

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 125/2009

Coram

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

Date of order: 27.10.2010

In the matter of

Approval of final tariff for Unit-I (from 1.8.2008 to 29.12.2008) and Unit-I & II (combined) (from 30.12.2008 to 31.3.2009) in respect of Kahalgaon Super Thermal Power Station, Stage-II (2 x 500 MW)

And in the matter of

NTPC Ltd, New Delhi

.....Petitioner

Vs

1. West Bengal State Electricity Board, Kolkata
2. Bihar State Electricity Board, Patna
3. Jharkhand State Electricity Board, Ranchi
4. Grid Corporation of Orissa Ltd., Bhubaneswar
5. Power Department, Govt. of Sikkim, Gangtok
6. Madhya Pradesh Power Trading Ltd., Jabalpur
7. Maharashtra State Electricity Distribution Company Ltd., Mumbai
8. Gujarat Urja Vikas Nigam Limited, Baroda
9. Uttar Pradesh Power Corporation Ltd, Lucknow
10. Power Development Department, Govt. of J&K, Srinagar
11. Power Deptt. Union Territory of Chandigarh, Chandigarh
12. Punjab State Electricity Board, Patiala
13. Himachal Pradesh State Electricity Board, Shimla
14. Jaipur Vidyut Vitaran Nigam Ltd, Jaipur
15. Ajmer Vidyut Vitaran Nigam Ltd, Ajmer
16. Jodhpur Vidyut Vitaran Nigam Ltd, Jodhpur
17. Chattisgarh State Electricity Board, Raipur
18. Haryana Power Generation Company Ltd, Panchkula
19. BSES Rajdhani Power Limited, New Delhi
20. BSES Yamuna Power Limited, Delhi
21. North Delhi Power Ltd, New Delhi
22. Uttaranchal Power Corporation Ltd, Dehradun
23. Electricity Deptt. Administration of Dadra and Nagar Haveli, Silvassa
24. Electricity Deptt, Administration of Daman & Diu, Daman

....Respondents



ORDER

This application was filed by the petitioner, NTPC for determination of tariff for Unit-I (from 1.8.2008 to 29.12.2008) and Unit-I & II (combined) (from 30.12.2008 to 31.3.2009) of Kahalgaon Super Thermal Power Station, Stage-II (2 x 500 MW) (hereinafter referred to as “the generating station”) for the period from 1.8.2008 to 31.3.2009, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as “the 2004 regulations”). The capital cost considered by the Commission as on the date of commercial operation of the generating station by order dated 5.7.2010 was as under:

<i>(₹ in lakh)</i>		
Particulars	1.8.2008	30.12.2008
Capital Cost claimed	189895.94	332004.82
Less: Notional IDC	503.00	523.00
Less: Reduction in IDC due to Average method of repayment	304.15	341.92
Less: Liabilities included above	15591.00	26821.00
Admissible Capital cost actually incurred up to date of commercial operation	173497.78	304318.90

2. The annual fixed charges for the generating station approved by the Commission by order dated 5.7.2010 is as under:

<i>(₹ in lakh)</i>		
Particulars	1.8.2008 to 29.12.2008	30.12.2008 to 31.3.2009
Depreciation	6258.50	11204.63
Interest on Loan	8426.63	15229.03
Return on Equity	7286.91	12991.67
Advance against Depreciation	-	10764.07
Interest on Working Capital	2370.87	4289.74
O&M Expenses	5475.00	10950.00
Total	29817.91	65429.14

2. While so, the petitioner by its letter dated 20.8.2010 addressed to the Commission has pointed out to certain ministerial errors in the order dated 5.7.2010 as under:

- (i) *The loan corresponding to the additional capitalization for the period 30.12.2008 to 31.03.2009 has been inadvertently added to the opening loan balance on 30.12.2008 instead of the closing loan. This has resulted in higher normative repayment during the period as the same is computed based on normative loan outstanding at the beginning of the period.*
- (ii) *The cumulative repayments of loan considered with respect to J&K Bank (as contained in Form-13 of the petition) is not matching with the actual loan details.*

3. On examination of the issues raised by the petitioner, as above, it is noticed that certain inadvertent ministerial errors had crept in the calculations, based on which tariff for the generating station was determined by order dated 5.7.2010.

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. In exercise of powers under Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, the inadvertent ministerial errors in the calculations pertaining to Interest During Construction (IDC) and Interest on Loan (IOL), based on which the tariff of the generating station was determined, is corrected by this order as under:

6. Paragraph 31 of the order pertaining to capital cost as on the date of commercial operation is revised as under:

	(₹ in lakh)	
	1.8.2008	30.12.2008
Capital Cost claimed by petitioner	189895.94	332004.82
Less: Notional IDC	503.00	523.00
Less: Reduction in IDC due to Average method of repayment	299.25	334.25
Less: Liabilities included above	15591.00	26821.00
Admissible Capital cost actually incurred up to date of commercial operation for the purpose of tariff.	173502.69	304326.57

7. Consequently, paragraph 33 of the order pertaining to capital cost as on 31.3.2009 is revised as under:

“33. Further, the petitioner vide affidavit dated 12.3.2010 submitted that out of the liabilities shown in the capital cost as on date of commercial operation an amount of Rs.10013 lakh has been discharged during the period 30.12.2008 to 31.3.2009. Hence, the revised capital cost as on 31.03.2009 after taking into account the amount of liability discharged (as additional capital expenditure allowed) works out to Rs.314339.57 lakh”

8. The table under paragraph 36 of the order pertaining to Debt-Equity ratio is revised as under:

	(₹ in lakh)	
Normative	1.8.2008	30.12.2008
Debt	121451.88	213028.60
Equity	52050.81	91297.97
Total	173502.69	304326.57

9. The table under paragraph 38 of the order pertaining to return on equity is revised as under:

	(₹ in lakh)	
Return on Equity	1.8.2008 to 29.12.2008	30.12.2008 to 31.3.2009
Equity (Normative) – Opening	52050.81	91297.97
Addition due to Additional Capitalization	0.00	3003.90
Addition due to FERV	0.00	0.00
Equity (Normative) – Closing	52050.81	94301.87
Average Equity	52050.81	92799.92
Return on Equity @ 14% (annualized)	7287.11	12991.99

10. Clause (a) of paragraph 40 pertaining to interest on loan of order dated 05.07.2010 is revised as under:

“40 (a) As mentioned above the gross normative loan corresponding to admissible capital cost works out to ₹121451.88 lakh as on 1.8.2008, and ₹ 213028.60 lakh as on 30.12.2008.”

11. The table under paragraph 41 of the order pertaining to interest on loan is revised as under:

<i>(₹ in lakh)</i>		
Interest on Loan	1.8.2008 to 29.12.2008	30.12.2008 to 31.3.2009
Gross Normative Loan	121451.88	213028.60
Cumulative Repayment upto the previous year	0.00	2589.21
Net Loan-Opening	121451.88	210439.39
Addition due to Additional Capitalization	0.00	7009.10
Repayment during the year	2589.21	5358.24
Net Loan-Closing	118862.68	212090.25
Average Loan	120157.28	211264.82
Weighted Average Rate of Interest on Loan	7.0132%	7.0940%
Interest on loan	8426.92	14987.21

12. The table under paragraph 43 of the order pertaining to depreciation of order dated 05.07.2010 stands is revised as under:

<i>(₹ in lakh)</i>			
Details of Depreciation		1.8.2008 to 29.12.2008	30.12.2008 to 31.3.2009
Gross block as on date of commercial operation		173502.69	304326.57
Add: Liabilities discharged		0.00	10013.00
Closing capital cost		173502.69	314339.57
Average capital cost		173502.69	309333.07
Rate of depreciation – Unit-I	3.6073%	-	-
– Unit-I&II (combined)	3.6223%	-	-
Depreciation value including amortization of lease land in 25 years		156152.42	278399.76
Balance useful life of the asset		25.00	-
Remaining depreciable value		156152.42	275810.55
Depreciation		2589.21	2824.25
Depreciation (annualized)		6258.68	11204.91

13. The table under paragraph 47 of the order pertaining to Advance Against Depreciation is revised as under:

(₹ in lakh)

Advance Against Depreciation	1.8.2008 to 29.12.2008	30.12.2008 to 31.3.2009
1/ 10 th of Gross Loan(s)	12145.19	21302.86
Repayment of the loan	2589.21	5358.24
Minimum of the above	2589.21	5358.24
Depreciation during the period	2589.21	2824.25
(A) Difference	0.00	2533.99
Cumulative repayment of loan	2589.21	7947.45
Cumulative depreciation	2589.21	5413.46
(B) Difference	0.00	2533.99
Advance Against Depreciation – Minimum of (A) or (B)	0.00	2533.99
Advance Against Depreciation (annualized)	0.00	10053.32

14. The table under clause (e) of paragraph 51 of the order pertaining to 'Receivables' is revised as under:

(₹ in lakh)

	1.8.2008 to 29.12.2008	30.12.2008 to 31.3.2009
Variable charges (Ex-bus)	1,2809	1,0570
Variable charges per year	41516.91	68519.95
Variable charges – 2 months	6919.48	11419.99
Fixed charges – 2 months	4969.77	10742.89
Receivables	11889.25	22162.88

15. Consequent upon the above, the table under paragraph 52 of the order pertaining to 'interest on working capital' is revised as under:

(₹ in lakh)

	1.8.2008 to 29.12.2008	30.12.2008 to 31.3.2009
Coal stock – 1.1/2 months	4861.94	7971.32
Oil stock – 2 months	436.90	791.56
O&M expenses	456.25	912.50
Spares	1709.90	3018.14
Receivables	11889.25	22162.88
Total Working Capital	19354.24	34856.40
Rate of interest	12.25%	12.25%
Total Interest on Working Capital	2370.89	4269.91

16. In view of the above, the summary of the annual fixed charges in the table under paragraph 54 of the order dated 5.7.2010 is revised as under:

(₹ in lakh)

Particulars	1.8.2008 to 29.12.2008	30.12.2008 to 31.03.2009
Depreciation	6258.68	11204.91
Interest on Loan	8426.92	14987.21
Return on Equity	7287.11	12991.99
Advance Against Depreciation	0.00	10053.32
Interest on Working Capital	2370.89	4269.91
O & M Expenses	5475.00	10950.00
Total	29818.61	64457.34

Note: (a) All figures are on annualized basis.

(b) All the figures under each head have been rounded. The figure in total column in each year is also rounded. Because of rounding of each figure the total may not be arithmetic sum of individual items in columns.

12. The difference between the fixed charges approved by order dated 5.7.2010 and those approved now shall be adjusted by the parties in three monthly installments.

13. All other terms contained in order dated 5.7.2010 remains unaltered.

Sd/-
[V.S.VERMA]
MEMBER

Sd/-
[S.JAYARAMAN]
MEMBER

Sd/-
[DR.PRAMOD DEO]
CHAIRPERSON

