

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Petition No.36/2001**

**In the matter of**

Approval of tariff in respect of Farakka STPS (1600 MW) for the period 1.4.2001 to 31.3.2004.

**And in the matter of**

National Thermal Power Corporation Ltd.

**.... Petitioner**

Vs

1. West Bengal State Electricity Board, Calcutta
2. Bihar State Electricity Board, Patna
3. Jharkhand State Electricity Board, Jharkhand
4. Grid Corporation of Orissa Ltd., Bhubaneshwar
5. Damodar Valley Corporation, Calcutta
6. Power Deptt., Govt. of Sikkim, Gangtok
7. Assam State Electricity Board, Guwahati
8. Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
9. Tamil Nadu State Electricity Board, Chennai
10. Kerala State Electricity Board, Trivandrum
11. Karnataka Power Transmission Corporation Ltd., Bangalore
12. Uttar Pradesh Power Corpn. Limited, Lucknow
13. Rajasthan Rajya Vidyut Prasaran Nigam Ltd., Jaipur
14. Haryana Vidyut Prasaran Nigam Ltd, Panchkula
15. Power Department, Union Territory of Chandigarh, Chandigarh
16. Madhya Pradesh State Electricity Board, Jabalpur
17. Gujarat Electricity Board, Vadodara
18. Electricity Deptt., Union Territory of Pondicherry, Pondicherry

**..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 Farakka STPS

(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 19.7.2004. Fixed charges in respect of the generating station for the said period awarded vide the above order dated 19.11.2004 were as under:

(Rs. in lakh)

Particulars	2001-2002	2002-2003	2003-2004
Interest on Loan	2036	1277	650
Interest on Working Capital	4592	4566	4580
Depreciation	10970	10970	10970
Advance Against Depreciation	1602	0	46
Return on Equity	24139	24139	24139
O & M Expenses	15790	16737	17742
<b>TOTAL</b>	<b>59129</b>	<b>57689</b>	<b>58126</b>

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	7260	7260	7280
Coal Stock	3405	3405	3405
Oil Stock	703	703	703
O & M expenses	1316	1395	1478
Spares	3017	3017	3017
Receivables	24375	24135	24248
Total Working Capital	40076	39915	40131
Working Capital Margin (WCM)	5422	5422	5422
Total Working Capital allowed	34654	34493	34709
Rate of Interest	11.50%	11.50%	11.50%
Interest on allowed Working Capital	3985	3967	3992
Interest on WCM	173	165	155
Return on WCM	434	434	434
<b>Total Interest on Working capital</b>	<b>4592</b>	<b>4566</b>	<b>4580</b>

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 original tariff order dated 19.7.2004. Revised calculation of interest on loan based on the above direction of the Appellate Tribunal is as under:

Particulars	(Rs in lakh)		
	2001-02	2002-03	2003-04
Gross Loan Opening	150866	150866	150866
Cumulative repayments of loans upto previous year	107965	118783	125016
Net loan – Opening	42901	32083	25850
Increase/Decrease due to FERV	0	0	0
Increase/Decrease due to additional capitalization	0	0	0
Total	42901	32083	25850
Repayments of Loans during the year	10818	6233	8499
Net loan – Closing	32083	25850	17352
Average Net loan	37492	28967	21601
Rate of interest on loan	6.36%	6.10%	5.71%
<b>Interest on loan</b>	2386	1766	1232

6. Consequent to the change of methodology for consideration of loan repayment, Advance Against Depreciation has been revised as under:

(Rs. In lakh)

	2001-02	2002-03	2003-04
1/12 <sup>th</sup> of Loan(s)	12572	12572	12572
Scheduled Repayment of the Loan(s)	10818	6233	8499
Minimum of Column	10818	6233	8499
Depreciation during the year	10970	10970	10970
Advance Against Depreciation	0	0	0

7. Revision of the Interest on Loan and Advance Against Depreciation has resulted in the revision of interest on working capital as interest on loan and Advance Against Depreciation are components 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	7260	7260	7280
Coal Stock	3405	3405	3405
Oil Stock	703	703	703
O & M expenses	1316	1395	1478
Spares	3017	3017	3017
Receivables	24162	24218	24339
Total Working Capital	39863	39998	40223
Working Capital Margin (WCM)	5422	5422	5422
Total Working Capital allowed	34441	34576	34801
Rate of Interest	11.50%	11.50%	11.50%
Interest on allowed Working Capital	3961	3976	4002
Interest on WCM	173	165	155
Return on WCM	434	434	434
<b>Total Interest on Working capital</b>	<b>4567</b>	<b>4575</b>	<b>4590</b>

8. 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)

	<b>Particulars</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>
1	Interest on Loan	2386	1766	1232
2	Interest on Working Capital	4567	4575	4590
3	Depreciation	10970	10970	10970
4	Advance Against Depreciation	0	0	0
5	Return on Equity	24139	24139	24139
6	O & M Expenses	15790	16737	17742
	<b>TOTAL</b>	<b>57852</b>	<b>58188</b>	<b>58673</b>

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

**Sd/=**  
**(R KRISHNAMOORTHY)**  
**MEMBER**

**Sd/=**  
**(BHANU BHUSHAN)**  
**MEMBER**

**New Delhi, dated 25<sup>th</sup> January, 2008**