

Recovery of additional cost as reliability charge from Pune (CII Proposal)

Comments / Suggestions

by

Prayas (Energy Group),

15th April 2006,

Public Hearing, Pune

Economics of the scheme

- The proposal entails power purchase at over Rs. 11 / unit
 - Likely surcharge on Pune consumers
 - 84 paise to 1 Rs. Per unit
 - This surcharge will be in addition to FAC
 - 78 paise / unit
- ➔ Total tariff increase – over Rs. 1.6 per unit
- ➔ Average realization from Pune will be ~ Rs. 5.25 / unit

Trends in Power Purchase Cost

	Apr - June 06 (Rs. / unit)
Kawas	7.3
Traders	4.4
TPC	4.4
CPP	5.6

Source: MSEDCL Petition before MERC for approval of short term power purchase

Key Concerns

- Tradeoff between equity and economy/efficiency
- Significant questions from utility policy perspective
- Operational issues
- Legal issues

➔ Need to explore alternative options

(Please refer earlier Prayas submission dt Dec 5, 2005)