

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 36/2003

In the matter of

Approval of tariff in respect of Kopili Hydro-electric Generating Station (4x50 MW), a component of the Kopili Hydro-electric Project, for the period from 1.4.2001 to 31.3.2004

And in the matter of

North Eastern Electric Power Corporation Limited, Shillong**Petitioner**
Vs

1. Assam State Electricity Board, Guwahati
2. Meghalaya State Electricity Board, Shillong
3. Tripura State Electricity Corporation Ltd, Agartala
4. Power & Electricity Department, Government of Mizoram, Aizawal.
5. Electricity Department, Government of Manipur, Imphal
6. Department of Power, Government of Arunachal Pradesh, Itanagar
7. Department of Power, Government of Nagaland, Kohima,
8. North Eastern Regional Electricity Board, Shillong
9. North Eastern Regional Load Despatch Centre, Shillong **Respondents**

ORDER

The petitioner, North Eastern Electric Power Corporation Ltd (NEEPCO) had filed this petition for approval of tariff in respect of Kopili Hydro Electric Project, comprising of Kopili Hydroelectric Generating Station (hereinafter referred to as “the generating station”) and Khandong Hydroelectric Generating Station, for the period from 1.4.2001 to 31.3.2004 based on the terms and conditions contained in 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, final tariff in respect of the generating station was awarded vide the Commission's order dated 16.8.2005. Subsequently, the petitioner filed Review Petition No 113/2005 for revision of tariff of the generating station. Consequently, the tariff of the generating station was revised vide the Commission's order dated 2.6.2006. A summary of the revised annual fixed charges awarded is given hereunder:

(Rs in lakh)			
Period	2001-02	2002-03	2003-04
Interest on loan	560.74	441.92	237.85
Interest on working capital	121.21	123.71	120.27
Depreciation	631.87	631.87	631.87
Advance against Depreciation	98.00	167.33	0.00
Return on Equity	1937.91	1937.91	1937.91
O&M expenses	2045.18	2106.95	2200.29
Total	5394.90	5409.68	5128.19

2. The petitioner filed Appeal No 159 of 2005 before the Appellate Tribunal for Electricity (hereinafter referred to as "the Appellate Tribunal") which was disposed of vide judgment dated 31.10.2007. The Appellate Tribunal vide the above judgment held, inter alia, that interest on loan capital should be determined based on normative debt repayment formula.

3. The above judgment of the Appellate Tribunal has necessitated further recalculation of the annual fixed charges for the generating station. We proceed accordingly.

4. Interest on loan has been recalculated in the following manner:

(a) The gross opening loan amount has been worked out based on normative debt - equity ratio of 1:1.

(b) The cumulative repayment of loan upto 31.3.2001 has been worked out on normative basis using the formula:

Actual cumulative repayment of actual loan as on 1.4.2001
 ----- x Normative gross loan as on 1.4.2001
 Actual gross loan as on 1.4.2001

(c) Annual repayment for the period 2001-04 has been worked out on normative basis using the formula:

Actual annual repayment of actual loan during the year
 ----- X Opening balance of normative opening
 Opening balance of actual loan during the year loan during the year

(d) Loan draws up to 31.3.2001 have only been considered.

(e) Annual repayment of HUDCO loan for the financial year 2003-04, which was not considered in the order dated 2.6.2006, has now been considered.

5. Interest on loan has been recalculated, by applying the above parameters as per the following details:

(Rs in lakh)

Particulars	2001-02	2002-03	2003-04
Gross Loan Opening	12111.93	12111.93	12111.93
Cumulative repayments of loans upto previous year	6159.64	6714.87	7322.85
Opening balance	5952.29	5397.06	4789.08
Additions	0.00	0.00	0.00
Repayments of Loan during the year	555.23	607.98	256.69
Closing balance	5397.06	4789.08	4532.40
Average loan	5674.68	5093.07	4660.74
Weighted average rate of interest on loan	15.36%	15.32%	9.97%
Interest on loan	871.78	780.01	464.61

6. Advance Against Depreciation for the period 2001-04 works out to “nil” consequent upon the revision of the interest on loan, as shown below since depreciation recovered during a year exceeds the scheduled repayment of normative loan considered for that year:

(Rs in lakh)

Particulars	2001-02	2002-03	2003-04
1/12 th of loan	1009.33	1009.33	1009.33
Scheduled repayment of loan	555.23	607.98	256.69
Minimum of above	555.23	607.98	256.69
Depreciation during the year	631.87	631.87	631.87
Advance against depreciation	0.00	0.00	0.00

7. Revision of the interest on loan and Advance Against Depreciation has resulted in the revision of two month's "receivables" which is a component of the Working Capital. Accordingly, interest on working capital has been recalculated as under:

(Rs in lakh)

Particulars	2001-02	2002-03	2003-04
Spares	32.30	47.46	55.32
O&M expenses (1 Month)	170.43	175.58	183.36
Receivables	935.32	930.61	893.20
Total Working Capital	1138.06	1153.65	1131.88
Rate of Interest	11.00%	11.00%	11.00%
Interest on Working Capital	125.19	126.90	124.51

8. The annual fixed charges for the year 2001-04 revised on the basis of the above are summarized as under:

(Rs in lakh)

Period	2001-02	2002-03	2003-04
Interest on loan	871.78	780.01	464.61
Interest on working capital	125.19	126.90	124.51
Depreciation	631.87	631.87	631.87
Advance against Depreciation	0.00	0.00	0.00
Return on Equity	1937.91	1937.91	1937.91
O&M expenses	2045.18	2106.95	2200.29
Total	5611.92	5583.63	5359.19

9. The petitioner shall recover the excess amount within six months from the date of this order.

Sd/-
(R KRISHNAMOORTHY)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

New Delhi dated 8th January, 2008