

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 57/2010

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: 22.9.2010

IN THE MATTER OF

Suo motu review of the tariff order dated 6.9.2010 in respect of SEWA Hydro electric project, Stage-II (3 x 40 MW) located at Kathua, State of J&K, for the period from 1.3.2010 to 31.3.2014.

AND IN THE MATTER OF

NHPC Ltd.

Vs

...Petitioner

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

ORDER

This petition was filed by the petitioner, NHPC, for approval of generation tariff of SEWA Hydro electric project, Stage-II (3 x 40 MW) (hereinafter referred to as “the generating station”) for the period from

1.3.2010 to 31.3.2014 based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.

2. The Commission by order dated 6.9.2010 determined the annual fixed charges of the generating station as under:

Particulars	(₹ in lakh)				
	2009-10 (1.3.2010 to 31.3.2010)	2010-11	2011-12	2012-13	2013-14
Return on Equity	438.10	5350.14	5544.83	5548.38	5549.69
Interest on Loan	543.99	6320.62	6054.25	5492.35	4970.35
Depreciation	423.03	5166.09	5354.08	5357.51	5358.78
Interest on Working Capital	37.64	454.95	463.32	458.05	453.87
O & M Expenses	167.08	2079.75	2198.71	2324.48	2457.44
Total	1609.83	19371.55	19615.19	19180.77	18790.14

3. It is observed that in the table under paras 46, 50 and 52 of the said order, certain clerical errors had inadvertently occurred in the amounts mentioned therein for computation of Return on Equity, Interest on loan and Depreciation respectively, as under:

Para 46: Return on Equity

Return on Equity	(₹ in lakh)				
	2009-10 (1.3.2010 to 31.3.2010)	2010-11	2011-12	2012-13	2013-14
Gross Notional Equity	-	-	2,195.72	2,227.42	2,236.42
Addition due to Additional Capitalization	-	2,195.72	31.70	9.00	6.00
Closing Equity	-	2,195.72	2,227.42	2,236.42	2,242.42
Average Equity	-	1,097.86	2,211.57	2,231.92	2,239.42
Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.500%	15.500%
Tax rate for the year 2008-09	11.330%	11.330%	11.330%	11.330%	11.330%
Rate of Return on Equity (Pre Tax)	17.481%	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre Tax) - Annualised	-	191.91	386.59	390.15	391.46

Para 50: Interest on loan

(₹ in lakh)

Interest on Loan	2009-10 (1.3.2010 to 31.3.2010)	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	0.00	0.00	5123.35	5197.31	5218.31
Cumulative Repayment upto previous year	0.00	0.00	185.31	558.61	935.34
Net Loan-Opening	0.00	0.00	4938.04	4638.71	4282.98
Repayment during the year	0.00	185.31	373.30	376.73	378.00
Addition due to Additional Capitalization(2009-14)	0.00	5123.35	73.97	21.00	14.00
Net Loan-Closing	0.00	4938.04	4638.71	4282.98	3918.98
Average Loan	0.00	2469.02	4788.37	4460.84	4100.98
Weighted Average Rate of Interest on Loan	9.51%	9.24%	9.21%	9.09%	9.02%
Interest on loan	-	228.13	440.93	405.38	369.95

Para 52: Depreciation

(₹ in lakh)

Depreciation	2009-10 (1.3.2010 to 31.3.2010)	2010-11	2011-12	2012-13	2013-14
Gross Block as on the date of commercial operation	86221.52	86221.52	86221.52	86221.52	86221.52
Additional capital expenditure during 2009-14	0.00	0.00	0.00	0.00	0.00
Cost of Initial Spares Adjustment	0.00	0.00	0.00	0.00	0.00
Closing gross block	86221.52	86221.52	86221.52	86221.52	86221.52
Average gross block	86221.52	86221.52	86221.52	86221.52	86221.52
Rate of Depreciation	5.0638%	5.0638%	5.0638%	5.0638%	5.0638%
Depreciable Value @ 90%	0.00	3293.58	6634.71	6695.76	6718.26
Balance Useful life of the asset as on 1st April	-	-	-	-	-
Remaining Depreciable Value	0.00	3293.58	6449.40	6137.16	5782.93
Depreciation	0.00	185.31	373.30	376.73	378.00

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 clerical error in respect of the amounts pertaining to the computation of Return on Equity, Interest on loan and Depreciation, indicated in the table under paras 46, 50 and 52 of the order dated 6.9.2010, is corrected *suo motu*, by this order, as under:

Para 46: RETURN ON EQUITY

(₹ in lakh)

Return on Equity	2009-10 (1.3.2010 to 31.3.2010)	2010-11	2011-12	2012-13	2013-14
Gross Notional Equity	29508.41	29508.41	31704.13	31735.83	31744.83
Addition due to Additional Capitalization	-	2195.72	31.70	9.00	6.00
Closing Equity	29508.41	31704.13	31735.83	31744.83	31750.83
Average Equity	29508.41	30606.27	31719.98	31740.33	31747.83
Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.500%	15.500%
Tax rate for the year 2008-09	11.330%	11.330%	11.330%	11.330%	11.330%
Rate of Return on Equity (Pre-Tax)	17.481%	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre Tax) - Annualised	438.10	5350.14	5544.83	5548.38	5549.69

Para 50: INTEREST ON LOAN

(₹ in lakh)

Interest on Loan	2009-10 (1.3.2010 to 31.3.2010)	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	68852.95	68852.95	73976.30	74050.27	74071.27
Cumulative Repayment upto Previous Year	0.00	423.03	5589.12	10943.19	16300.71
Net Loan-Opening	68852.95	68429.93	68387.18	63107.07	57770.56
Repayment during the year	423.03	5166.09	5354.08	5357.51	5358.78
Addition due to Additional Capitalization (2009-14)	0.00	5123.35	73.97	21.00	14.00
Net Loan-Closing	68429.93	68387.18	63107.07	57770.56	52425.78
Average Loan	68641.44	68408.55	65747.13	60438.82	55098.17
Weighted Average Rate of Interest on Loan	9.33%	9.24%	9.21%	9.09%	9.02%
Interest	543.99	6320.62	6054.25	5492.35	4970.35

Para 52: DEPRECIATION

(₹ in lakh)

Depreciation	2009-10 (1.3.2010 to 31.3.2010)	2010-11	2011-12	2012-13	2013-14
Gross Block as on COD	98361.36	98361.36	105680.43	105786.09	105816.09
Additional capital expenditure during 2009-14	0.00	7319.07	105.67	30.00	20.00
Cost of initial Spares Adjustment	0.00	0.00	0.00	0.00	0.00
Closing gross block	98361.36	105680.43	105786.09	105816.09	105836.09
Average gross block	98361.36	102020.89	105733.26	105801.09	105826.09
Rate of Depreciation	5.064%	5.064%	5.064%	5.064%	5.064%
Depreciable Value @ 90%	88525.22	91818.80	95159.93	95220.98	95243.48
Balance Useful life of the asset as on 1st April	35.0	34.9	33.9	32.9	31.9
Remaining Depreciable Value	88525.22	91395.78	89570.82	84277.79	78942.78
Depreciation	423.03	5166.09	5354.08	5357.51	5358.78

6. It is however clarified that the annual fixed charges for the period from 2009-10 (1.3.2010 to 31.3.2010) to 2009-14 determined by the Commission in order dated 6.9.2010, was based on the above said computations. Hence, the question of revision of the annual fixed charges on account of the

correction of the clerical error does not arise.

7. All other terms contained in order dated 6.9.2010 remains unaltered.

Sd/-
(M.DEENA DAYALAN)
MEMBER

Sd/-
(V.S. VERMA)
MEMBER

Sd/-
(S.JAYARAMAN)
MEMBER

Sd/-
(DR.PRAMOD DEO)
CHAIRPERSON