

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 238/2009

Coram:

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

DATE OF ORDER: 20.5.2010

IN THE MATTER OF

Determination of impact of annual fixed charges on account of release of balance deferred liability and additional capital expenditure incurred during the years 2006-07, 2007-08 and 2008-09, in respect of Dhauliganga Hydroelectric Project, Stage-I.

AND IN THE MATTER OF

NHPC Ltd, Faridabad

..... **Petitioner**

Vs

1. Punjab State Electricity Board, Patiala
2. Haryana Power Generation Corporation Ltd, Panchkula
3. BSES-Rajdhani Power Ltd, New Delhi
4. BSES-Yamuna Power Ltd, New Delhi
5. North Delhi Power Ltd, Delhi
6. Uttar Pradesh Power Corporation Ltd, Lucknow
7. Jaipur Vidyut Vitaran Nigam Ltd., Jaipur
8. Rajasthan Rajya Vidyut Prasaran Nigam Ltd., Jaipur
9. Uttarakhand Power Corporation of Ltd., Dehradun
10. Jodhpur Vidyut Vitaran Nigam Ltd., Jodhpur
11. Himachal Pradesh State Electricity Board, Shimla
12. Ajmer Vidyut Vitaran Nigam Ltd., Ajmer
13. Engineering Department, UT Secretariat, Chandigarh
14. Power Development Department, Govt. of J&K, Jammu

.....**Respondents**

ORDER

This petition was filed by the petitioner, NHPC Ltd, for revision of annual fixed charges after considering the impact of additional capital expenditure for the years 2006-07 to 2008-09, in respect of Dhauliganga Hydroelectric Project, Stage-I (4 x 70 MW)

(hereinafter referred to as "the generating station") for the period from 1.4.2004 to 31.3.2009 based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004, The Commission by its order dated 11.2.2010 revised the annual fixed charges for the period from 1.4.2006 to 31.3.2009 as under:

(Rs in lakh)

Annual Fixed Charges	2006-07	2007-08	2008-09
Depreciation	3945.84	3995.94	4008.59
Interest on Loan	4062.22	3977.96	3849.20
Return on Equity	6486.96	6578.75	6601.92
Advance against Depreciation	0.00	0.00	89.19
Interest on Working Capital	492.62	506.74	520.52
O & M Expenses	2544.98	2646.78	2752.65
Total	17532.62	17706.16	17822.08

2. The petitioner by letter dated 9.3.2010 has submitted as under:

"On perusal of the subject order, it has been observed that the claim regarding "the impact on AFC due to discharge of liabilities" given in Annexure-II of the petition at Page 15 has not been dealt in the above order which may be due to some error. It is requested that same may kindly be considered in the above order."

3. It is noticed that the petitioner, vide affidavit dated 23.10.2009 had submitted that out of the un-discharged liability of Rs.1137.72 lakh as on 31.3.2007, liabilities amounting to Rs. 391.47 lakh and Rs.4.73 lakh were discharged during the years 2007-08 and 2008-09 respectively. However, the Commission while determining tariff for the generating station had inadvertently omitted to consider the amount of liabilities discharged during the years 2007-08 and 2008-09.

4. Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, provides as under:

" 103. (1) The Commission may at any time, on its own motion, or on an application of any of the persons or parties concerned, within 45 days of making such decision, directions or order, review such decision, directions or orders and pass such appropriate orders as the Commission deems fit:

Provided that power of review by the Commission on its own motion under this clause may be exercised only for correction of clerical or arithmetical mistakes arising from any accidental slip or omission."

5. By virtue of said power, the accidental omission to consider the details of the discharged liabilities submitted by the petitioner vide affidavit dated 23.10.2009 is rectified and the tariff for the generating station determined by order dated 11.2.2010 is sought to be revised *suo motu*, taking into consideration the liabilities discharged during the years 2007-08 and 2008-09 as under:

CAPITAL COST

6. The Capital cost considered for the purpose of tariff in order dated 11.2.2010 is as under:

Year	(Rs. in lakh)	
	2007-08	2008-09
Opening Capital Cost as on 1 st April of the financial year	173841.44	174768.39
Additional Capitalization allowed	926.95	176.43
Capital cost as on 31 st March of the financial year	174768.39	174944.82

7. The revised capital cost, after considering the additional capital expenditure allowed for the period 2006-09 and the liabilities discharged during the years 2007-08 and 2008-09 is as under:

(Rs in lakh)

Year	2007-08	2008-09
Opening Capital Cost as on 1 st April of the financial year	173841.44	175159.86
Additional Capitalization allowed	926.95	176.43
Discharge of liabilities against un-discharged liabilities as on 31.3.2007	391.47	4.73
Capital cost as on 31 st March of the financial year	175159.86	175341.02

8. As a result of the revision of the capital cost, as above, other components viz, the return of equity, interest on loan, depreciation/AAD and the interest on working capital for the period 2007-09 undergo change and accordingly, the order dated 11.2.2010 is revised as under:

9. The additional notional equity for the generating station on account of capitalization approved is as under:

(Rs. in lakh)

	2007-08	2008-09
Additional Notional equity	395.53	54.35

RETURN ON EQUITY

10. Return on equity is allowed @ 14% on the average normative equity, as under:

(Rs. in lakh)

Return on Equity	2007-08	2008-09
(a)Opening Equity	46852.01	47130.10
(b)Addition due to Additional Capitalization	395.53	54.35
c)De-capitalization on account of initial spares and capitalized liabilities	0.00	0.00
d)Closing Equity (a+b-c)	47247.54	47301.89
Average Equity ((a+d)/2)	47049.78	47274.71
Return on Equity	6586.97	6618.46

Interest on loan

11. Interest on loan has been computed as under:

(Rs. in lakh)		
Interest on Loan	2007-08	2008-09
Gross Opening Loan	126989.43	127912.32
Cumulative Repayment upto previous year	5527.48	9527.91
Net Loan-Opening	121461.94	118384.40
Addition due to additional capitalization	922.89	126.81
Repayment during the year	4000.43	4176.50
Net Loan-Closing	118384.40	114334.72
Average Loan	119923.17	116359.56
Annualized Weighted Average Rate of Interest on Loan	3.3208%	3.3156%
Interest	3982.43	3858.04

Depreciation

12. Depreciation has been worked out as under:

(Rs in lakh)		
	2007-08	2008-09
Gross block		
(a) Opening Gross Block	173841.44	174768.39
(b) Addition due to Additional Capitalization	1318.42	181.16
(c) De-capitalization on account of capitalized liabilities	0.00	0.00
(d) Closing Gross Block (a+b-c)	175159.86	175341.02
Average Gross Block ((a+d)/2)	174500.65	175250.44
Rate of Depreciation	2.2925%	2.2925%
Depreciable Value @ 90%	156146.02	156814.28
Balance Useful life of the asset	-	-
Remaining Depreciable Value	150543.99	147217.15
Depreciation	4000.43	4017.62

Advance against Depreciation

13. Advance against Depreciation has been calculated after considering the additional capital expenditure which has been worked out as per details given hereunder:

(Rs in lakh)		
Advance against Depreciation	2007-08	2008-09
1/10th of Gross Loan(s)	12698.94	12791.23
Repayment of the Loan	4000.43	4176.50
Minimum of the above	4000.43	4176.50
Depreciation during the year	4000.43	4017.62
(A) Difference	0.00	158.88

Cumulative Repayment of the Loan	9527.91	13704.41
Cumulative Depreciation/ Advance against Depreciation	9602.46	13614.75
(B) Difference	(-) 74.54	89.66
Advance against Depreciation	0.00	89.66

O&M Expenses

14. O&M expenses as allowed in the order dated 11.2.2010 have been considered.

Interest on Working Capital

15. The receivables component of the working capital in the order dated 11.2.2010 have been revised for the reason of revision of return on equity, interest on loan, etc.

The interest on working capital is calculated as under:

(Rs in lakh)

Interest on Working Capital	2007-08	2008-09
Maintenance Spares	1772.20	1878.54
O & M expenses (1 month)	220.56	229.39
Receivables	2953.94	2976.26
Total	4,946.71	5,084.18
Interest	507.04	521.13

Annual Fixed Charges

16. The revised annual fixed charges for the period from 1.4.2007 to 31.3.2009 are as under:

(Rs in lakh)

Annual Fixed Charges	2007-08	2008-09
Depreciation	4000.43	4017.62
Interest on Loan	3982.43	3858.04
Return on Equity	6586.97	6618.46
Advance against Depreciation	0.00	89.66
Interest on Working Capital	507.04	521.13
O & M Expenses	2646.78	2752.65
Total	17723.65	17857.56

17. The petitioner shall claim the difference between the fixed charges approved vide order dated 11.2.2010 and those approved now, from the beneficiaries in three equal monthly installments.

Sd/-
(V.S.VERMA)
MEMBER

Sd/-
(S. JAYARAMAN)
MEMBER

Sd/-
(DR.PRAMOD DEO)
CHAIRPERSON