

SINNAR POWER TRANSMISSION COMPANY LIMITED
1A, Hamilton House, 1st Floor, Connaught Place, New Delhi - 110001

Website: www.sptcltd.com

PUBLIC NOTICE

**Suggestions and Objections on the Petition of
Sinnar Power Transmission Company Limited (SPTCL) for approval of
Business Plan for Second Control Period from FY 2011-12 to FY 2015-16
(Case No. 136 of 2011)**

1. M/s Sinnar Power Transmission Company Limited (SPTCL) (Transmission Licensee) has submitted a Petition under Regulation 7 and 57 of the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011 for approval of Business Plan for its Licensed Transmission Business, with the following main prayers:
"
 - a. *Admit the Petition of SPTCL for approval of Business Plan for the MYT second Control Period from FY 2011-12 to FY 2015-16 submitted herewith;*
 - b. *Approve the Business Plan for the Second Control Period from FY 2011-12 to FY 2015-16 along with the relevant operational and financial parameters as proposed in this Petition;...*"
2. SPTCL is a proposed Joint Venture company between Maharashtra State Electricity Transmission Company Ltd. (MSETCL) and Indiabulls Realtech Limited. Maharashtra Electricity Regulatory Commission (MERC) had granted Transmission License (License No. 2 of 2010) dated December 28, 2010, and authorised SPTCL to establish and operate the following transmission lines inclusive of related infrastructure.
 - 400 kV D/C Quad Moose Transmission Line from Sinnar TPP to existing MSETCL Babhaleshwar Sub-Station (56 Km);
 - 2 Nos. 400 kV line bays at existing MSETCL Babhaleshwar Sub-Station.
3. The capital expenditure of the transmission line under the transmission licence issued to SPTCL has been granted in-principle approval by the MERC on May 10, 2011. MERC further directed SPTCL to submit its Business Plan for the MYT Second Control Period (FY 2011-12 to FY 2015-16). In view of the above, SPTCL has filed a Petition for approval of its Business Plan for the second Control Period from FY 2011-12 to FY 2015-16 before the MERC under Regulation 7 and 57 of the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011. MERC has admitted the Business Plan Petition on January 25, 2012 and directed SPTCL to publish a Public Notice under Section 64(2) of the Act.
4. The capital expenditure for the above scheme as approved in principle by MERC was Rs 150.04 Crore, and the revised estimate of SPTCL is Rs 148.49 Crore vide the current Business Plan Petition considering the inclusion of cost for initial spares and margin money, revision on account of actual audited expenditure incurred for FY 2010-11, IDC applicable during FY 2010-11 and revision in interest rates for debt based on new applications to the financial institution. A summary of revised capital cost projected by SPTCL in the Business Plan Petition is as under:

Table 1: In-principle approval of the Capital Cost by MERC and revised capital cost estimates considered by SPTCL in the Business Plan (Rs. Crore)

Sl. No	Particulars	In-principle Approval	Revised Cost	Difference
1	Preliminaries			
1.1	Licence and other Statutory approvals	1.00	1.00	-
1.2	Detailed route survey	0.11	0.11	-
1.3	Compensation for ROW	2.80	2.80	-
2	Transmission Lines			
2.1	400 kV Quad Moose D/C Line from Nasik TPP- Babhaleshwar Transmission line	100.80	100.35	(0.45)
3	Sub-Station			
3.1	400 kV Line Bays at MSETCL Babhaleshwar Sub-station- 2 nos.	10.00	17.32	7.32
4	Sub-Total- I (1+2+3)	114.71	121.58	6.87
5	Overheads including Establishment, management, engineering, spares, audit and accounts and maintenance during construction etc	5.16	5.16	-
6	Escalation towards completion cost	11.47	4.60	(6.87)
7	Initial Spares and Tools	0.00	1.19	1.19
8	Contingency	3.44	3.44	-
9	Consultancy	4.45	4.45	-
10	Margin Money for working capital	0.00	0.77	0.77
11	Sub-Total-II (4+5+6+7+8+9+10)	139.24	141.19	1.95
12	Financing & IDC	10.80	7.3	(3.5)
	Total	150.04	148.49	(1.55)

- The Business Plan Petition details various strategic plans and operational plans of SPTCL for the second Control Period from FY 2011-12 to FY 2015-16. Envisaging that the transmission project expected to be ready for charging by July 2012, SPTCL has projected two scenarios of its Aggregate Revenue Requirement (ARR) from FY 2012-13 to FY 2015-16 during the second Control Period. In the first scenario, ARR is projected at the revised capital cost for the operational years during the Control Period while in the second scenario, the ARR is projected considering a 2% escalation in the revised capital cost.
- The Aggregate Revenue Requirement of SPTCL under the aforementioned two scenarios are provided below:

Table 2: Scenario-1, Projected Aggregate Revenue Requirement of SPTCL at revised Capital Cost (Rs. Crore)

Sl No	Particulars	FY13	FY14	FY15	FY16
1	Operation and maintenance Expenses	1.74	2.76	2.92	3.08
2	Depreciation	5.22	7.84	7.84	7.84
3	Interest on Long-term Loan Capital	8.94	12.56	11.52	10.48

Sl No	Particulars	FY13	FY14	FY15	FY16
4	Interest on Working Capital and on consumer security deposits	0.46	0.66	0.65	0.63
5	Other Expenses	-	-	-	-
6	Income tax	1.15	1.73	1.73	1.73
7	Contribution to Contingency Reserves	0.49	0.74	0.74	0.74
8	Total Revenue Expenditure	18.00	26.29	25.40	24.51
9	Add: Return on Equity Capital	4.60	6.90	6.90	6.90
10	Aggregate Revenue Requirement	22.59	33.20	32.31	31.41
11	Less: Non tariff Income	0.04	0.06	0.06	0.06
12	Less: Income from other business	-	-	-	-
13	Aggregate Revenue Requirement from transmission tariff*	22.55	33.14	32.25	31.36

*Projected ARR is subject to MERC Approval

Table 3: Scenario-2, Projected Aggregate Revenue Requirement of SPTCL considering a 2% escalation in the revised capital cost (Rs. Crore)

Sl No	Particulars	FY13	FY14	FY15	FY16
1	Operation and maintenance Expenses	1.74	2.76	2.92	3.08
2	Depreciation	5.32	8.00	8.00	8.00
3	Interest on Long-term Loan Capital	9.12	12.81	11.75	10.69
4	Interest on Working Capital and on consumer security deposits	0.46	0.67	0.66	0.65
5	Other Expenses	-	-	-	-
6	Income tax	1.17	1.76	1.76	1.76
7	Contribution to Contingency Reserves	0.50	0.76	0.76	0.76
8	Total Revenue Expenditure	18.32	26.76	25.85	24.94
9	Add: Return on Equity Capital	4.69	7.04	7.04	7.04
10	Aggregate Revenue Requirement	23.01	33.81	32.90	31.98
11	Less: Non tariff Income	0.04	0.06	0.06	0.06
12	Less: Income from other business	-	-	-	-
13	Aggregate Revenue Requirement from transmission tariff	22.97	33.75	32.84	31.92

7. Copies of the following documents can be obtained on written request from the offices of SPTCL mentioned below:
- Executive Summary of the proposals (free of cost, in Marathi or English)
 - Detailed MYT Business Plan along with CD (in English) (on payment of Rs. 100/- by Cash/DD/ Cheque drawn on “**Sinnar Power Transmission Company Limited**”.
 - Detailed MYT Business Plan (in English) (on payment of Rs. 50/-).
 - CD of detailed MYT Business Plan (in English) (on payment of Rs. 50/-).

Office:

Office	Address	Tele / Fax No.
Corporate Office	Mr. Rajeev Ranjan, Director, Sinnar Power Transmission Company Ltd., 1A, Hamilton House, First Floor, Connaught Place, New Delhi 110001	Tel: +91-124-3081739, Fax: +91-124-3081948
Site Office	Mr. Sanjib Goswami, GM, Sinnar Power Transmission Company Ltd., 1st Floor, Plot No. 9 & 10, Near Om Gurudev Mangal Karyalaya, Opp. Om Building, Loni-Hasanpur Road, Tal. - Rahata, Dist. Ahmednagar, Maharashtra	Tel: +91-2422-273022, Tel. / Fax: +91-2551- 398902

8. The Commission has directed SPTCL to invite Suggestions and Objections from the public on the above Petition for approval of Business Plan through this Notice. Suggestions and Objections may be sent to the Secretary, Maharashtra Electricity Regulatory Commission, 13th Floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai-400 005 [Fax: 22163976 E-Mail: mercindia@mercindia.org.in] by Friday, February 24, 2012, along with proof of service on Sinnar Power Transmission Company Limited.
9. Every person who intends to file Suggestions and Objections 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 and Objections 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 Friday, March 2, 2012 at 11.00 hrs**, for which no separate notice will be given.
10. SPTCL shall reply to each of the Suggestions and Objections not later than Tuesday, February 28, 2012 for all the Suggestions and Objections received till Friday, February 24, 2012. Stakeholders can submit their rejoinders on replies provided by SPTCL either during the public hearing or latest by Tuesday, March 6, 2012.
11. The detailed Petition for approval of Business Plan along with Executive Summary is available on www.sptcltd.com and the Executive Summary is also available on the web site of the Commission www.mercindia.org.in in downloadable format (free of cost).

Signature: Sd/-
Name: (Rajeev Ranjan)
Sinnar Power Transmission Company Ltd.