

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No.29/2002

In the matter of

Approval of tariff in respect of Ramagundam STPS (2100 MW) for the period 1.11.1997 to 31.3.2001.

And in the matter of

NTPC Limited, New Delhi

.... Petitioner

Vs

1. Transmission Corporation of Andhra Pradesh Ltd, Hyderabad
 2. Tamil Nadu Electricity Board, Chennai
 3. Karnataka Power Transmission Corporation Ltd, Bangalore
 4. Kerala State Electricity Board, Thiruvananthapuram
 5. Electricity Department, Government of Pondicherry, Pondicherry
 6. Goa Electricity Department, Panaji, Goa
- ...Respondents

ORDER

The petitioner, NTPC Limited, had filed this petition for approval of tariff in respect of Ramagundam STPS (2100 MW) (hereinafter referred to as “the generating station”) for the period 1.11.1997 to 31.3.2001. On completion of pleadings and after hearing the parties, final tariff in respect of the generating station was awarded vide the Commission’s order dated 9.10.2002. The summary of the annual fixed charges awarded is given hereunder:

(Rs in lakh)

Particulars	For full year				
	1997-98	1.4.1998 to 31.10.1998	1.11.1998 to 31.3.1999	1999-2000	2000-01
Interest on Loan	4044	2318	2318	1733	1347
Interest on Working Capital	3180	2960	3108	2932	2871
Depreciation	15492	15674	15674	16320	16946
Return on Equity	12433	12763	17018	17694	17955
O & M Expenses	11503	12653	12653	13918	15310
TOTAL	46652	46368	50771	52597	54429

2. The details of the interest on loan worked out in the above order are as under:

(Rs in lakh)

Particulars	For full year			
	1997-98	1998-99	1999-2000	2000-01
Gross loan-Opening	103005	104214	108507	112672
Cumulative repayments of Loans up to previous year	39953	64358	77253	85686
Net loan-Opening	63052	39856	31254	26986
Increase/ Decrease due to FERV	844	3764	3988	(-)1996
Increase/ Decrease due to Additional capitalization	365	529	177	1088
Total	64261	44149	35419	26078
Repayments of Loans during the year	24405	12895	8433	8301
Net loan-Closing	39856	31254	26986	17777
Average Net Loan	51454	35555	29120	22381
Rate of Interest on loan	7.86%	6.52%	5.95%	6.02%
Interest on loan	4044	2318	1733	1347

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

(Rs in lakh)

Particulars	For full year				
	1997-98	1.4.1998 to 31.10.1998	1.11.1998 to 31.3.1999	1999-2000	2000-01
Fuel Cost	3621	3621	3621	3621	3621
Coal stock	318	318	318	318	318
Oil Stock	300	300	300	300	300
O & M expenses	959	1054	1054	1160	1276
Spares	3247	3247	3247	3247	3247
Receivables	15017	14970	15704	16008	16314
Total Working Capital	23462	23510	24244	24654	25076
Working Capital Margin (WCM)	2570	2570	2570	2570	2570
Total Working Capital allowed	20892	20940	21674	22084	22506
Rate of Interest	14.00%	13.00%	13.00%	12.00%	11.50%
Interest on allowed Working capital	2925	2722	2818	2650	2588
Interest on WCM	101	84	84	76	77
Return on WCM	154	154	206	206	206
Total Interest on Working Capital	3180	2960	3108	2932	2871

4. Subsequently, the Appellate Tribunal for Electricity (hereinafter referred to as "the Appellate Tribunal") vide its order dated 14.11.2006 in Appeal No.96/2005 relating to Kawas Gas Power station owned by the petitioner directed, *inter alia*, that:

"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. "

5. Similar orders were made by the Appellate Tribunal in a number of appeals decided by it. Accordingly, the general methodology decided by the Appellate Tribunal is being applied for tariff revision of the generating station, in whose case tariff was initially determined for the period 1.11.1997 to 31.3.2001 vide the Commission's order dated 9.10.2002. Therefore, tariff for the generating

station for the above period is being revised by applying normative debt repayment methodology.

6. 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 9.10.2002. The revised calculation of interest on loan based on the above judgment of the Appellate Tribunal is as under:

(Rs in lakh)

Particulars	For full year			
	1997-98	1998-99	1999-2000	2000-01
Gross loan-Opening	103005	104214	108507	112672
Cumulative repayments of Loans up to previous year	39953	57842	67263	73226
Net loan-Opening	63052	46372	41244	39446
Increase/ Decrease due to FERV	844	3764	3988	1996
Increase/ Decrease due to Additional Capitalisation	365	529	177	1088
Total	64261	50666	45408	38538
Repayments of Loans during the year	17889	9421	5963	5504
Net loan-Closing	46372	41244	39446	33034
Average Net Loan	54712	43808	40345	36240
Rate of Interest on Loan	7.86%	6.52%	5.95%	6.02%
Interest on loan	4300	2856	2401	2182

7. Revision of interest on loan has resulted in the revision of interest on working capital as interest on loan is one of the components of “receivables”

included in the working capital. Accordingly, interest on working capital has been recalculated as under:

(Rs in lakh)

Particulars	For full year				
	1997-98	1.4.1998 to 31.10.1998	1.11.1998 to 31.3.1999	1999-2000	2000-01
Fuel Cost	3621	3621	3621	3621	3621
Naptha stock	318	318	318	318	318
O & M expenses	300	300	300	300	300
Spares	959	1054	1054	1160	1276
Receivables	15061	15062	15795	16122	16455
Total Working Capital	23506	23602	24335	24768	25217
Working Capital Margin (WCM)	2570	2570	2570	2570	2570
Total Working Capital allowed	20936	21032	21765	22198	22647
Rate of Interest	14.00%	13.00%	13.00%	12.00%	11.50%
Interest on allowed Working capital	2931	2734	2829	2664	2604
Interest on WCM	101	84	84	76	77
Return on WCM	154	154	206	206	206
Total Interest on Working Capital	3186	2972	3119	2946	2887

8. Annual fixed charges revised on the basis of the above in respect of the generating station for the period from 1.11.1997 to 31.3.2001 are summarized as under, keeping the other components unchanged:

(Rs in lakh)

Particulars	For full year				
	1997-98	1.4.1998 to 31.10.1998	1.11.1998 to 31.3.1999	1999-2000	2000-01
Interest on Loan	4300	2856	2856	2401	2182
Interest on Working Capital	3186	2972	3119	2946	2887
Depreciation	15492	15674	15674	16320	16946
Return on Equity	12433	12763	17018	17694	17955
O & M Expenses	11503	12653	12653	13918	15310
TOTAL	46914	46918	51320	53279	55280

9. 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 the 26th day of May, 2008