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MEDIA RELEASE

APTEL UPHOLDS PRINCIPLE OF FUEL COST PASS-THROUGH UNDER SECTION 62 FOR VIDARBHA INDUSTRIES POWER LTD.

MERC HAD EARLIER APPROVED VIPL PPA UNDER SECTION 62 OF ELECTRICITY ACT

APTEL ASKS MERC TO REWORK FUEL COST BASED ON ITS DIRECTIONS

Mumbai, 5 November 2016:

Appellate Tribunal for Electricity (APTEL) upholds principle of fuel cost pass-through under Section 62 of Electricity Act in its judgment pronounced in an appeal filed by Vidarbha Industries Power Limited (VIPL), a subsidiary of Reliance Power Limited.

VIPL had challenged order issued by Maharashtra Electricity Regulatory Commission (MERC) on 20 June 2016, which partially disallowed fuel costs for FY14-15 and FY15-16. The said MERC order pertained to truing up for FY14-15, provisional truing up for FY15-16 and Multi-Year Tariff for FY16-17 to FY19-20.

MERC had earlier approved the Power Purchase Agreement for Butibori Project of VIPL under Section 62 of Electricity Act.

APTEL found merit in VIPL's contentions against the disallowance of fuel costs in the said MERC order. APTEL observed that once PPA is approved under Section 62 of Electricity Act, the basic principles of tariff determination as per Section 62 have to be followed, where the fuel cost is pass-through in tariff. APTEL further observed in its judgment that actual fuel mix used must be allowed while undertaking the

prudence check. APTEL has accordingly asked MERC to rework fuel cost pass-through based on the decisions in its judgment.

APTEL judgment provides regulatory clarity & certainty for VIPL.

About Reliance Power:

Reliance Power Limited, a part of the Reliance Group, is India's leading private sector power generation and coal resources company. The company has the largest portfolio of power projects in the private sector, based on coal, gas, hydro and renewable energy, with an operating capacity of 5,945 megawatts.

For more information, please visit www.reliancepower.co.in

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