

JAIGAD POWER TRANSCO LIMITED

(A Joint Venture of JSW Energy Ltd. & Maharashtra State Electricity Transmission Co. Ltd.)
Corp. Office: The Enclave, New Prabhadevi Road, Mumbai 400025
Website: www.jsw.in

PUBLIC NOTICE

**Suggestions/Comments on
Jaigad Power Transco Limited (JPTL) Petition for approval of
MYT Business Plan for Second Control Period from FY 2012-13 to FY 2015-16
(Case No. 57 of 2012)**

1. Jaigad Power Transco Limited (JPTL) is a Joint Venture between JSW Energy Limited (JSWEL) and Maharashtra State Electricity Transmission Company Ltd. (MSETCL) for the purpose of developing, operating and maintaining the Transmission System consisting of two Transmission Lines along with the associated equipment / Terminal Bays, etc., as given below:

Table 1: Details of Transmission System of JPTL

Name of the line	Line length & Capacity	District	Interface Point
Jaigad-New Koyna Transmission Line	55Km – 400 kV Double Circuit (Quad) Transmission Line	Ratnagiri, Maharashtra	MSETCL Substation, New Koyna
Jaigad-Karad Transmission Line	110 Km – 400 kV Double Circuit (Quad) Transmission Line	Ratnagiri /Satara, Maharashtra	MSETCL Substation, Karad

2. The Maharashtra Electricity Regulatory Commission (MERC) had granted Transmission Licence (Licence No. 1 of 2009) dated February 8, 2009, for the period of 25 years to JPTL for the said Transmission System.
3. The 400 kV D/C (Quad) Jaigad-New Koyna Transmission Line has achieved Commercial Operation on July 7, 2010 and the 400 kV (Quad) Jaigad-Karad Transmission Line has achieved Commercial Operation on December 2, 2011.
4. The capital expenditure of the transmission lines under the transmission licence issued to JPTL has been granted in-principle approval by the MERC on June 29, 2010.
5. Subsequently, the Commission issued Order dated May 25, 2011 (Case No. 97 of 2010), in the matter of Petition filed by JPTL for approval of Aggregate Revenue Requirement for FY 2010-11 and another Order dated May 16, 2012 (Case No. 170 of 2011), in the matter of Petition filed by JPTL for approval of Truing up of the Aggregate Revenue Requirement for FY 2010-11 and approval of Aggregate Revenue Requirement for FY 2011-12.
6. MERC further directed JPTL to submit its MYT Business Plan for the Second Control Period. In view of the above, JPTL has filed a Petition for approval of its MYT Business Plan for the second Control Period from FY 2012-13 to FY 2015-16 before the MERC in accordance with Section 61 to Section 65 of the Electricity Act 2003 (Act), Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations 2011 and Maharashtra Electricity Regulatory Commission (Multi Year Tariff) (First Amendment) Regulations 2011. MERC has admitted the MYT Business Plan Petition on 26th September, 2012 and directed JPTL to publish a Public Notice under Section 64(2) of the Act.
7. Following are the main prayers of the Petition for approval of its Business Plan submitted by JPTL before MERC.

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- a. Admit this Petition of JPTL for approval of Business Plan for the MYT 2nd Control Period.

- b. Approve the Business Plan for the second control period along with the relevant operational and financial parameters as proposed in the Business Plan.
...”

8. The capital expenditure for the Transmission system of JPTL as approved in-principle by MERC was Rs. 576.29 Crore, and the revised estimate of JPTL is Rs 569.66 Crore based on the actual amount incurred as on commissioning date of the Transmission Project and estimates of further capital costs expected consequent to final settlement with EPC Contractor. A summary of revised capital cost projected by JPTL in the Business Plan Petition is as under:

Table 2: In-principle approval of the Capital Cost by MERC and revised capital cost estimates considered by JPTL in the MYT Business Plan (Rs. Crore)

Particulars	Approved by MERC	New-Koyna (Actual)	Karad (Estimated)	Total (Estimated)
EPC cost	446.00	138.84	288.35	427.19
Non EPC cost	18.60	16.00	38.92	54.92
Sub Total-I	464.60	154.84	327.27	482.11
Preliminary & Pre-operative Expenses	23.23	3.81	7.90	11.71
Contingencies	18.58			
Interest During Construction (IDC)	43.73	10.13	37.34	47.47
Margin Money (MM)	4.06	2.03	2.03	4.06
Sub Total – II	554.21	170.81	374.55	545.36
Cost Towards Terminal Bays	22.08	10.82	13.48	24.30
Total Project Cost	576.29	181.63	388.03	569.66

9. The MYT Business Plan Petition details various strategic plans and operational plans of JPTL for the second Control Period from FY 2012-13 to FY 2015-16. In addition to projecting the base case Aggregate Revenue Requirement (ARR), JPTL has also projected various scenarios of its ARR from FY 2012-13 to FY 2015-16 during the second Control Period, considering changes in long-term and short-term interest rates, and changes in inflation rate and corresponding O&M expenses.
10. The base case Aggregate Revenue Requirement of JPTL for the second Control Period as presented in the MYT Business Plan Petition are provided as below:

Table 3: Base Case Aggregate Revenue Requirement for Jaigad - New Koyna line for MYT Control Period (Rs. Crore)

Sl No	Particulars	FY13	FY14	FY15	FY16
1	ROE	6.96	6.96	6.96	6.96
2	Interest on Long-term Loan Capital	14.94	13.76	12.57	11.39
3	Depreciation	9.48	9.48	9.48	9.48
4	Income Tax	1.74	1.74	1.74	1.74
5	O&M Expenses*	3.76	3.99	4.22	4.47
6	Interest on Working Capital and deposits from Transmission System Users	0.77	0.75	0.74	0.72
7	Contribution to contingency reserves	0.45	0.45	0.45	0.45

Sl No	Particulars	FY13	FY14	FY15	FY16
8	Aggregate Revenue Requirement	38.11	37.13	36.16	35.21
9	Less: Non-Tariff Income	0.05	0.09	0.13	0.16
10	Less: Income from Other Business	0.00	0.00	0.00	0.00
11	Net Aggregate Revenue Requirement	38.05	37.04	36.04	35.05

**Projection of O&M expenses has been done in variance with norms specified in MERC (Multi Year Tariff) Regulations, 2011 for which rationale has been detailed in the Petition*

Table 4: Base Case Aggregate Revenue Requirement for Jaigad - Karad line for MYT Control Period (Rs. Crore)

Sl No	Particulars	FY13	FY14	FY15	FY16
1	ROE	14.96	14.96	14.96	14.96
2	Interest on Long-term Loan Capital	34.39	31.84	29.30	26.75
3	Depreciation	20.38	20.38	20.38	20.38
4	Income Tax	3.74	3.74	3.74	3.74
5	O&M Expenses*	5.55	5.88	6.23	6.60
6	Interest on Working Capital and deposits from Transmission System Users	1.62	1.58	1.54	1.50
7	Contribution to contingency reserves	0.96	0.96	0.96	0.96
8	Aggregate Revenue Requirement	81.60	79.34	77.11	74.90
9	Less: Non-Tariff Income	0.04	0.12	0.20	0.27
10	Less: Income from Other Business	0.00	0.00	0.00	0.00
11	Net Aggregate Revenue Requirement	81.56	79.23	76.91	74.62

**Projection of O&M expenses has been done in variance with norms specified in MERC (Multi Year Tariff) Regulations, 2011 for which rationale has been detailed in the Petition*

Table 5: Base Case Combined Aggregate Revenue Requirement for JPTL for MYT Control Period (Rs. Crore)

Sl No	Particulars	FY13	FY14	FY15	FY16
1	ROE	21.92	21.92	21.92	21.92
2	Interest on Long-term Loan Capital	49.34	45.60	41.87	38.14
3	Depreciation	29.86	29.86	29.86	29.86
4	Income Tax	5.48	5.48	5.48	5.48
5	O&M Expenses*	9.31	9.86	10.45	11.07
6	Interest on Working Capital and deposits from Transmission System Users	2.39	2.33	2.28	2.23
7	Contribution to contingency reserves	1.41	1.41	1.41	1.41
8	Aggregate Revenue Requirement	119.71	116.47	113.27	110.11
9	Less: Non-Tariff Income	0.09	0.21	0.32	0.44
10	Less: Income from Other Business	0.00	0.00	0.00	0.00
11	Net Aggregate Revenue Requirement	119.62	116.26	112.95	109.67

**Projection of O&M expenses has been done in variance with norms specified in MERC (Multi Year Tariff) Regulations, 2011 for which rationale has been detailed in the Petition*

11. Copies of the following documents can be obtained on written request from the offices of JPTL mentioned below:
- Summary of the proposals (free of cost, in Marathi or English)
 - Detailed Petition documents along with CD (in English) (on payment of Rs. 100/- by Cash/DD/ Cheque drawn on “**Jaigad Power Transco Ltd**”.
 - Detailed Petition documents (in English) (on payment of Rs. 50/-).
 - CD of detailed Petition document (in English) (on payment of Rs. 50/-).

Office:

Office	Address	Tele / Fax No.
Registered/ Corporate Office	Mr. Pritpal Singh / Mr. Nishant Thote, Jaigad PowerTransco Limited, The Enclave, New Prabhadevi Road, Mumbai 400 025	Tel: 67848628 / 67848325 Fax:67848393

12. The Commission has directed JPTL to invite suggestions/comments from the public on the above Petition through this Notice. Suggestions/comments may be sent to the Secretary, Maharashtra Electricity Regulatory Commission, 13th Floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai-400 005 [Fax: 22163976 E-Mail: mercindia@mercindia.org.in] by 25th October, 2012, along with proof of service on Jaigad PowerTransco Limited.
13. Every person who intends to file suggestions/comments can submit the same in English or in Marathi, in six copies, and should carry the full name, postal address and e-mail address, if any, of the sender. It should be indicated whether the suggestions/comments are being filed on behalf of any organization of category of consumers. It should also be mentioned if the sender wants to be heard in person, in which case opportunity would be given by the Commission at the Public Hearing to be held **at Maharashtra Electricity Regulatory Commission, Court Room, 13th Floor, Centre No. 1, world Trade Centre, Cuffe Parade, Mumbai-400 005 on 1st November, 2012 at 11.00 hrs**, for which no separate notice will be given.
14. JPTL shall reply to each of the suggestions/comments received within three days of the receipt of the same but not later than 30th October, 2012 for all the suggestions/comments received till 25th October, 2012. Stakeholders can submit their rejoinders on replies provided by JPTL either during the public hearing or latest by 5th November, 2012.
15. The detailed Petition document and the summary are available on JPTL’s website www.jsw.in and the executive summary is also available on the web site of the Commission www.mercindia.org.in in downloadable format (free of cost).

Jaigad PowerTransco Ltd.

sd/-
Navraj Singh
Managing Director