

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 1/2003**

**Coram:**

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri S. Jayaraman, Member**
- 3. Shri V.S. Verma, Member**
- 4. Shri M. Deena Dayalan, Member**

**DATE OF ORDER: 16.6.2010**

**In the matter of**

Revision of tariff in respect of Talcher Super Thermal Power Station, Stage-II (4 x 500 MW) for the period 1.8.2003 to 31.3.2004 as a result of implementation of the judgment of the Appellate Tribunal for Electricity dated 30.3.2007 in Appeal No. 117/2006.

**And in the matter of**

NTPC Ltd, 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

... **Respondents**

**ORDER**

The petitioner, NTPC Limited, had filed this petition for approval of tariff in respect of Talcher Super Thermal Power Station, Stage-II (4 x 500 MW) (hereinafter referred to as "the generating station") for the period 1.8.2003 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 13.6.2005. Subsequently, based on the order dated 9.5.2006 in Review Petition No. 123/2005 filed by the petitioner, the Commission revised the annual fixed charges for the generating station, by order dated 13.7.2006, as under:

(Rs in lakh)

Particulars	1.8.2003 to 29.2.2004	1.3.2004 to 31.3.2004
	(Annualized basis)	
Interest on Loan	11361	19723
Interest on Working Capital	1129	2046
Depreciation	5339	9483
Advance against Depreciation	0	0
Return on Equity	7038	12486
O&M Charges	3665	6503
<b>Total</b>	<b>28532</b>	<b>50242</b>

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

(Rs in lakh)

	1.8.2003 to 29.2.2004	1.3.2004 to 31.3.2004
Fuel Cost	1267	2463
Coal stock	290	1020
Oil stock	429	766
O & M expenses	305	542
Spares	1172	1872
Receivables	7286	13295
Total Working Capital	10751	19958
Rate of Interest	10.50%	10.25%
<b>Interest on Working capital</b>	<b>1129</b>	<b>2046</b>

3. While so, the petitioner filed Appeal No. 96/2005, before the Appellate Tribunal for Electricity (hereinafter referred to as "the Appellate Tribunal") challenging the methodology adopted by the Commission for computation of normative loan, in respect of Kawas GPS (another generating station of the petitioner) and the Appellate Tribunal vide its order dated 14.11.2006 directed, inter alia, that:

*"The Central Commission shall adopt normative debt repayment methodology for working out the interest on loan liability for the period 1.4.1998 to 31.3.2001. The adjustment arising out of this be made in the future years. "*

4. Subsequently, the petitioner also filed Appeal No. 117/2006 before the Appellate Tribunal against the order of the Commission dated 13.7.2006, on various issues including the methodology adopted for computation of interest on loan and the Appellate Tribunal by its judgment dated 30.3.2007 disposed of the appeal in the light of its earlier judgment dated 14.11.2006 in Appeal No. 96/2005, as under:

*"6. Thus, the CERC needs to follow normative debt repayment methodology for working out the interest on loan for the period in question, in accordance with the Judgment rendered by us in Appeal No. 96 of 2005.*

*7. In the circumstances, therefore, the matter is required to be remitted to the CERC in the light of the direction that normative debt repayment methodology for working out the interest on loan for the period in question should be followed. We order accordingly. The CERC shall also determine the consequential effect of following normative debt repayment methodology on interest/loan repayment with reference to each generating unit and on the computation of advance against depreciation."*

5. Pursuant to the said judgment, the petitioner has filed affidavit seeking determination of the following issues, in respect of the generating station:

- (a) Computation of repayment by adopting normative methodology
- (b) Computation of normative debt for interest on loan ; and
- (c) Computation of AAD.

6. In terms of the directions contained in the judgment dated 30.3.2007, it has been decided to revise tariff for the generating station for the period from 1.8.2003 to 31.3.2004 by applying the normative debt repayment methodology. Accordingly, we proceed to revise the tariff in respect of the generating station through this order.

7. 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 13.6.2005 and amended vide order dated 13.7.2006. Revised calculation of interest on loan based on the above judgment of the Appellate Tribunal is as under:

Particulars	(Rs in lakh)	
	1.8.2003 to 29.2.2004	1.3.2004 to 31.3.2004
Gross loan-Opening	102631	182090
Cumulative repayments of Loans up to previous year	0	1560
Net loan-Opening	102631	180530
Increase/ Decrease due to FERV	0	0
Increase/ Decrease due to Additional Capitalization	0	0
Total	102631	180530
Repayments of loans during the year	1560	1774
Net loan-Closing	101071	178756
Average Net Loan	101851	179643
Rate of Interest on Loan	11.43%	11.22%
<b>Interest on loan</b>	<b>11642</b>	<b>20155</b>

8. Consequent upon the revision of interest on loan component of the annual fixed charges, Advance Against Depreciation, computed in terms of the directions of the Appellate Tribunal, is as under:

Particulars	(Rs in lakh)	
	1.8.2003 to 29.2.2004	1.3.2004 to 31.3.2004
1/12 <sup>th</sup> of loan	8553	15174
Scheduled repayment of loan	1560	1774
Minimum of above	1560	1774
Depreciation during the year	3107	803
<b>Advance against depreciation</b>	<b>0</b>	<b>970</b>
<b>Advance against depreciation (on Annual basis)</b>	<b>0</b>	<b>11456</b>

9. 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 the components of "receivables" included

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

Particulars	(Rs in lakh)	
	1.8.2003 to 29.2.2004	1.3.2004 to 31.3.2004
Fuel Cost	1267	2463
Coal stock	290	1020
Oil Stock	429	766
O & M expenses	305	542
Spares	1173	1872
Receivables-2 months	7338	15315
Total Working Capital	10802	21978
Rate of Interest	10.50%	10.25%
<b>Interest on Working capital</b>	<b>1134</b>	<b>2253</b>

10. The annual fixed charges revised on the basis of the above in respect of the generating station for the period from 1.8.2003 to 31.3.2004 are as under:

Particulars	(Rs in lakh)	
	2002-03	2003-04
Interest on Loan	11642	20155
Interest on Working Capital	1134	2253
Depreciation	5339	9483
Advance against Depreciation	0	11456
Return on Equity	7038	12486
O & M Expenses	3665	6503
<b>TOTAL</b>	<b>28818</b>	<b>62336</b>

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

Sd/-  
(M.DEENA DAYALAN)  
MEMBER

Sd/-  
(V.S.VERMA)  
MEMBER

Sd/-  
(S.JAYARAMAN)  
MEMBER

Sd/-  
(DR.PRAMOD DEO)  
CHAIRPERSON