

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No.1/2000

In the matter of

Approval of tariff in respect of Feroze Gandhi Unchahar Thermal Power Station (420 MW) for the period 1.3.2000 to 31.3.2004.

And in the matter of

NTPC Limited, New Delhi

.... Petitioner

Vs

1. Uttar Pradesh Power Corporation Ltd, Lucknow
2. Rajasthan State Electricity Board, Jaipur
3. Delhi Vidyut Board, New Delhi
4. Haryana Vidyut Prasaran Nigam Ltd, Haryana
5. Punjab State Electricity Board, Patiala
6. Himachal Pradesh State Electricity Board, Shimla
7. Power Development Department, Srinagar
8. Power Department, Chandigarh

...Respondents

ORDER

The petitioner, NTPC Limited, had filed this petition for approval of tariff in respect Feroze Gandhi Unchahar Thermal Power Station (420 MW) (hereinafter referred to as "the generating station") for the period 1.3.2000 to 31.3.2004. 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 18.6.2004. The summary of the annual fixed charges awarded is given hereunder:

(Rs in lakh)

Particulars	1.3.2000 to 31.3.2000	1.4.2000 to 31.12.2000	1.1.2001 to 31.3.2001	2001-02	2002-03	2003-04
Interest on Loan	2890	2900	5119	4973	4696	3813
Interest on Working Capital	555	752	1258	1516	1509	1552
Depreciation	0	5894	5894	4572	4572	4572
Advance against Depreciation	0	0	0	0	0	0
Return on Equity	3604	2599	5887	5927	5927	5927
O & M Expenses	1877	1874	3081	3227	3421	3626
TOTAL	8926	15019	21240	20216	20125	22121

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

(Rs in lakh)

	1.3.2000 to 31.3.2000	1.4.2000 to 31.12.2000	1.1.2001 to 31.3.2001	2001-02	2002-03	2003-04
Fuel Cost	735	825	1667	2368	2354	2360
Coal stock	0	776	969	1197	1197	1197
Oil stock	79	77	153	200	190	190
O & M expenses	156	156	257	269	285	302
Spares	701	555	1021	1038	1038	1038
Receivables	2957	4154	6875	8106	8062	8407
Total Working Capital	4628	6543	10942	13179	13126	13495
Rate of Interest	12.00%	11.50%	11.50%	11.50%	11.50%	11.50%
Interest on Working capital	555	752	1258	1516	1509	1552

3. Subsequently, the Appellate Tribunal for Electricity (hereinafter referred to as “the Appellate Tribunal”) vide its order dated 14.11.2006 in Appeal No. 96/2005 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 was decided to apply the same to all cases of tariff determination for the relevant period. In case of the generating station, tariff was determined for the period 2000-2004 vide the Commission’s order dated 18.6.2004. It has therefore, been decided to revise tariff of the generating station for the above period by applying normative debt repayment

methodology. Accordingly, we proceed to revise the tariff in respect of the generating station through this order.

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 18.6.2004. Revised calculation of interest on loan based on the above direction of the Appellate Tribunal is as under:

Particulars	(Rs in lakh)					
	1.3.2000 to 31.3.2000	1.4.2000 to 31.12.2000	1.1.2001 to 31.3.2001	2001-02	2002-03	2003-04
Gross loan-Opening	52485	52626	85273	86438	86438	86438
Cumulative repayments of Loans up to previous year	7524	7524	8681	8681	10654	12830
Net loan-Opening	44961	45102	76592	77757	75784	73608
Increase/ Decrease due to FERV	-7	-1048	-57	0	0	0
Increase/ Decrease due to Additional Capitalisation	148	757	1221	0	0	0
Total	45102	44811	77757	77757	75784	73608
Repayments of Loans during the year	0	1157	0	1973	2176	27530
Net loan-Closing	45102	43655	77757	75784	73608	46078
Average Net Loan	45031	44378	77175	76770	74696	59843
Rate of Interest on Loan	6.42%	6.60%	6.71%	6.55%	6.35%	6.44%
Interest on loan	2890	2927	5175	5027	4746	3854

6. The advance against depreciation for the period 2003-04 works out as follows consequent upon the revision of interest on loan:

Particulars	(Rs in lakh)		
	2001-02	2002-03	2003-04
1/12 th of loan	7203	7203	7203
Scheduled repayment of loan	1973	2176	27530
Minimum of above	1973	2176	7203
Depreciation during the year	4572	4572	4572
Advance against depreciation	0	0	2631

7. Revision of 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)

	1.3.2000 to 31.3.2000	1.4.2000 to 31.12.2000	1.1.2001 to 31.3.2001	2001-02	2002-03	2003-04
Fuel Cost	735	825	1667	2368	2354	2360
Coal stock	0	776	969	1197	1197	1197
Oil stock	79	77	153	200	190	190
O & M expenses	156	156	257	269	285	302
Spares	701	555	1021	1038	1038	1038
Receivables	2957.1406	4158.7325	6884.3074	8115.1244	8070.1901	8414.0784
Total Working Capital	4628	6548	10952	13188	13134	13502
Rate of Interest	12.00%	11.50%	11.50%	11.50%	11.50%	11.50%
Interest on Working Capital	555	753	1259	1517	1510	1553

8. Annual fixed charges revised on the basis of the above in respect of the generating station for the period from 1.3.2000 to 31.3.2004 are as under:

(Rs in lakh)

Particulars	1.3.2000 to 31.3.2000	1.4.2000 to 31.12.2000	1.1.2001 to 31.3.2001	2001-02	2002-03	2003-04
Interest on Loan	2890	2927	5175	5027	4746	3854
Interest on Working Capital	555	753	1259	1517	1510	1553
Depreciation	0	5894	5894	4572	4572	4572
Advance against Depreciation	0	0	0	0	0	2631
Return on Equity	3604	3599	5887	5927	5927	5927
O & M Expenses	1877	1874	3081	3227	3421	3626
TOTAL	8926	15047	21297	20270	20177	22163

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 3rd January, 2008