Commission has considered the entire normative interest on working capital as efficiency gain and has considered sharing of the same (difference between normative interest on working capital and actual interest on working capital) with the distribution licensees. "

The ATE, in its Judgment in Appeal No. 111 of 2008, ruled as under:

"7) The Commission observed that in actual fact no amount has been paid towards interest. Therefore, the entire interest on Working Capital granted as pass through in tariff has been treated as efficiency gain. It is true that internal funds also deserve interest in as much as the internal fund when employed as Working Capital loses the interest it could have earned by investment elsewhere. Further the licensee can never have any funds which has no cost. The internal accruals are not like some reserve which does not carry any cost. Internal accruals could have been inter corporate deposits, as suggested on behalf of the appellant. In that case the same would also carry the cost of interest. When the Commission observed that the REL had actually not incurred any expenditure towards interest on Working Capital it should have also considered if the internal accruals had to bear some costs themselves. The Commission could have looked into the source of such internal accruals or funds could be less or more than the normative interest. In arriving at whether there was a gain or loss the Commission was required to take the total picture into consideration which the Commission has not done. It cannot be said that simply because internal accruals were used and there was no outflow of funds by way of interest on Working Capital and hence the entire interest on working capital was gain which could be shared as per Regulation No. 19. Accordingly, the claim of the appellant that it has wrongly been made to share the interest on Working Capital as per Regulation 19 has merit.

15. b): The interest on Working Capital, for the year in question, shall not be treated as efficiency gain."

RInfra-G submitted that therefore, the interest on working capital shall not be treated as efficiency gain and is entitled to recover the entire amount of interest on working capital passed on as efficiency gain to Distribution Utilities. The summary of the impact of ATE Judgment in Appeal No. 111 of 2008 for interest on working capital as submitted by RInfra-G for FY 2006-07 and 2007-08 is shown in the Table below:

Table: Interest on Working Capital for FY 2006-07 as per ATE Judgment, as submitted by RInfra-G (Rs Crore)

Particulars	Order dated April 21, 2008	As per ATE Judgment
Interest on Working Capital allowed to RInfra-G	4.23	6.35

Table: Interest on Working Capital for FY 2007-08 as per ATE Judgment, as submitted by RInfra-G (Rs Crore)

Particulars	Order dated May 28, 2009	As per ATE Judgment
Interest on Working Capital allowed to RInfra-G	3.86	5.78

In its Judgment, while ruling on the matter, the ATE observed that the Commission should have assessed whether the internal accruals had to bear some costs themselves, and that the Commission could have looked into the source of such internal accruals or funds, and the cost of these funds could be higher or lower than the normative interest. The ATE has observed that the Commission was required to take the total picture into consideration while arriving at whether there was a gain or loss.

Accordingly, for the recent year, i.e., FY 2008-09, the Commission asked RInfra-G to provide clarity regarding whether the working capital requirement has been met from the cash flows of RInfra-G and/or cash flows from any other business. Further, RInfra-G was also asked to submit the cash flow statement indicating as to how the working capital requirement has been met for RInfra-G, RInfra-T and RInfra -D, respectively. In reply, RInfra-G submitted that it has been operating on a common balance sheet for RInfra as a whole. Hence, it is virtually impossible to segregate the cash flows of RInfra-G from the rest of RInfra. RInfra-G submitted that as generating company needs working capital for operations in order to maintain fuel stock, meet expenses on operations and maintenance, maintain spares, etc., the same is managed through availability of internal treasury funds of RInfra. RInfra-G submitted that the internal treasury funds are utilised primarily because of ease of availability, no administrative or processing charges, commission, etc., which otherwise are issues to deal with if actual capital is borrowed from lending agencies

Since, RInfra-G has not been able to satisfactorily address the Commission's queries in this matter for FY 2008-09, it is obvious that there is no substantiation of the actual working capital interest on funds used for meeting working capital requirement, for the previous years as well. The Commission is of the view that by implication, RInfra-G has managed to meet its working capital requirements by its own operational efficiency, and has minimised the working capital requirement itself, and not actually relied on any funds to meet its working capital requirement. Moreover, it is incorrect to say that the entire working capital interest has not been allowed. The Commission has allowed the entire working capital interest on normative basis, however, since working capital interest is a controllable factor as per the MERC Tariff Regulations, the efficiency gains/losses on this account need to be shared with the consumers. Since, as per Regulation 17.6.2 (d) of the MERC (Terms and Conditions of Tariff) Regulations, 2005, variation in working capital requirement is a controllable factor, the Commission rules that the entire normative working capital interest has to be considered as an efficiency gain, and the sharing of gains has to be computed in accordance with Regulation 19.1 of the MERC (Terms and Conditions of Tariff) Regulations, 2005.

In view of the above, the Commission finds that there is no merit in RInfra-G's claim to claw back the amount already passed on as efficiency gain to Distribution Utilities in the previous APR Orders.

4.4 CONTRIBUTIONS AND DONATIONS UNDER A&G EXPENSES

On the issue of contribution and donations under A&G expenses for FY 2006-07, the Commission in its above said Order dated April 21, 2008 stipulated as follows:

> "*The Commission observed that the 'contribution/donations' sub-head under A&G expenses includes an expense of Rs.1.96 Crore as against the actual expenses of Rs. 0.02 Crore in FY 2005-06. The Commission asked REL to submit the basis and need for this expense, and also to provide the rationale for including this expense as recoverable from consumers.REL, in its reply, submitted that it incurred expenditure towards community development, social welfare and environmental activities such as maintenance of parks, plantation and maintenance of nursery and horticulture activities, environmental monitoring, etc."…*
>
> *The Commission is of the view that if the company or the shareholders of the company wish to contribute/donate towards charitable causes and community*

development, the same should be contributed from the return earned out of the business, rather than passed on to the Utility's consumers. Hence, for truing up purposes for FY 2006-07, the Commission has not considered the expense of Rs. 1.96 Crore".

The ATE, in its Judgment in Appeal No. 111 of 2008, ruled as under:

"9) It is submitted on behalf of the appellant that in earlier years such expenditures were allowed whereas for the year in question such expenses clubbed under Contributions and Donations have been disallowed. It is explained by the appellant that Contributions and Donations were towards community development, social welfare and environmental activities such as brick making activities, maintenance of schools and technical training of local youths, environmental management activities including green belt programme in marshy areas around power station which includes parks, plantations, nursery and landscaping as per guidelines of Maharashtra Pollution Control Board (MPCB) and small gifts in the forms of prizes and mementoes in recognition of good performance. It is contended by the appellant that almost all the expenses falling under the heading Contributions and Donations have been incurred for statutory compliance. The consent to operate issued by MPCB for appellant's Dahanu thermal power station stipulates that a green belt with tree plantations shall be maintained up to 100 meters periphery of the station towards Dahanu and not less than 50 meters periphery on three sides. It is also contended that the appellant is required to comply with the direction regarding utilisation of the ash of the power station as per instructions contained in notification issued by Ministry of Environment & Forest. The appellant has filed a copy of the Maharashtra Pollution Control Board's order consent No. BO/WPAE/Thane-68/CC/131 dated 23.03.04 under section 26 of the Water (Prevention & Control of pollution) Act 1974 & under section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and under Rule 5 of the Hazardous Wastes (Management & Handling) Rules 1989 in respect of thermal power station at Dahanu. The order mentions the conditions for the permission which, inter alia, include utilisation of the ash and maintenance of a green belt on all the four sides of the power plant. If the appellant is statutorily required to carry out certain activities in order to run the power plant it will only be appropriate that the expenses towards such activities is allowed to be recovered. However, the entire expenses disallowed namely Rs.1.96 Crores is not incurred on account of such activities. The Commission has to identify those expenses which are incurred to meet statutory obligations and those incurred to voluntarily under take social

welfare measures. The Commission is, thereafter, to allow as pass through the expenses incurred to meet statutory obligations.

10) The appellant has cited a judgment of this Tribunal in appeal No. 251 of 2006 relating to the tariff order for FY 2005-06 and 2006-07. However, that judgment has no reference to activities carried out to meet the norms for protection of environment or in respect of the activities related to community development and social welfare.

15 d)The Commission shall identify expenses which are incurred to meet statutory obligations and treat such expenditure included in the head 'contributions and donations' as pass through in tariff."

RInfra-G submitted the break up of expenditure under "Contributions and Donations" to the Commission to identify expenses incurred and allow the same. Further, the Commission, before TVS directed RInfra-G to submit details of above expenses on the basis of whether such expenses were for voluntary/ CSR activities or to meet statutory obligations. RInfra-G submitted the details, and stated that Rs. 1.87 Crore was incurred towards meeting statutory obligations and Rs. 0.09 Crore was towards CSR activities. Accordingly, RInfra-G has claimed Rs. 1.87 Crore in this petition.

Based on the RInfra-G's submissions of "Contributions and Donations" the Commission has considered the expenditure of Rs. 1.87 Crore for FY 2006-07 incurred towards meeting statutory obligations.

4.5 INCOME TAX ON PLF INCENTIVE

On the issue of income tax on PLF incentive for FY 2006-07, the Commission in its above said Order dated April 21, 2008 stipulated as follows:

"As regards tax on income arising out of sharing of gains due to better performance and PLF incentive, the Commission is of the view that the expenses incurred for achieving better performance (such as A&G, R&M, etc.) including higher PLF has already been allowed as pass through by the Commission and allowing tax on income arising out of better performance will put additional burden to consumers. Hence, the Commission has not considered the tax on income arising out of sharing of gains due to better performance and PLF incentive income.

Based on above principles, the Commission has estimated the income tax of REL-G on stand alone basis by considering the income and expenses as per approved ARR after truing up for FY 2006-07, as Rs. 7.69 Crore."

The ATE, in its Judgment in Appeal No. 111 of 2008, ruled as under:

"The Commission itself has not quoted any Regulation under which income tax on the incentive allowed can be denied to a generating company. The Regulation 34.2.1, of the MERC Tariff Regulations, which deals with income tax does not make any exception for the income arising out of incentive. Therefore, as per the Regulation the appellant is entitled to recover the income tax payable on the change in income on account of PLF incentive. Therefore, we find merit in the appellant's prayer for income tax on incentive to be given to it as a pass through."

15 c) The income tax payable on the PLF incentive will be treated as pass through"

RInfra-G submitted that according to the ATE Judgment, RInfra-G has considered grossed up (with IT rate) value of return on equity and PLF incentive as profit before tax and adding back other normative allowances to arrive at taxable income and income tax thereof.

The summary of the impact of ATE Judgment in Appeal No. 111 of 2008 for income tax on PLF incentive as submitted by RInfra-G for FY 2006-07 and FY 2007-08 is shown in the Table below:

Table: Entitlement of Income Tax on PLF Incentive for FY 2006-07 and FY 2007-08 submitted by RInfra-G (Rs Crore)

Particulars	**FY 2006-07**	**FY 2007-08**
PBT	68.95	69.43
Income from PLF Incentive	21.83	21.63
Add back: Normative Interest on long term loan	0.94	4.36
Add back: Normative Interest on Working Capital	6.35	5.78
Total	98.07	101.2
Tax Rate	11.22%	11.33%
Income Tax	**11.00**	**11.47**

In view of the ATE Judgment, the Commission allows the tax on PLF incentive claimed by RInfra-G for FY 2006-07 and 2007-08.However, the Commission has re-computed the income tax and approved the income tax as follows:

Table: Entitlement of Income Tax on PLF Incentive for FY 2006-07 and FY 2007-08 approved by Commission (Rs Crore)

Particulars	**FY 2006-07**	**FY 2007-08**
Return on Equity	61.22	61.57
Income from PLF Incentive	21.83	21.63
Add back: Normative Interest on long term loan	0.94	4.53
Less: Actual Interest on long term loan		
Add back: Normative Interest on Working Capital	6.35	5.78
Less: Actual Interest on Working Capital		
Total	90.34	93.52
Tax Rate	11.22%	11.33%
Income Tax	**10.14**	**10.60**

4.6 Summary of Impact of ATE Judgments and Truing up of FY 2006-07 and FY 2007-08

Based on the ATE Judgment in Appeal No. 111 of 2008 on various expenses, which were disallowed by the Commission while truing up for FY 2006-07 and FY 2007-08, RInfra-G submitted that the impact of trued up amount as approved by the Commission in the APR Orders, has been considered in the determination of the tariff for FY 2010-11. RInfra-G submitted that as the impact of the ATE Judgment in Appeal No. 111 of 2008 is to be recovered in FY 2010-11, interest for 4 years would accrue and computed the interest based on the SBI PLR rate applicable for FY 2006-07 @11.75%.

As regards the carrying cost on the impact of ATE Judgment in Appeal No 111 of 2008, the Commission has relied upon the ATE Judgment in Appeal No 111 of 2008 in the matter, which has not given any specific ruling regarding any carrying cost or interest cost on any element to be allowed. Neither was this prayed for in the Appeal filed by RInfra-G, and something, which has not been prayed for, cannot be granted. The summary of the impact of the ATE Judgment in Appeal No 111 of 2008, approved by the Commission in this Order is shown in the following Table:

Table: Summary of Recoverable amount approved by the Commission

(Rs Crore)

Particulars	**FY 2006-07**	**FY 2007-08**
Additional efficiency Gains	3.88	
Interest on Working Capital	0.00	0.00
Difference in Income Tax considering PLF Incentive	2.45	2.49
Contributions and Donations under A&G Expenses	1.87	-
Total	**8.20**	**2.49**

5 REVISED CAPITALISATION FOR FY 2007-08

In the previous APR Order dated May 28, 2009, while truing-up of FY 2007-08, the Commission provisionally considered capitalisation of Rs. 236.33 Crore as against Rs. 249.18 Crore projected by RInfra-G, and directed RInfra-G as under:

> *"As regards whether projected benefits have actually accrued for the benefit of consumers, the Commission directs RInfra-G to submit the details of the actual benefit derived in accordance with benefits stipulated in the DPR within 2 months from the date of this Order"*

RInfra-G submitted that in compliance with the directions of the Commission, RInfra-G had submitted the details of the schemes and benefits that have been accrued vide their letters dated June 27, 2009.

RInfra-G submitted that actual capitalisation in FY 2007-08 was Rs. 246.20 Crore, which included Rs. 6.37 Crore of additional coal stack yard and Rs. 7.39 Crore of other non-DPR projects on account of non- DPR Schemes, respectively.

After studying the details submitted by RInfra-G regarding the benefits that have been achieved, the Commission has approved the capitalisation as submitted by RInfra-G. The Capitalisation in FY 2007-08 as approved in the APR Order for FY 2008-09, as submitted by RInfra-G, and as approved by the Commission in this APR Order is tabulated as under:

Table: Revised Capitalisation in FY 2007-08 (Rs. Crore)

Particulars	FY 2007-08		
	Approved in APR Order	RInfra-G	Approved
FGD Project	232.44	232.44	232.44
Additional Coal Stack Yard	0	6.37	6.37
Other non-DPR Schemes	3.69	7.39	7.39
Total Capitalisation	236.13	246.20	246.20

5.1 DEPRECIATION

RInfra-G submitted that the Commission had trued up the Aggregate Revenue Requirement for FY 2007-08 vide its Order dated May 28, 2009 in Case No 120 of 2008 and approved Rs. 44.03 Crore as Depreciation for FY 2007-08. The depreciation was computed based on Opening GFA.

RInfra-G submitted that The Tata Power Company (TPC) had filed a statutory Appeal (Appeal No. 137 of 2008), challenging the Commission's Order dated April 02, 2008 in Case No. 68 of 2007, in respect of, inter-alia, depreciation on assets added during the year. Hon'ble ATE under the Judgment dated July 15, 2009 held that depreciation of assets added during the year also have to be allowed, in addition to depreciation on value of assets at the beginning of the year.

The Hon'ble ATE has ruled as under:

> *"In view of the provisions of the Tariff Regulations the Companies Act and the Accounting Standard-6, we find full justification and rationale in the contention of the appellant that proportionate depreciation has to be allowed even for part of the year when the assets have been put to use. The asset once put to use will be exposed to wear and tear which will not wait to depreciate till the start of the new financial year. We, therefore, allow the appeal in this view of the matter also."*

Accordingly, the depreciation amount from FY 2007-08 and afterwards shall have to be re-computed as per the Judgment of Hon'ble ATE. Therefore, the Commission has re-calculated the depreciation for FY 2007-08, based on approved capitalisation. The depreciation in FY 2007-08 as approved in the APR Order for FY 2008-09, as submitted by RInfra-G, and as approved by the Commission in this APR Order is tabulated as under:

Table: Revised Depreciation in FY 2007-08 (Rs. Crore)

Particulars	FY 2007-08		
	Approved in APR Order	RInfra-G	Approved
Opening GFA	1311.18	1311.18	1311.18
Assets added during the year	236.33	246.2	246.2
Assets retired during the year	0.21	0.21	0.21
Closing GFA	1547.3	1557.17	1557.17
Depreciation on Opening GFA	44.03	44.03	44.03
Depreciation on Assets added during the year	0	4.21	4.21
Total Depreciation	44.03	48.24	48.24

5.2 Interest Expenses

In the APR Order for FY 2008-09, the Commission considered interest expenses of Rs. 4.22 Crore as against Rs. 4.40 Crore as submitted by RInfra-G in its previous APR Petition.

Since the Commission has revised the capitalisation during FY 2007-08 in this APR Order, the loan drawal during FY 2007-08 has been recalculated and accordingly the interest cost for FY 2007-08 has also been re-calculated.

The interest expense as approved in the APR Order for FY 2007-08, as submitted by RInfra-G, and as approved by the Commission in this APR Order, is tabulated as under:

Table: Interest in FY 2007-08 (Rs. Crore)

Particulars	FY 2007-08		
	Approved in APR Order	RInfra-G	Approved
Opening Balance of Loan	12.38	12.38	12.38
Additions	165.43	172.34	172.34
Repayments	-9.34	-9.79	-9.79
Closing Balance of Loan	168.47	174.93	174.93
Interest cost	4.22	4.36	4.36

5.3 RETURN ON EQUITY

In the previous APR Order, the Commission approved Return on Equity of Rs. 61.57 Crore as against Rs. 61.57 Crore submitted by RInfra-G in its previous APR Petition in accordance with MERC Tariff Regulations. As RoE is allowed only on opening balance of equity, the addition of assets have no impact on RoE. Therefore, the revision of capitalisation has no impact on RoE.

The RoE as approved by the Commission during FY 2007-08 in this APR Order is tabulated as under:

Table: Return on Equity in FY 2007-08 (Rs. Crore)

Particulars	FY 2007-08		
	Approved in APR Order	RInfra-G	Approved
Regulatory Equity at the beginning of the Year	439.78	439.78	439.78
Equity portion of assets capitalised during the year	70.9	73.86	73.86
Regulatory Equity at the End of the Year	510.68	513.68	513.68
Return on Regulatory Equity at the beginning of the Year	61.57	61.57	61.57

5.4 Total Impact of revision in Capitalisation during FY 2007-08

Based on the above discussion, the total impact of revision in capitalisation after submission of detailed report by RInfra-G is tabulated as under:

Table: Impact of revised capitalisation in FY 2007-08 (Rs. Crore)

Particulars	FY 2007-08		
	Approved in APR Order	RInfra-G	Approved
Interest on Loan capital (debt)	4.22	4.36	4.36
Return on Equity	61.57	61.57	61.57
Depreciation	44.03	48.24	48.24
Total	109.82	114.17	114.17
Impact of approved actual capitalization for FY 2007-08		4.35	4.35

6 PERFORMANCE PARAMETERS FOR FY 2009-10 AND FY 2010-11

6.1 Performance Parameters

Regulation 16.1 of the Tariff Regulations, stipulates:

> *"The Commission may stipulate a trajectory, which may cover one or more control periods, for certain variables having regard to the reorganization, restructuring and development of the electricity industry in the State.*
>
> *Provided that the variables for which a trajectory may be stipulated include, but are not limited to, generating station availability, station heat rate, transmission losses, distribution losses and collection efficiency." (emphasis added)*

The Commission, in its MYT Order for RInfra-G, had approved the following performance parameters for the first Control Period from FY 2007-08 to FY 2009-10:

- Availability
- Heat Rate
- Auxiliary Consumption
- Secondary Fuel Oil Consumption

6.2 Performance Parameters

The Commission, in its MYT Order for RInfra-G, had approved the performance of DTPS for the entire Station together, considering the fact that both the Units operate on single primary fuel, i.e., coal.

6.2.1 Availability

The Commission, in its APR Order for FY 2008-09, had considered the availability of 94.25% as projected by RInfra-G for FY 2009-10. RInfra-G, in its Petition, has submitted the revised estimates for availability during FY 2009-10 based on the actual availability during the first six months and projections for the remaining six months of FY 2009-10. The Commission at this stage has not revised the availability for FY 2009-10 and will consider the actual availability for the entire year during the truing up exercise.

As regards the availability projected for FY 2010-11 at 95.89% by RInfra-G, the Commission has considered the availability equivalent to availability projected by RInfra-G, i.e., 95.89% as it is higher than the normative availability of 80%.

As the revised estimate of availability during FY 2009-10 and projected availability during FY 2010-11 is higher than the normative availability of 80%, the Commission allows the recovery of full fixed cost recovery of DTPS.

The availability as approved by the Commission in APR Order (for FY 2009-10), revised estimate submitted by RInfra-G for FY 2009-10 and estimate submitted by RInfra-G for FY 2010-11 in the Petition, and approved by the Commission for FY 2009-10 and FY 2010-11, is shown in the Table below:

Table: Availability for FY 2009-10 & FY 2010-11

Plant	FY 2009-10			FY 2010-11	
	APR Order	Revised Estimate	Approved	Estimate	Approved
DTPS	94.25%	95.97%	94.25%	95.89%	95.89%

6.2.2 Auxiliary Consumption

RInfra-G, in its Petition, submitted that the auxiliary consumption for DTPS for FY 2009-10 is based on the actual auxiliary consumption for the first six months and projections for the remaining six months of FY 2009-10. RInfra-G projected the auxiliary consumption for FY 2009-10 on the basis of the auxiliary consumption approved by the Commission for FY 2009-10.

RInfra-G submitted that during the first half of FY 2009-10, DTPS achieved auxiliary consumption (excluding auxiliary consumption of FGD plant) of 7.66%, and projected auxiliary consumption as 7.66% for second half of FY 2009-10. RInfra-G further submitted that the actual auxiliary consumption of the FGD plant has been 28.69 MU during first half of FY 2009-10. Based on actual power consumption by FGD plant, RInfra-G projected a consumption of 28.69 MU during second half of FY 2009-10. Hence, RInfra-G projected the total auxiliary consumption of FGD plant for FY 2009-10 as 57.37 MU as against 56 MU considered by the Commission in the MYT Order. RInfra-G submitted that as there are no norms presently available for auxiliary power consumption of FGD plants, the auxiliary consumption of FGD plant should be approved at estimated auxiliary power consumption of 57.37 MU of FGD for FY 2009-10.

In reply to the Commission's query regarding justification of higher auxiliary consumption of FGD plant for FY 2009-10 as compared to the approved consumption, RInfra-G submitted that the estimate for FY 2009-10 was based on actual performance of first six months for FY 2009-10 and deviations was on account of conservative estimates in absence of any experience in operation of such plants. Further, stated that FGD being a new technology, the Commission should stipulate norm for auxiliary power consumption of FGD plant. RInfra-G further stated that in the APR Order for FY 2008-09, the Commission has held that it would stipulate the norm for auxiliary power consumption of FGD plant and allow actual auxiliary power consumption of FGD for FY 2007-08. RInfra-G submitted that auxiliary power consumption for FGD should be allowed on actual basis for FY 2008-09 and FY 2009-10 as well.

The Commission is of the view that for FY 2009-10, since, RInfra-G has submitted the revised estimates for auxiliary power consumption of FGD plant based on the actual auxiliary power consumption during the first six months and projections for the remaining six months, the Commission has not revised the auxiliary power consumption for FY 2009-10 and will consider the actual auxiliary power consumption for the entire year during the truing up exercise. As regards the norms for auxiliary power consumption of FGD plant, the Commission has taken a note of the same and will stipulate the norms for FGD plant in the new MYT regulations for next Control Period.

The summary of auxiliary consumption projected by RInfra-G in the APR Petition, and approved by the Commission for FY 2010-11 is shown in the Table below:

<u>Table: Auxiliary Consumption for FY 2010-11</u>

Plant	**Unit**	**FY 2010-11**	
		Revised Estimate	**Approved**
DTPS	%	8.50%	8.50%
Additional Aux. Consumption for FGD	MU	57.37	57.37

6.2.3 Heat Rate

RInfra-G, in its Petition, submitted that during first half of FY 2009-10, DTPS achieved actual heat rate of 2309 kcal/kWh and is projected to achieve a heat rate of 2300 kcal/kWh during second half of FY 2009-10. RInfra-G submitted that the heat rate for entire FY 2009-10 is estimated at 2305 kcal/kWh as against the normative value of 2500 kcal/kWh.

RInfra-G submitted that as actual/normative secondary fuel consumption is given in volumetric units (i.e., ml/kWh), whereas calorific values are represented in gravimetric units (i.e., kcal/kg), density of these fuels (0.866 kg/l for LDO) is used to convert volumetric units to gravimetric units, while computing the heat contribution.

RInfra-G submitted that for FY 2010-11, the heat rate is considered at 2500 kcal/kWh on normative basis and heat contribution from primary fuel is computed considering the heat contribution from normative secondary fuel consumption specified in Regulation 35 of the MERC Tariff Regulations.

The Commission would like to highlight that for FY 2009-10, the revised heat rate figures submitted by RInfra-G are estimated figures based on actual performance during the first six months and estimated performance during the remaining six months of the year. The Commission will consider the actual performance for the entire FY 2009-10 during the truing up exercise, for arriving at efficiency gains for better performance. Thus, at this stage, the Commission has not considered any revision in heat rate and has retained the heat rate approved by the Commission in the MYT Order. The summary of heat rate projected by RInfra-G and approved by the Commission for FY 2010-11 is given in Table below:

Table: Heat Rate (kcal/kWh) for FY 2010-11

Plant	FY 2010-11	
	Estimate	Approved
DTPS	2500	2500

6.2.4 Secondary Fuel Consumption

RInfra-G submitted that it is using Light Diesel Oil (LDO) as secondary fuel for power generation. During the first half of FY 2009-10, the secondary fuel consumption achieved by RInfra-G is 0.062 ml/kWh as compared to normative secondary fuel oil consumption of 2.0 ml/kWh. For second half of FY 2010-11, RInfra-G projected secondary fuel consumption of 0.220 ml/kWh on account of cold-start up of Unit 2 after Annual Overhaul. For entire FY 2009-10, secondary oil consumption is estimated to be at 0.137 ml/ kWh as compared to 2.0 ml/kWh allowed by the Commission for FY 2009-10. Since, the revised secondary fuel oil consumption submitted by RInfra-G are estimated figures based on actual performance during the first six months and estimated performance during the remaining six months of the year, the Commission will consider the actual performance for the entire FY 2009-10 during the truing up exercise for arriving at efficiency gains for better performance.

RInfra-G has projected the secondary fuel oil consumption for FY 2010-11 based on the approved norm of 2 ml/kWh. RInfra-G further submitted that though in the past the actual secondary fuel oil consumption has been much lower, however, to maintain consistency, the RInfra-G has considered the secondary fuel oil consumption as 2 ml/kWh, in accordance with the norms specified in MERC Tariff Regulations.

The summary of secondary fuel oil consumption as projected by RInfra-G and as approved by the Commission for FY 2010-11 is given in the following Table:

Table: Secondary Fuel Oil Consumption (ml/kWh) for FY 2010-11

Plant	**FY 2010-11**	
	Estimate	**Approved**
DTPS	2.00	2.00

7 ANALYSIS OF ENERGY AVAILABILITY, ENERGY CHARGES AND ANNUAL FIXED CHARGE FOR FY 2009-10 AND FY 2010-11

RInfra-G, in its APR Petition, submitted the performance for FY 2009-10 based on actual performance for first half of the year, i.e., April to September 2009 and revised estimate of performance for the second half of the year, i.e., October 2009 to March 2010. RInfra-G submitted the comparison of each element of expenditure and revenue for FY 2009-10 with that approved by the Commission in its APR Order dated May 28, 2009 in Case No. 120 of 2008.

RInfra-G, in its Petition, mentioned that there exists an additional revenue requirement for FY 2009-10 largely on account of uncontrollable factors and sought the recovery of gap from RInfra-D. RInfra-G requested the Commission to provisionally true up expenses and revenue for FY 2009-10 and allow the same to be recovered from RInfra-D.

The Commission will undertake the final truing up of the revenue requirement and revenue for FY 2009-10 once the actual expenses and revenue based on the Audited Accounts of RInfra-G for FY 2009-10 are available. As regards the provisional truing up requirement for FY 2009-10 for RInfra-G, the Commission is of the view that the provisional truing up for Generation Companies is not required as the Generation Companies are able to recover increase in fuel costs, which comprise the bulk of their revenue requirement, through FAC mechanism. Moreover, based on analysis of expenditure for FY 2009-10, it is observed that the variation in other elements of expenditure except fuel cost is not substantial and there is no change in principles/methodology. Accordingly, the Commission in this Order on APR for FY 2009-10 and determination of Tariff for FY 2010-11 has not considered the provisional truing up of elements of the revenue requirement for FY 2009-10. However, before proceeding towards determination of tariff for FY 2010-11, it is essential to assess the performance during FY 2009-10 based on half year actual and revised estimates for second half of FY 2009-10. Accordingly, the revised estimate of performance of RInfra-G during FY 2009-10 as compared to Commission's APR Order for RInfra-G is discussed in the following paragraphs.

7.1 PLF and Gross Generation during FY 2009-10

The summary of PLF and gross generation approved by the Commission in its APR Order for FY 2009-10, and revised estimates for FY 2009-10 are given in the following Table:

Table: Availability, PLF and Gross Generation in FY 2009-10 (MU)

Particulars	FY 2009-10	
	APR Order	Rev. Est.
Availability	94.25%	95.97%
PLF	94.25%	98.53%
Gross Generation	4340.00	4315.41

RInfra-G submitted that during first half (i.e., April to September 2009) of FY 2009-10, DTPS operated at 98.80% Availability and the same is expected to reduce to 93.13% during second half (i.e., October 2009 to March 2010) of FY 2009-10.

The Commission has not revised the quantum of gross generation for FY 2009-10 at this stage. The Commission will undertake the truing up of gross generation based on actual performance for the entire year along with the reasons for variation in actual generation.

7.2 PLF and Gross Generation during FY 2010-11

As regards the gross generation for FY 2010-11 from DTPS, the Commission has considered the gross generation level as submitted by RInfra-G in its APR Petition, as otherwise it would result in incorrect assumption of power purchase cost for RInfra-D. The Commission directs RInfra-G to abide by the Maharashtra State Load Despatch Centre's (MSLDC) instructions for despatch schedule for the State as a whole in accordance with the merit order principles approved by the Commission from time to time.

Considering the gross generation considered by the Commission and auxiliary consumption norms and auxiliary consumption for FGD plant approved by the Commission as discussed in Section 6, the projected net generation from DTPS is summarised in the following Table:

Table: Summary of Net Generation for FY 2010-11 ***(MU)***

Particular	Projection	Approved
Gross Generation	4200	4200
% Aux. Power Consumption (Normal)	8.50%	8.50%
Aux. Power Consumption (Normal) in MU	357	357
Auxiliary Consumption of FGD Plant	57	57
Total Auxiliary Consumption	414	414

Particular	Projection	Approved
Net generation	3786	3786

7.3 Fuel Costs for FY 2009-10

RInfra-G, in its Petition, has submitted that the total fuel cost for FY 2009-10 is estimated at Rs. 824.97 Crore as against the fuel cost of Rs 815.23 Crore approved in the APR Order. RInfra-G submitted that the increased in fuel costs are largely on account of higher energy sale compared to energy sale approved by the Commission for FY 2009-10.

The summary of fuel price in Rs/MT and calorific value as submitted by RInfra-G is given in the following Table

Table: Fuel Parameters

Particulars	APR Order	H1 Actual	Rev. Est.
A. Fuel Price (Rs/MT)			
Washed Coal	2409	2478	2511
Imported Coal	4507	4471	4577
LDO	37686	36695	36695
B. Calorific Value (kcal/kg)			
Washed Coal	3657	3849	3849
Imported Coal	5061	4767	4767
LDO	9318	10858	10858

As the impact of variation in fuel prices is allowed as pass through under the FAC mechanism, the Commission in this Order has not considered any revision in fuel prices for FY 2009-10 and has also not undertaken the provisional truing up of revenue, which also includes revenue from FAC. The Commission will undertake the final truing up of fuel costs based on actual fuel costs during the entire year, subject to prudence check.

7.4 Fuel Cost for FY 2010-11

For FY 2010-11, RInfra-G submitted that it has considered 5% increase over the prices of FY 2009-10 for estimating the fuel costs for FY 2010-11. The summary of fuel prices considered by RInfra in APR Petition and actual fuel prices during first half of FY 2010 and actual fuel prices from October 2009 to March 2010 are given below:

Table : Summary of Actual Fuel Prices

Particulars	APR Petition	H1 Actual (FY 10)	Oct to March' 10
A. Fuel Price (Rs/MT)			
Washed Coal	2629	2454	2561
Imported Coal	4802	4471	3293
LDO	38529	36695	37651
B. Calorific Value (kcal/kg)			
Washed Coal	3849	3849	3421
Imported Coal	4767	4767	4695
LDO	10858	10858	10756

The summary of the month-wise imported and washed coal prices as submitted by RInfra-G are shown in the following Table:

Month	Imported Coal		Washed Coal	
	Price (Rs/MT)	Calorific Value kcal/kg	Price (Rs/MT)	Calorific Value kcal/kg
Oct-09	4437	4977	2419	3808
Nov-09	3074	4666	3074	3389
Dec-09	3052	4409	3052	3608
Jan-10	3102	4967	3102	3300
Feb-10	3270	5138	3270	3342
Mar-10	3512	4451	2594	3425

For FY 2010-11, in accordance with the practice adopted in previous Tariff Orders, the Commission has considered the price and calorific value of fuel equivalent to average actual fuel price and calorific value for the period from January 2010 to March 2010 for washed, Raw (F Grade) coal and imported coal. However, for LDO the actual fuel price and calorific value from April 2009 to March 2010 is considered.

The summary of fuel prices and calorific value as projected by RInfra-G and as considered by the Commission for FY 2010-11 is given in the Table below:

Table: Summary of Fuel Prices for FY 2010-11

Particulars	APR Petition	Approved
A. Fuel Price (Rs/MT)		
Washed Coal	2,629	2,579
Imported Coal	4,802	3,295
LDO	38,529	37,435
B. Calorific Value (kcal/kg)		
Washed Coal	3,849	3,356
Imported Coal	4,767	4,852
LDO	10,858	10,833

7.4.1 Total Fuel Costs, Variable Cost of Generation and Rate of Energy Charge

Based on performance parameters, i.e., heat rate and auxiliary consumption approved for FY 2010-11 and considering the fuel prices and fuel calorific value as discussed in above paragraphs, the variable cost of generation and rate of energy charge for DTPS for FY 2010-11 as approved by the Commission is given in the Table below:

Table: Cost of Generation and Energy Charge approved for FY 2010-11

Particulars	Units	APR Petition	Commission
Total Fuel Cost	Rs Crore	833.54	804.62
Energy Charge (at Bus-bar)	Rs/kWh	2.20	2.12

The Commission express its concern since, if the variation in fuel price would have not been a pass through, RInfra-G would have taken adequate steps to mitigate risks of fuel price variation. The Commission is of the view that RInfra-G should endeavour to devise steps as a risk mitigation measure for fuel price variations. Further, it has been observed that for generation companies, there is an automatic pass through of FAC to the Distribution Licensees; therefore, it is necessary that some risk is shared by generating companies also. Accordingly, the Commission is of the view that in future some principle needs to be devised, wherein incentive and disincentive may be stipulated in fuel pricing also, which would incentivise the Utilities to take some risk mitigating measures. **The Commission directs RInfra-G to submit the FAC details for DTPS with all the necessary documents on post-facto basis every quarter basis for the Commission's approval.**

7.5 O&M Expenses for FY 2009-10

RInfra-G estimated the revised O&M Expenditure for FY 2009-10 at Rs. 100.91 Crore as against Rs. 77.30 Crore approved in the APR Order. RInfra-G submitted that the reasons for deviation are deviation in base O&M expenses (as discussed in Section 3) and deviation in R&M expenses of FGD plant.

RInfra-G submitted that Maharashtra Pollution Control Board (MPCB) has tightened the consent to operate DTPS with tightening of sulphur emission norms therefore, the operation of FGD has become critical for the operation of DTPS. In view of the increased stringency of norms and criticality of FGD plant, RInfra-G has increased the R&M expenses of FGD plant. Accordingly, RInfra-G has increased the procurement of R&M spares, material, services and proposes an expenditure of Rs.6.90 Crore towards R&M of FGD plant, for FY 2009-10. RInfra-G requested the Commission to approve the projected O&M cost for FY 2009-10.

The Commission has not carried out any provisional truing up for O&M expenses for FY 2009-10, however, the Commission clarifies that the impact of additional R&M expenses for FGD of Rs. 6.90 Crore as against Rs. 3.00 Crore in the APR Order in Case No. 120 of 2008 would be considered during the final truing up, based on actual O&M expenses for the entire year and prudence check.

7.6 O& M Expenses for FY 2010-11

RInfra-G has estimated the O&M expenditure for FY 2010-11 by applying the escalation factor of 6% (based on historic and recent movement of Consumer Price Index (CPI) and Wholesale Price Index (WPI)) on the revised estimated O&M expenses for FY 2009-10. RInfra-G also considered the additional amount of Rs. 8 Crore for O&M expenses for FGD plant during FY 2010-11 and projected overall O&M expenses as Rs. 107.65 Crore for FY 2010-11.

For FY 2010-11, the Commission has considered an increase of around 7.02% on account of inflation over the revised approved level of base O&M expenses for FY 2009-10 (i.e., including the impact of wage revision on terminal benefits), based on the increase in WPI and CPI. The Commission has considered the point to point inflation over WPI numbers (as per Office of Economic Advisor of Govt. of India) and CPI numbers for Industrial Workers (as per Labour Bureau, Government of India) for a period of 5 years, i.e., FY 2005-06 to FY 2009-10, to smoothen the inflation curve. The Commission has considered a weight of 60% to WPI and 40% to CPI, based on the expected relationship with the cost drivers. As regards additional R&M expenses for FGD plant, the Commission has considered the amount of Rs 8 Crore as submitted by RInfra-G for FY 2010-11. The summary of O&M expenses as projected by RInfra-G and as approved by the Commission for FY 2010-11 is given in the following Table:

Table: Summary of O&M Expenses approved by Commission for FY 2010-11 (Rs Crore)

<table>
<tr><th>Particular</th><th>Revised Estimate</th><th>Approved</th></tr>
<tr><td>O&M Expenses</td><td rowspan="3">99.65</td><td rowspan="3">74.99</td></tr>
<tr><td>Impact of Wage Revision</td></tr>
<tr><td>Impact of Wage Revision on terminal benefits</td></tr>
<tr><td>Additional R&M Expense for FGD</td><td>8.00</td><td>8.00</td></tr>
<tr><td>Total O&M Expenses</td><td>107.65</td><td>82.99</td></tr>
</table>

7.7 Capital Expenditure and Capitalisation

RInfra-G submitted that for FY 2009-10, it is expected to capitalize assets amounting to Rs. 50.78 Crore (including interest capitalization) as against Rs. 3.94 Crore approved by the Commission in APR Order for FY 2008-09. RInfra-G submitted that the deviation in capitalisation figures as against the approved capitalization is because the Commission has not considered the capitalization in respect of HP Turbine Module pending submission of benefits of capital expenditure projects.

RInfra-G submitted that Rs.50.78 Crore capitalization includes the following:

- Capitalisation of spare HP Turbine Module during November 2009, with total capitalization (including IDC) of Rs.22.70 Crore. The reasons for deviation between actual and approved cost for the project and documentary evidence (offers of OEM, BHEL) for the same have already been submitted to the Commission, vide letter dated July 28, 2009. The Project Completion Report providing details of actual benefits achieved or ascertained for the projects have been submitted to the Commission vide letter dated December 5, 2009.

- As per the Commission's direction in its APR Order for FY 2008-09, RInfra-G has clubbed/ bundled several smaller projects into DPR projects. These include few R&M and Reliability Improvement projects at an estimated cost of Rs. 25.96 Crore. However, to reduce the impact on tariff, RInfra-G has phased out the expenditure and capitalization over 4-5 years. During FY 2009-10, RInfra-G proposed to capitalize schemes worth Rs.13.10 Crore under this project. RInfra-G has submitted the DPR for in-principle approval of Commission vide its letter dated September 24, 2009 and brought to the notice of the Commission, that expenditure incurred as most of these projects have to be implemented during the Annual Overhaul (November 2009).

- Similarly, RInfra-G has submitted another DPR vide its letter dated November 20, 2009 bundling Renovation of Township Area at DTPS and construction of boundary wall at an estimated cost of Rs. 16.30 Crore. However, to reduce the tariff impact on its customers, RInfra-G has phased out the total expenditure over 4-5 years. Accordingly, RInfra-G proposed to capitalize an expenditure of Rs.1.10 Crore during FY 2009-10.

- Non DPR projects (less than Rs. 10.00 Crore) constituting about Rs. 13.87 Crore is capitalized in FY 2009-10. The project report with ascertainment of estimated/ actual benefits, as the case may be, has been submitted with the Petition.

As regards capitalisation during FY 2010-11, RInfra-G proposed to capitalise Rs. 70.66 Crore. The proposed capitalization for FY 2010-11 include following projects:

- Coarse Ash Grinding Unit with an estimated cost of Rs. 30.00 Crore.

- Non DPR projects clubbed into DPR projects for R&M and Reliability Improvement at DTPS. The proposed capitalization for FY 2010-11 under these projects is Rs.6.64 Crore.

- Non DPR projects clubbed into DPR project for Renovation Township Residential Area and construction of Boundary Wall at DTPS. The proposed capitalization for FY 2010-11 under this project is Rs.4.50 Crore.

- RInfra-G, proposed to bundle several smaller projects into one DPR project. Such smaller projects have to be implemented during FY 2010-11 and have been clubbed as one DPR project at an estimated cost of Rs. 24.71 Crore.

- Non DPR projects worth Rs 3.28 Crore are proposed for capitalization in FY 2010-11.

As regards the capitalisation for FY 2009-10 and FY 2010-11, the Commission has considered the capitalisation as submitted by RInfra-G. However, the Commission will consider the actual capitalisation at the time of truing up subject to prudence check.

The capitalisation as approved by the Commission for FY 2009-10 and FY 2010-11 is tabulated as under:

Table: Summary of Capitalisation –approved by Commission (Rs Crore)

Particulars	FY 2009-10			FY 2010-11	
	APR Order	Revised Estimate	Approved	RInfra-G Estimate	Approved
Capitalisation	3.94	50.78	50.78	70.66	70.66

7.8 Depreciation

The Commission, in its APR Order, had considered depreciation expenditure of Rs 14.21 Crore for FY 2009-10, which amounts to 0.91% of Opening level of Gross Fixed Assets (GFA) of RInfra-G for FY 2009-10. The opening GFA was considered as Rs 1564.03 Crore for FY 2009-10, and the depreciation rates were considered as prescribed under MERC (Terms and Conditions of Tariff) Regulations, 2005.

RInfra-G, under its APR Petition, submitted the revised estimate of depreciation expenditure for FY 2009-10 and FY 2010-11 as Rs 14.55 Crore and Rs 17.13 Crore, respectively. RInfra-G computed depreciation on the opening GFA as well as on the projected asset addition during the year. The details of GFA and depreciation as submitted by RInfra-G and as approved by the Commission are tabulated as under:

Table: Depreciation approved by the Commission (Rs Crore)

Particulars	FY 2009-10			FY 2010-11	
	APR Order	Revised Estimate	Approved	RInfra-G Estimate	Approved
Opening GFA	1564.03	1571.46	1570.82	1622.24	1621.59
Depreciation	14.21	14.55	14.54	17.13	17.13

The Commission will undertake the truing up of Depreciation based on actual capitalisation during the entire year, subject to prudence check.

7.9 Interest Expenses

RInfra-G submitted that in accordance with the philosophy of the Commission, 70% of the total capitalisation (works capitalised + interest capitalised + expenses capitalised) is considered as a normative loan for computing interest on loan capital. The interest on the loan capital is computed based on the following:

- A normative interest rate of 10% p.a. was considered towards interest expense for projects initiated during FY 2004-05 and FY 2005-06.
- A normative interest rate of 8% p.a. has been considered towards the interest expense for projects initiated during FY 2006-07 and FY 2007-08.
- A normative interest rate of 9% p.a. has been considered towards the interest expense for projects initiated during FY 2008-09 onwards in accordance with the tariff Order dated May 28, 2009.

For FY 2009-10, the interest on long term loan (debt) works out to Rs. 15.55 Crore as compared to Rs. 13.91 Crore approved in the APR Order for FY 2008-09. RInfra-G submitted that the primary reason for deviation is deferment of capitalization (actual / proposed) pertaining to FY 2007-08, FY 2008-09 and FY 2009-10 by the Commission. RInfra-G submitted that for FY 2010-11, the interest on Long term loan (normative debt) works out to Rs. 18.05 Crore.

The Commission has considered the interest expense on the normative debt corresponding to capitalised assets only and has considered the interest rate of 10% p.a., for the assets put to use during FY 2004-05 and FY 2005-06 and at the interest rate of 8% p.a. for assets put to use during FY 2006-07 and FY 2007-08 interest rate of 9% for assets put to use during FY 2008-09. For FY 2009-10 and FY 2010-11, the Commission has considered the interest of 9% p.a. on normative loans as proposed by

RInfra-G. Accordingly, approved interest expense for FY 2009-10 and FY 2010-11 is summarised in the following Table:

Table: Interest on Debt as approved by the Commission (Rs Crore)

Particulars	FY 2009-10			FY 2010-11	
	APR Order	Revised Estimate	Approved	R Infra-G Estimate	Approved
Op. Balance	174.38	178.71	178.52	200.16	200.10
Loan Addition	2.76	35.54	35.54	49.46	49.46
Loan Repayments	(10.28)	(14.10)	(13.97)	(17.27)	(17.14)
Cl. Balance	166.86	200.16	200.10	232.35	232.42
Interest	**13.91**	**15.55**	**15.53**	**18.05**	**18.04**

7.10 Return on Equity (RoE)

The Commission, in its APR Order, had permitted return on equity to the extent of Rs 72.46 Crore for FY 2009-10, at a rate of return of 14% in accordance with Regulation 34.1 of MERC (Terms and Conditions of Tariff) Regulations, 2005.

RInfra-G, in its APR Petition, submitted the revised estimate of return on equity for FY 2009-10 and FY 2010-11 as Rs 72.81 Crore and Rs 74.95 Crore, respectively. RInfra-G submitted that based on the capital expenditure and capitalisation and debt-equity norm of 70:30, the return on equity on the equity portion has been considered at 14%. Further, RInfra-G has computed RoE on the opening equity only in accordance with MERC Tariff Regulations, 2005.

The Commission has computed the RoE for FY 2009-10 and FY 2010-11 on the opening balance of equity. Accordingly, approved Return on Equity for FY 2009-10 and FY 2010-11 is summarised in the following Table:

Table: Return on Equity as approved by the Commission (Rs Crore)

Particulars	FY 2009-10			FY 2010-11	
	APR Order	Revised Estimate	Approved	R Infra-G Estimate	Approved
Regulated Equity at beginning of year	517.56	520.11	519.91	535.34	535.14
Equity Portion. of Capitalised Expenditure	1.18	15.23	15.23	21.20	21.20
Regulated Equity at the end of the year	518.74	535.34	535.14	556.54	556. 34
Total Return on Regulated Equity	72.46	72.81	72.79	74.95	74.92

7.11 Interest on Working Capital for FY 2009-10 and FY 2010-11

RInfra-G, in its Petition, submitted that the Working Capital has been computed in accordance with the MERC Tariff Regulations, which stipulate the components of working capital of a generating station. For FY 2009-10, as the Commission has not carried out provisional truing up of most of the other elements of ARR and therefore, the Commission has not carried out truing up of interest on working capital for FY 2009-10. The Commission will carry out the truing up of interest on working capital after final truing up of other elements of expenses and revenue for FY 2009-10.

For FY 2010-11, the Commission has estimated the working capital requirement for DTPS in accordance with the MERC Tariff Regulations. As the short-term Prime Lending Rate of State Bank of India was around 11.75% at the time of filing of Petition by RInfra-G, the Commission has considered the interest rate of 11.75% for estimating the interest on working capital. The interest on working capital for DTPS for FY 2010-11 is given in the following Table:

Table: Interest on Working Capital for FY 2010-11 (Rs Crore)

Unit/Station	APR Petition	
	Revised Estimate	Approved
DTPS	9.77	9.29

7.12 Non-Tariff Income for FY 2009-10

RInfra-G submitted that the non-tariff income for FY 2009-10 is estimated at Rs.4.49 Crore as against Rs 6.17 Crore approved by the Commission in the APR Order.

The Commission will undertake the truing up of Non Tariff Income based on audited accounts during Performance Review for FY 2010-11.

7.13 Non Tariff Income for FY 2010-11

RInfra-G submitted that the non tariff income for FY 2010-11 is estimated at Rs. 5.00 Crore. The Commission has considered the non-tariff income at the same level as submitted by RInfra-G i.e., Rs 5.00 Crore, for FY 2010-11.

7.14 Income Tax for FY 2009-10 and FY 2010-11

RInfra-G submitted that from FY 2009-10 onwards, the benefit of Section 80IA will not be available to DTPS. Accordingly, the Income Tax liability is computed at corporate tax rate of 33.99%. Further, RInfra-G submitted that FGD plant is eligible for 100% depreciation benefit and same is assumed to have been availed 50% during FY 2007-08 and 50% during FY 2008-09 on account of commissioning of FGD in second half of FY 2007-08.Similarly, RInfra-G submitted that MAT credit can be redeemed as advance tax. Accordingly, RInfra-G submitted that income tax payable by RInfra-G for FY 2009-10 thus, works out to Rs. 14.98 Crore (after fully offsetting the MAT credit available) as against Rs. 9.79 Crore allowed in the Tariff Order for FY 2009-10 on May 28, 2009. For FY 2010-11, RInfra-G computed the Income Tax payable at Rs. 49.02 Crore.

For the purpose of income tax computations, the Commission has considered the same approach, which it has followed in the previous APR Order. While normative interest on long-term loans has been added to the RoE while computing the Income Tax for FY 2009-10 and FY 2010-11, the normative interest on working capital loan has not been added to the RoE, since it is not possible to project the exact actual interest expense that will be incurred by RInfra-G. Depending on the actual interest on working capital incurred by RInfra-G, only the difference between the normative interest and actual interest, and that too, only if the actual interest is lower than the normative interest on working capital, will have to be added to the RoE, for computing the Income Tax. Hence, this can be considered at the time of final truing up. Further, the Commission has not grossed up such RoE component for income tax, since the income tax is allowed as part of the ARR as an expense head, in accordance with the MERC Tariff Regulations. For computation of tax for FY 2010-11, the Commission has considered the tax rate of 33.22% [30% (base tax rate) + 7.5% (Surcharge) + 3% (Education Cess] as revised by the Ministry of Finance for FY 2010-11.

As regards the MAT credit adjustment, the Commission has considered MAT rate of 16.99% and 19.93% for computing the MAT for FY 2009-10 and FY 2010-11 respectively. For FY 2009-10, the Commission has adjusted MAT credit of Rs 14.39 Crore out of total Rs. 34.08 Crore as based on revised workings by the Commission the entire MAT could not be adjusted in FY 2009-10 and the remaining MAT credit of Rs. 11.35 Crore has been adjusted by the Commission in income tax for FY 2010-11.

The summary of income tax approved by the Commission in this APR Order for FY 2009-10 and FY 2010-11 is shown in the Table below.

Table: Income Tax ***(Rs Crore)***

Particulars	**(Rs. Crore)**	
	FY 2009-10	**FY 2010-11**
Return on Equity	72.79	74.92
Add: Normative Interest on Working Capital	-	-
Less: Actual Interest on working capital	0.00	0.00
Add: Interest on loan approved by Commission	15.53	18.05
Less: Actual Interest on Long Term loan	0.00	0.00
Add: Regulatory Depreciation	14.54	17.13
Less: Tax depreciation	-18.23	-24.70
Total	**84.63**	**85.39**
Corporate Tax Rate	33.99%	33.22%
Income Tax	**28.77**	**28.37**
MAT	14.38	17.02
MAT Credit Adjustment	14.39	11.35
Net Tax Liability	**14.38**	**17.02**

7.15 Summary of Annual Fixed Charge for DTPS for FY 2009-10 and FY 2010-11

Based on analysis of each element discussed above, the summary of Annual Fixed Charge of RInfra-G for FY 2009-10 approved by the Commission in its APR Order, as estimated by RInfra-G in APR Petition, and revised estimates of the Commission in this Order is given in the following Table:

Table: Annual Fixed Charge for FY 2009-10 (Rs Crore)

Particulars	FY 2009-10		
	Approved (APR Order)	Revised Estimate by RInfra-G	Revised Estimate by the Commission
O&M Charges	77.30	100.91	77.30
Interest on Long Term Loans	13.91	15.55	15.53
Interest on Working Capital	6.32	10.59	6.32
Depreciation	14.21	14.55	14.54
Return on Equity	72.46	72.81	72.79
Income Tax	9.79	14.98	14.38
Less: Non Tariff Income	6.17	4.49	6.17
Annual Fixed Charges	**187.82**	**224.90**	**194.68**

As observed from the above Table the variation in Annual Fixed Charge for FY 2009-10 as approved in the APR Order and revised estimated Annual Fixed Charge for FY 2009-10 is not substantial, and hence, the Commission has not carried out the provisional truing up for FY 2009-10.

The summary of Annual Fixed Charge of RInfra-G for FY 2010-11 estimated by RInfra-G in APR Petition and as approved by the Commission in this Order is given in the following Table

Table: Annual Fixed Charge for FY 2010-11 (Rs Crore)

Component	APR Petition	
	Estimate	Approved
O&M Expenses	107.65	82.99
Interest on Debt	18.05	18.04
Interest on Working Capital	9.77	9.29
Depreciation	17.13	17.13
ROE	74.95	74.92
Income Tax	49.02	17.02
Less Non Tariff Income	5.00	5.00
Annual Fixed Charge	**271.57**	**214.39**
Provisional Truing up for FY 2009-10	68.81	-

Component	APR Petition	
	Estimate	Approved
Truing up for FY 2008-09	7.99	(12.81)
Impact of ATE Judgment for FY 2007 and 2008	16.83	10.68
Impact of approved actual capitalisation for FY 2007-08	5.85	4.35
Net Annual Fixed Charge	**371.05**	**216.61**

8 TARIFF OF RINFRA-G'S DAHANU THERMAL POWER STATION

8.1 Tariff for DTPS

Regulation 28 of the MERC Tariff Regulations specifies that *"Tariff for sale of electricity from a thermal power generating station shall comprise of two parts, namely, the recovery of annual fixed charges and energy charges"*.

The methodology and assumptions for estimating the Annual Fixed Charge and Energy Charge have been discussed in earlier Sections of this Order.

i) Approved Annual Fixed Charge

As regards the recovery of Annual Fixed Charge, Regulation 33.1.1 of MERC Tariff Regulations stipulates that the target availability for full recovery of Annual Fixed Charge shall be 80 percent. The availability projected by RInfra-G for its Thermal Station is more than 80%. The Commission, hence, approves the full recovery of fixed charge during FY 2010-11 for its Dahanu thermal power station. However, in the event of actual availability for the year, computed in accordance with the Commission's Tariff Regulations, being lower than the normative availability of 80%, the fixed charge shall be proportionately adjusted in accordance with the provisions of the Tariff Regulations, while truing up the revenue and expenses in the next year.

The approved Annual Fixed Charge for RInfra-G DTPS for FY 2010-11 is given in the following Table:

Table: Approved Annual Fixed Charge of DTPS for FY 2010-11 (Rs. Crore)

Particulars	AFC (Rs Crore)
DTPS	216.61

The Annual Fixed Charge of DTPS shall be billed every month on pro-rata basis.

ii) Energy Charge

The rate of energy charge (ex-bus) for FY 2010-11 has been approved for DTPS, based on approved operational parameters and assumed fuel price for FY 2010-11. Any variations in the fuel price shall be dealt with under FAC mechanism. The following Table details the energy charge to be charged by RInfra-G for sale of power from DTPS.

Table: Approved Energy Charge for DTPS

Particulars	Rate of Energy Charge (Rs/kWh)
DTPS	2.12

iii) Incentive

RInfra-G is eligible for an incentive of 25.0 paise/kWh for actual generation in excess of ex-bus energy corresponding to a target Plant Load Factor of 80 percent.

To even out the cash flow Distribution Licensee on account of payment of the incentives, RInfra-G shall determine the incentive at the end of September 2010 and March 2011 on the basis of actual performance and shall submit that amount to be billed to the distribution licensee as an additional charge payable on this account.

At the end of the financial year, i.e., March 31, 201 1, the actual PLF for the entire year shall be considered while truing up the incentive.

8.2 Applicability of Order and Tariff

This Order shall come into force with effect from September 1, 2010, and the Tariff approved in the Order shall be applicable from September 1, 2010.

The Commission acknowledges the efforts taken by the Consumer Representatives and other individuals and organisations for their valuable contribution to the APR determination process.

Sd/- Sd/- Sd/-
(V. L. Sonavane) (S. B. Kulkarni) (V.P. Raja)
Member Member Chairman

(K. N. Khawarey)
Secretary, MERC

Appendix-1

List of persons who attended the Technical Validation Session held on February 16, 2010

S. No.	Name
RInfra Officials	
1	Shri. Kapil Sharma
2	Ms. Pramila S. Nirbhavane
3	Shri. Vivek Mishra
4	Shri. Srinivas G.
5	Shri. Karan Pallav
6	Shri. P.G. Phokmare
7	Shri. Ganesh Balasubramanian
8	Shri. Rohan Kale
9	Shri. M.S. Rao
10	Shri. Vikas Sonar
11	Shri. P.S. Pandya
12	Shri. S.G. Nath
13	Shri. Surendra S.
14	Shri. Amir Samant
15	Shri B. Mehta
16	Shri. Kamal Kant
17	Shri. Prasad L.A.
18	Shri. A. Vijay
19	Shri. M. Moolwaney
20	Shri. S.N. Rao
Others	
21	Shri. Rakshpal Abrol
22	Shri. A.V. Dev
23	Shri. K. Balarama Reddy
24	Shri. P.S. Reddy
Consultants to Commission	
25	Shri. Palaniappan M.
26	Shri. Amit Mittal
27	Shri. Saurabh Gupta
28	Shri. Krishnajith M.U.

Appendix-2

List of Objectors

S. No.	Name & Address of the Objector	Institution/Individuals
1.	Shri Shantanu Dixit	Prayas, Energy Group
2.	Adv. Shirish Deshpande	Mumbai Grahak Panchayat
3.	Dr. S.L. Patil	Thane Belapur Industries Association
4.	Shri R.B. Goenka	Vidarbha Industries Association
5.	Shri Sandeep N. Ohri	Individual
6.	Shri N. Ponrathanam	Vel Induction Hardenings
7.	Shri Rakshpal Abrol	Bhartiya Udhami Avam Upbhokta Sangh
8.	Shri P.G. Mazumdar	Urja Probodhan Kendra
9.	Adv. Parag M. Alavani	Bhartiya Janata Party
10.	Dr. V. Thanumoorthy	Mumbai Citizens Welfare Forum
11.	Shri P.N. Sridharan	Individual
12.	Shri B.H. Gujrathi	SLDC
13.	Shri A.V. Kolap	SLDC
14.	Shri Sudheer Agashe	BIJLEE
15.	Shri Surendra Sharma	Power Age Engg. Consultants
16.	Shri Rahul Ranade	Tata Power Company ltd.
17.	Shri Abhinav Sharma	Tata Power Company ltd.
18.	Shri Pramod	Individual
19.	Shri A. Joekin	Society for promotion of Area Resource Centres (SPARC)
20.	Shri Sunder Burra	Society for promotion of Area Resource Centres (SPARC)
21.	Shri S.H. Parab	Society for promotion of Area Resource Centres (SPARC)
22.	Smt. Meena Ramani	Society for promotion of Area Resource Centres (SPARC)
23.	Smt. Radha Naidu	Society for promotion of Area Resource Centres (SPARC)
24.	Smt. Mangal Kamde	Society for promotion of Area Resource Centres (SPARC)
25.	Smt. Pravin Shaikh	Society for promotion of Area Resource Centres (SPARC)
26.	Shri Imtiyaz Suresh	Society for promotion of Area Resource Centres (SPARC)
27.	Shri B. Telli	Individual
28.	Shri Vasant Shirali	Individual
29.	Shri Prakash D.	Individual
30.	Shri Nitin Mehta	Individual
31.	Shri Ajit A. Pethe	G.V. Electricals
32.	Smt. Raisakhan	Individual
33.	Smt. Mangal Chavan	Individual
34.	Smt. Selvi	Individual
35.	Smt. Bhanumati	Individual
36.	Smt. Shobha	Individual
37.	Shri Gunahal Hasan	Individual
38.	Shri Sharadkumar J. Shah	Individual

39.	Smt. Laxmi Naidu	Individual

List of Objectors present during Public Hearing held on April 15, 2010

S. No.	Name & Address of the Objector	Institution/Individual
1.	Dr. S.L. Patil	Thane Belapur Industries Association
2.	Shri Sandeep N. Ohri	Individual
3.	Shri N. Ponrathanam	Vel Induction Hardenings
4.	Shri Rakshpal Abrol	Bhartiya Udhami Avam Upbhokta Sangh
5.	Shri P.G. Mazumdar	Urja Probodhan Kendra
6.	Dr. V. Thanumoorthy	Mumbai Citizens Welfare Forum
7.	Shri P.N. Sridharan	Individual
8.	Shri B.H. Gujrathi	SLDC
9.	Shri A.V. Kolap	SLDC
10.	Shri Sudheer Agashe	BIJLEE
11.	Shri Surendra Sharma	Power Age Engg. Consultants
12.	Shri Rahul Ranade	Tata Power Company ltd.
13.	Shri Abhinav Sharma	Tata Power Company ltd.
14.	Shri Pramod	Individual
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16.	Shri Sunder Burra	Society for promotion of Area Resource Centres (SPARC)
17.	Shri S.H. Parab	Society for promotion of Area Resource Centres (SPARC)
18.	Smt. Meena Ramani	Society for promotion of Area Resource Centres (SPARC)
19.	Smt. Radha Naidu	Society for promotion of Area Resource Centres (SPARC)
20.	Smt. Mangal Kamde	Society for promotion of Area Resource Centres (SPARC)
21.	Smt. Pravin Shaikh	Society for promotion of Area Resource Centres (SPARC)
22.	Shri Imtiyaz Suresh	Society for promotion of Area Resource Centres (SPARC)
23.	Shri B. Telli	Individual
24.	Shri Vasant Shirali	Individual
25.	Shri Prakash D.	Individual
26.	Shri Nitin Mehta	Individual
27.	Shri Ajit A. Pethe	G.V. Electricals
28.	Smt. Raisakhan	Individual
29.	Smt. Mangal Chavan	Individual
30.	Smt. Selvi	Individual
31.	Smt. Bhanumati	Individual
32.	Smt. Shobha	Individual
33.	Shri Gunahal Hasan	Individual
34.	Shri Sharadkumar J. Shah	Individual
35.	Smt. Laxmi Naidu	Individual