

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Bhanu Bhushan, Member**
- 2. Shri R. Krishnamoorthy, Member**

Petition No.46/2001

In the matter of

Approval of tariff in respect of Auraiya GPS (663.36 MW) for the period 1.4.2001 to 31.3.2004.

And in the matter of

National Thermal Power Corporation Ltd.

.... Petitioner

Vs

1. Uttar Pradesh Power Corporation Ltd. Lucknow
2. Rajasthan Rajya Vidyut Prasaran Nigam Ltd, Jaipur
3. Delhi Tansco Ltd, New Delhi
4. Haryana Vidyut Prasaran Nigam Ltd, Panchkula
5. Punjab State Electricity Board, Patiala
6. Himachal Pradesh State Electricity Board, Shimla
7. Power Development Department, Govt of J&K, Jammu
8. Power Department, UT of Chandigarh, Chandigarh
9. Uttranchal Power Corporation Ltd, Dehradun

....Respondents

ORDER

The petitioner, a generating company owned by the Central Government, had filed this petition seeking the Commission's approval of tariff for the period from 1.4.2001 to 31.3.2004 in respect of Auraiya Gas Power Station (hereinafter referred to as "the generating station") in terms of the Commission's notification dated 26.3.2001 (hereinafter referred to as "the notification dated 26.3.2001"). On completion of pleadings and after hearing

the parties, tariff in respect of the generating station was awarded vide Commission's order dated 4.3.2004. Certain discrepancies in capital cost considered by the Commission in the above order came to notice subsequently. Accordingly, fixed charges in respect of the generating station for the said period were revised vide the Commission's order dated 19.11.2004 as under:

(Rs. in lakh)			
Particulars	2001-2002	2002-2003	2003-2004
Interest on Loan	1502	1004	199
Interest on Working Capital	1677	1683	1717
Depreciation	3854	3854	3854
Advance Against Depreciation	0	0	0
Return on Equity	5793	5793	5793
O & M Expenses	2624	2782	2948
TOTAL	15450	15115	14511

2. Details of the computation of the interest on working capital awarded in the above order are as under:

(Rs. in lakh)			
	2001-2002	2002-2003	2003-2004
Fuel Cost	3618	3618	3628
Naptha Stock	252	252	252
O & M expenses	219	232	246
Spares	724	724	724
Receivables	9810	9755	9674
Total Working Capital	14623	14580	14523
Working Capital Margin (WCM)	1344	1344	1344
Total Working Capital allowed	13279	13236	13179
Rate of Interest	11.50%	11.50%	11.50%
Interest on allowed Working Capital	1527	1522	1516
Interest on WCM	42	54	94
Return on WCM	108	108	108
Total Interest on Working capital	1677	1683	1717

3. Subsequently, the Appellate Tribunal for Electricity (hereinafter referred to as "the Appellate Tribunal") vide its order dated 14.11.2006 in Appeal No 96

of 2005 relating to Kawas Gas Power Station owned by the petitioner, directed, *inter alia* that

“(a) The Central Commission shall adopt normative debt repayment methodology for working out the interest on loan liability for the period 01.04.1998 to 31.03.2001. The adjustment arising out of this be made in the future years. “

4. As the above direction of the Appellate Tribunal relates to the general methodology adopted by the Commission, irrespective of the generating station, it has been decided to apply the same to all the cases of tariff determination. Through this order, we proceed to revise the tariff of the generating station for the period 1.4.2001 to 31.3.2004.

5. As the direction of the Appellate Tribunal requires revision of only the debt repayment methodology, all other factors relating to tariff determination viz. capital cost, FERV, debt-equity ratio, additional capitalization, cumulative depreciation recovered, cumulative repayment recovered, actual loan statement, etc. have been kept as admitted by the Commission in the order dated 19.11.2004. The revised calculations of interest on loan based on the above decision of the Appellate Tribunal are as under:

(Rs in lakh)			
Particulars	2001-02	2002-03	2003-04
Gross Loan Opening	36207	36207	36207
Cumulative repayments of loans upto previous year	10142	11655	28631
Net loan – Opening	26065	24552	7576
Increase/Decrease due to FERV	0	0	0
Increase/Decrease due to additional capitalization	0	0	0
Total	26065	24552	7576
Repayments of Loan during the year	1513	16976	1159
Net loan – Closing	24552	7576	6417
Average Net loan	25309	16064	6996
Rate of interest on loan	6.29%	8.01%	14.03%
Interest on loan	1593	1286	982

6. Revision of the interest on loan has resulted in the revision of interest on working capital as interest on loan is a component of 'receivables' included in the working capital. Accordingly, interest on working capital has been recalculated as under:

(Rs. in lakh)

	2001-2002	2002-2003	2003-2004
Fuel Cost	3618	3618	3628
Naptha Stock	252	252	252
O & M expenses	219	232	246
Spares	724	724	724
Receivables	9826	9803	9807
Total Working Capital	14638	14628	14656
Working Capital Margin (WCM)	1344	1344	1344
Total Working Capital allowed	13294	13284	13312
Rate of Interest	11.50%	11.50%	11.50%
Interest on allowed Working Capital	1529	1528	1531
Interest on WCM	42	54	94
Return on WCM	108	108	108
Total Interest on Working capital	1679	1689	1733

7. The annual fixed charges revised on the basis of the above in respect of the generating station for the period from 1.4.2001 to 31.3.2004 are as under:

(Rs. in lakh)

	Particulars	2001-02	2002-03	2003-04
1	Interest on Loan	1593	1286	982
2	Interest on Working Capital	1679	1689	1733
3	Depreciation	3854	3854	3854
4	Advance Against Depreciation	0	0	0
5	Return on Equity	5793	5793	5793
6	O & M Expenses	2624	2782	2948
	TOTAL	15542	15404	15309

8. The petitioner shall recover the balance amount within six months immediately following the date of this order.

Sd/=

(R KRISHNAMOORTHY)
MEMBER

Sd/=

(BHANU BHUSHAN)
MEMBER

New Delhi, dated 18th January, 2008