

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 123/2009

**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: 12.10.2011

In the matter of

Revision of order dated 11.1.2010 and 12.10.2010 in the light of the judgment of the Appellate Tribunal for Electricity dated 19.4.2011 in Appeal No. 76/2010.

AND

In the matter of

Approval of revision of fixed charges on account of additional capital expenditure incurred during the years 2007-08 and 2008-09 in respect of Ramagundam Super Thermal Power Station, Stage-III (500 MW)-Order dated 11.1.2010 in Petition No. 123/2009.

AND

In the matter of

Review of order dated 11.1.2010 in Petition No.123/2009 pertaining to the determination of impact of additional capital expenditure incurred during the period 2007-09 in respect of Ramgundam STPS, Stage-III (500 MW) in Review Petition No. 59/2010.

And in the matter of

NTPC Ltd, New Delhi

.....Petitioner

Vs

1. Transmission Corporation of Andhra Pradesh, Hyderabad
2. A.P. Eastern Power Distribution Company Ltd., Visakhapatnam
3. A.P. Southern Power Distribution Company Ltd., Tirupathi
4. A.P. Northern Power Distribution Company Ltd., Warangal
5. A.P Central Power Distribution Company Ltd., Hyderabad
6. Tamil Nadu Electricity Board, Chennai
7. Karnataka Power Transmission Corporation Ltd, Bangalore
8. Bangalore Electricity Supply Company Ltd., Bangalore
9. Mangalore Electricity Supply Company Ltd, Mangalore
10. Chamundeshwari Electricity Supply Corp. Ltd., Mysore
11. Gulbarga Electricity Supply Company Ltd., Gulbarga
12. Hubli Electric Supply Company Ltd, Hubli
13. Kerala State Electricity Board, Thiruvananthapuram
14. Electricity Department, Govt. of Puducherry, Puducherry

....Respondents

ORDER

The petitioner, NTPC, had made this application for approval of the revision of fixed charges in respect of Ramagundam Super Thermal Power Station, Stage-III (500 MW) (hereinafter referred to as "the generating station") for the period 2004-09, after accounting for additional capital expenditure incurred during 2007-08 and 2008-09, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as "the 2004 regulations"). The Commission by its order dated 11.1.2010 revised the annual fixed charges of the generating station after considering the additional capitalization of ₹1878.85 lakh for 2007-08 and ₹1416.10 lakh for 2008-09.

2. Aggrieved by the said order, the petitioner filed Review Petition (R.P. No. 59/2010) limited to the question of disallowance of the liabilities discharged during the years 2007-08 and 2008-09 in respect of works allowed by the Commission. The matter was heard on admission and the Commission by its order dated 12.10.2011 allowed review of order dated 11.1.2010. The relevant portion of the order dated 12.10.2011 is extracted as under:

"9. The petitioner's plea for review is to be considered in the light of above noted legal position. We notice that in the original petition, the petitioner had submitted affidavit dated 21.8.2009 providing details of the liabilities discharged during the period 2007-09, which had inadvertently escaped the attention of the Commission while passing the order dated 11.1.2010. The Commission has consistently taken a view that liabilities as and when discharged should form part of the capital cost of the generating station. The omission to consider the affidavit dated 21.8.2009 filed by the petitioner as regards the details of the liabilities discharged for 2007-09, in our considered opinion, constitute an error apparent on the face of the record which squarely falls within the scope of Order 47 Rule 1 of the Civil Procedure Code (CPC) and the judicial decisions noted above.

10. In view of the above discussions, the prayer of the petitioner for review of order dated 11.1.2010 is allowed"

3. The capital cost considered by the Commission for the period 2004-09 in order dated 12.10.2010 is as under:

(₹ in lakh)

	2004-05	2005-06	2006-07	2007-08	2008-09
Opening Capital cost	131356.27	135469.51	148443.44	152390.81	155066.48
Additional capital expenditure allowed	4113.24	12973.93	3947.37	2675.67	1124.38
Closing Capital cost	135469.51	148443.44	152390.81	155066.48	156190.86
Average Capital cost	133412.89	141956.47	150417.13	153728.65	155628.67

4. The opening capital cost as on 25.3.2005 is after excluding the un-discharged liabilities of ₹10817.00 lakh as on the date of commercial operation i.e 25.3.2005. The additional capital expenditure approved for the period 2004-09 is after excluding un-discharged liabilities amounting to ₹ nil, ₹301.52 lakh, ₹45.96 lakh, ₹96.92 lakh and ₹433.86 lakh for the years 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 respectively and is inclusive of discharges of liabilities amounting to ₹4121.14 lakh, ₹3353.16 lakh, ₹1206.68 lakh, ₹ 839.05 lakh and ₹50.40 lakh for the years 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09, respectively.

5. The annual fixed charges for the period 2007-09 approved by the Commission by order dated 11.1.2010 was revised by order dated 12.10.2010, as under:

(₹ in lakh)

	2004-05	2005-06	2006-07	2007-08	2008-09
Interest on loan	134.32	7058.25	6980.07	6409.74	5727.69
Interest on Working Capital	32.41	1624.51	1648.68	1668.13	1678.83
Depreciation	92.85	5151.26	5458.28	5578.44	5647.39
Advance Against Depreciation	81.44	1868.56	4074.01	4553.12	5006.10
Return on Equity	107.46	5962.17	6317.52	6456.60	6536.40
O & M Expenses	89.75	4865.00	5060.00	5260.00	5475.00
Total	538.23	26529.75	29538.56	29926.03	30071.41

Background

6. In Petition No. 140/2005 filed by the petitioner, the Commission by its order dated 15.10.2007 determined tariff of the generating station for the period 25.3.2005 to 31.3.2009. Aggrieved by the said order, the petitioner filed Appeal No. 152/2007 before the Appellate Tribunal for Electricity ('the Tribunal') limited to the question of disallowance of un-discharged liabilities and the repayment of loan and Interest During Construction (IDC). Similar appeal was also filed by the petitioner

in respect of the tariff order passed by the Commission in respect of Rihand Super Thermal Power Station, Stage-II (2 x 500 MW) for the period of 15.08.2005 to 31.3.2009. Both the appeals were clubbed together and the Tribunal by a common judgment dated 10.12.2008 allowed the prayer of the petitioner, as under:

"24. We, therefore, find that the Commission's decision not to follow the FIFO method does not call for any interference but that repayment assumed for generating station during the period prior to the date of commercial operation be deemed as loan from NTPC and interest during construction be allowed on such loans.

25. Accordingly, we allow both the appeals in part. We direct that the appellant be allowed to recover capital cost incurred including the portion of such cost which has been retained or has not yet been paid for. We also direct that in case the Commission attributes any loan taken at the corporate level to a particular project under construction and considers any repayment out of it before the date of commercial operation the sum deployed for such repayment would earn interest as pas through in tariff.

26. The Commission is directed to give effect to the directions given herein in the truing up exercise and consequent subsequent tariff orders."

7. The petitioner also filed appeals (Appeal Nos. Nos. 133, 135/2008, 136/2008 and 148/2008) before the Tribunal on the issue of un-discharged liabilities in respect of some of its other generating stations viz *Ramagundam, Simhadri, Rihand and Vindhyachal*. The Tribunal by a common judgment dated 16.3.2009 allowed the prayer of the petitioner, in line with its decision dated 10.12.2008 (in Appeal Nos. 151 & 152/2007). Against the above said judgments of the Tribunal dated 10.12.2008 and 16.3.2009, the Commission has filed Civil Appeals before the Hon'ble Supreme Court in C.A Nos. 4112-4113/2009 and C.A Nos. 6286 to 6288/2009 and the same are pending. There is no stay of the operation of the said judgments of the Tribunal.

8. Appeals (Appeal Nos.139 to 142 etc of 2006, 10, 11 and 23/2007) were also filed by the petitioner before the Tribunal challenging the various orders of the Commission determining tariff for other generating stations during the period 2004-09 on various issues. The Tribunal by its common judgment dated 13.6.2007 allowed the prayers of the petitioner and remanded the matters for re-

determination by the Commission. Against the judgment dated 13.6.2007, the Commission has filed Civil Appeals before the Hon'ble Supreme Court (C.A. Nos. 5434/2007 to 5452/2007 and 5622/2007) including Civil Appeal No. 5446/2007 pertaining to this generating station, on issues such as:

- (a) Consequences of refinancing of loan;*
- (b) Treating of depreciation as deemed repayment of loan;*
- (c) Cost of maintenance spares related to additional capitalization;*
- (d) Depreciation availability up to 90% in the event of disincentive; and*
- (e) Impact of de-capitalization of assets on cumulative repayment of loan.*

9. The Hon'ble Supreme Court on 26.11.2007 granted interim order of stay of the operation of the order dated 13.6.2007 of the Tribunal. However, on 10.12.2007, the Hon'ble Supreme Court passed interim order as under:

“Learned Solicitor General appearing on behalf of the National Thermal Power Corporation stated that pursuant to the remand order, following five issues shall not be pressed for fresh determination:

- (a) Consequences of refinancing of loan;*
- (b) Treating of depreciation as deemed repayment of loan;*
- (c) Cost of maintenance spares related to additional capitalization;*
- (d) Depreciation availability up to 90% in the event of disincentive; and*
- (e) Impact of de-capitalization of assets on cumulative repayment of loan*

The Commission may, however, proceed to determine other issues.

It is clarified that this order shall apply to other cases also.

In view of this, the interim order passed by the Court on 26th November, 2007, is vacated. The interlocutory applications are, accordingly, disposed of.”

10. Subsequently, in Petition No.24/2008 filed by the petitioner, the Commission by its order dated 24.11.2008 revised the annual fixed charges on account of additional capital expenditure during the years 2004-05, 2005-06 and 2006-07 after excluding un-discharged liabilities amounting to ₹301.52 lakh and ₹45.96 lakh during 2005-06 and 2006-07, respectively and reduction in IDC of ₹13 lakh during 2005-06 on account of disallowance of FIFO method of repayment of loan. Aggrieved by the said order, the petitioner filed Appeal No.46/2009 before the Tribunal on two issues namely, un-discharged liabilities and (ii) cost of Maintenance Spares in the capital cost after taking into account the additional

capitalization incurred for computation of interest on working capital. By judgment dated 31.3.2010, the Tribunal allowed the said appeal in terms of its decision contained in judgment dated 10.12.2008 in Appeal No.151 and 152 of 2007 and followed in judgment dated 16.3.2009 in Appeal No. 133, 135 etc. of 2008 and the judgment dated 13.6.2007 in Appeal Nos.139 to 142 etc of 2006, 10, 11 and 23/2007 (NTPC-v-CERC & ors)].

11. Thereafter, Petition No. 123/2009 was filed by the petitioner and the Commission by its order dated 11.1.2010 revised the annual fixed charges of the generating station after for 2004-09 after accounting for additional capital expenditure incurred during 2007-08 and 2008-09. The petitioner also filed Interlocutory Application (I.A. No.37/2009) in the said petition taking into account the revised calculations for fixed charges based on the principles laid down in the tariff orders of the Commission and the judgment dated 13.6.2007 in Appeal Nos.139 to 142 etc of 2006 and judgment dated 10.12.2008 (pertaining to un-discharged liabilities) in Appeal No 151 and 152/2007 of the Tribunal. However, on the prayer of the petitioner to revise the tariff based on the principles laid down by the Tribunal in its judgment dated 13.6.2007, the Commission deferred the implementation of the judgment of the Tribunal on the five issues. The relevant portion of the order is extracted as under:

“10....In our view, the undertaking given by the petitioner before the Hon’ble Supreme Court that “the five issues shall not be pressed for fresh determination” is binding on the petitioner and the petitioner is estopped from seeking fresh determination of these issues. Moreover, the petitioner seems to create a distinction between the main tariff petition and the petition for additional capitalization by stating that while the undertaking is confined to the remand order pertaining to the main petition, the additional capitalization can be considered as per the principles laid down by the Appellate Tribunal. Such an approach will lead to dichotomous situations wherein tariff for the main petition and petition for additional capitalization are determined on the basis of the different principles. The tariff for the period 2004-09 is a complete package which needs to be determined on the same principle. From the point of view of regulatory uniformity and continuity and also in line with the spirit of the interim order of the Hon’ble Supreme Court, we are of the view that the implementation of the judgment of the Appellate Tribunal on the five issues should be deferred till the final disposal of the Civil Appeals by the Hon’ble Supreme Court. Accordingly, tariff for

additional capitalization is determined on the basis of the existing principles, subject to the final outcome of the Civil Appeals pending before the Supreme Court.”

12. As regards the claim for un-discharged liabilities, the Commission in its order dated 11.1.2010 implemented the same in terms of the directions of the Tribunal as under:

“15. The directions of the Appellate Tribunal pertain to additional capitalization for the tariff period 2004-09 which has come to an end on 31.3.2009 and the exercise for implementation of the directions have been undertaken after the expiry of the said tariff period. Accordingly, tariff of the generating station is revised after considering the additional capital expenditure, capitalization of un-discharged liabilities and IDC after truing up of the expenditure as on 31.3.2009. While truing up, the liabilities discharged, liabilities reversed on account of de-capitalization of assets during the tariff period have been accounted for.”

13. Against the order dated 11.1.2010, the petitioner filed Review Petition (R.P.No.59/2010) as detailed at para 2 above. The petitioner also filed Appeal No. 76/2010 before the Tribunal against the order dated 11.1.2010 raising the following issues:

- (a) Exclusion of part of the capital expenditure validly incurred but pending actual disbursement/payment from the capital cost for the purposes of tariff.*
- (b) Equating depreciation with normative loan repayment.*
- (c) Disallowance of cost of maintenance spares;*
- (d) Disallowance of interest during construction; and*
- (e) De-capitalisation of capital spares and minor items and excluding them from capital base even when capitalization of substituted components is not allowed.*

14. The above appeal (Appeal No. 76/2010) was allowed by the Tribunal by its judgment dated 19.4.2011 in the light of its earlier judgment dated 13.6.2007 in Appeal Nos.139 to 142 etc of 2006 and the judgment dated 16.3.2009 in Appeal Nos.133,135 etc of 2008 of the Tribunal.

15. Keeping in view the directions contained in the judgment of the Tribunal in Appeal No.76/2010 and considering the fact that the tariff for 2004-09 is a composite package, the tariff of the generating station of the petitioner is sought to be revised by this order subject to the final outcome of the Civil Appeals pending before the Hon'ble Supreme Court. We proceed accordingly.

Un-discharged liabilities

16. The un-discharged liabilities amounting to ₹10817.00 lakh as on the date of commercial operation i.e 25.3.2005, disallowed earlier vide order dated 15.10.2007 in Petition No. 140/2005, is added back to capital cost. Similarly, the un-discharged liabilities disallowed earlier are also added back in the additional capital expenditure allowed, during the period 2004-09 for the purpose of tariff. As a consequence, the liabilities discharged earlier and allowed for the purpose of tariff are deducted from the earlier additional capital expenditure allowed. The revised additional capital expenditure for the period 2004-09 is as under:

	(₹ in lakh)				
	2004-05 (25.3.2005 to 31.3.2005)	2005-06	2006-07	2007-08	2008-09
Additional capital expenditure considered in order dated 12.10.2010	4113.24	12973.93	3947.37	2675.67	1124.38
Add: Un-discharged liabilities deducted earlier	0.00	301.52	45.96	96.92	433.86
Less: Discharge of liabilities allowed earlier	4121.14	3353.16	1206.68	839.05	50.40
Additional capital expenditure allowed	(-) 7.90	9922.29	2786.65	1933.54	1507.84

Interest During Construction (IDC) prior to the date of commercial operation

17. The petitioner has prayed for allowing the reduction in IDC due to disallowance of FIFO method vide order dated 15.10.2007. In this connection, the observations of the Tribunal vide its judgment dated 10.12.2008 in Appeal No. 152 of 2007 is as under:

"19. We are, therefore, of the opinion that the entire value of the capital asset, as soon as the same is put into operation is recoverable by way of capital cost under Regulation 17 itself, notwithstanding the fact that the part of the payment for the capital asset has been retained.

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23. *The respondents do not dispute this proposition. On behalf of the respondent No.7, TNEB, it is contended that funds deployed for repayment of loan during*

construction should earn interest only if such amount is actually borrowed and not if the amount comes from NTPC's own sources. This, however, is not a correct view. If NTPC employs its own funds, over and above equity, there is no reason why NTPC should not earn interest thereon

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25. Accordingly, we allow both the appeals in part. We direct that the appellant be allowed to recover capital cost incurred including the portion of such cost which has been retained or has not yet been paid for. We also direct that in case the Commission attributes any loan taken at the corporate level to a particular project under construction and considers any repayment out of it before the date of commercial operation the sum deployed for such repayment would earn interest as pas through in tariff.

26. The Commission is directed to give effect to the directions given herein in the truing up exercise and consequent subsequent tariff orders."

18. As regards treatment of repayments during the construction period as deemed loans and allowing interest thereon if the cumulative equity goes above 30% it is noticed that repayments as and when effected were not accompanied by the equity going above 30% in respect of this generating station. Hence, there is no revision of capital cost as prayed for by the petitioner on account of IDC.

Capital Cost

19. Due to inclusion of un-discharged liabilities, in terms of the judgment of the Tribunal, the revised capital cost works out as under:

	(₹ in lakh)				
	2004-05 (25.3.2005 to 31.3.2005)	2005-06	2006-07	2007-08	2008-09
Opening Capital cost as on 25.3.2005	131356.27	-	-	-	-
Add: Un-discharged liabilities on date of commercial operation	10817.00	-	-	-	-
Opening Capital cost (A)	142173.27	142165.37	152087.66	154874.31	156807.86
Additional capital expenditure (allowed above) (B)	(-) 7.90	9922.29	2786.65	1933.54	1507.84
Closing Capital cost (A)+(B)	142165.37	152087.66	154874.31	156807.86	158315.70
Average Capital cost	142169.32	147126.52	153480.99	155841.08	157561.78

Debt-Equity ratio

20. For the purpose of allowing additional capital expenditure for the period 2004-09, the debt-equity ratio of 70:30 remains the same as considered in order dated 12.10.2010.

Return on Equity

21. Based on the above, the return on equity approved vide order dated 12.10.2010 is revised as under:

	(₹ in lakh)				
	2004-05 (25.3.2005 to 31.3.2005)	2005-06	2006-07	2007-08	2008-09
Equity –Opening considered now	42651.98	42649.61	45626.30	46462.29	47042.36
Addition of Equity due to admitted additional capital expenditure	(-) 2.37	2976.69	836.00	580.06	452.35
Equity-Closing	42649.61	45626.30	46462.29	47042.36	47494.71
Average equity	42650.80	44137.95	46044.30	46752.33	47268.53
Return on Equity @ 14%	5971.11	6179.31	6446.20	6545.33	6617.59

Interest on loan

22. Adjustment of repayment corresponding to de-capitalization of assets: In the original petitions filed by the petitioner for the period 2004-09 in respect of its various generating stations, the petitioner had sought adjustment in cumulative repayment on account of de-capitalization of assets in such a manner that the net loan opening prior to de-cap does not undergo a change. The Tribunal in its judgment dated 13.6.2007 has decided as under:

“When asset is not in use it is only logical that the capital base for the purpose of tariff is also proportionately reduced. It follows therefore that the appellant will not earn any depreciation, return on equity and O&M charges. However, despite the de-capitalization, the appellant is required to pay interest on loan. Whereas 10% salvage value of the de-capitalized asset should be non-tariff revenue, the interest on loan has to be borne by the beneficiaries. If the salvage value is more than 10%, amount realized above 10% should be counted as additional revenue. If salvage value is less than 10%, it will be counted as loss in the revenue.

Therefore, in this view of the matter, the cumulative repayment of the loan proportionate to those assets de-capitalized required to be reduced. The CERC shall act accordingly”.

23. In the instant petition, the petitioner has claimed such adjustment applying the formula as under:

$$\text{Repayment to be adjusted} = \frac{\text{Cumulative repayment at the beginning} \times \text{Gross value of de-capitalised asset} \times \text{Debt proportion corresponding to normative debt- equity ratio for the respective period}}{\text{Gross debt at the beginning of the year of de-capitalisation}}$$

24. In terms of the above decision of the Tribunal, the cumulative repayment adjustment has been worked out proportionate to assets de-capitalized such that the net opening loan prior to de-capitalisation and after de-capitalisation do not change.

25. Interest on loan has been re-calculated as mentioned below:

(a) Gross opening loan on normative basis as on the date of commercial operation has been revised to ₹99521.29 lakh from ₹91949.39 lakh.

(b) The addition of notional loan on account of additional capital expenditure approved for the period 2004-09 is revised to (-) ₹5.53 lakh, ₹6945.61 lakh, ₹1950.66 lakh, ₹1353.48 lakh and ₹1055.49 lakh for the years 2004-05 (25.3.2005 to 31.3.2005), 2005-06, 2006-07, 2007-08 and 2008-09, respectively.

(c) Weighted average rate of interest as considered in order dated 24.11.2008 in Petition No.24/2008 for the period 2004-05 to 2007-08 and order dated 12.10.2010 for the year 2008-09 has been retained for revision of tariff.

(d) Normative repayment =
$$\frac{\text{Actual Repayment} \times \text{Normative Loan}}{\text{Actual Loan}}$$

(e) Cumulative repayment during 2004-09, has been adjusted on account of de-capitalized assets @ 70% in proportion to debt adopted for allowing additional capital expenditure during the respective years.

26. Interest on loan has been re-computed as under:

	(₹ in lakh)				
	2004-05 (25.03.2005 to 31.03.2005)	2005-06	2006-07	2007-08	2008-09
Gross Opening loan – considered now	99521.29	99515.76	106461.36	108412.02	109765.50
Cumulative Repayment of Loan upto previous year	0.00	188.63	7555.00	17303.14	27546.08
Net Loan Opening	99521.29	99327.13	98906.37	91108.88	82219.42
Addition of loan due to approved additional capital expenditure	(-) 5.53	6945.61	1950.66	1353.48	1055.49
Repayment of loan (Normative)	188.63	7366.36	9748.14	10262.42	10722.72
Less: Adjustment for de-cap during the period	0.00	0.00	0.00	19.47	34.96
Repayment of loan during the year (net)	188.63	7366.36	9748.14	10242.94	10687.75
Net Loan Closing	99327.13	98906.37	91108.88	82219.42	72587.15
Average Loan	99424.21	99116.75	95007.62	86664.15	77403.29
Weighted Average Rate of Interest on Loan	7.5067%	7.3765%	7.4788%	7.4690%	7.5011%
Interest on Loan	7463.46	7311.36	7105.41	6472.95	5806.13

Depreciation

27. Weighted average rate of depreciation of 3.6288% considered in order dated 12.10.2010 in Review Petition No.59/2010 (in Petition No.123/2009) has been retained for the purpose of tariff. The necessary calculations are as under.

	(₹ in lakh)				
	2004-05	2005-06	2006-07	2007-08	2008-09
Opening capital cost	142173.27	142165.37	152087.66	154874.31	156807.86
Closing capital cost	142165.37	152087.66	154874.31	156807.86	158315.70
Average capital cost	142169.32	147126.52	153480.99	155841.08	157561.78
Depreciable value @ 90%	127952.39	132413.86	138132.89	140256.98	141805.60
Cumulative depreciation at the beginning	0.00	188.63	7555.00	17303.14	27543.56
Balance depreciable value (at the beginning)	127952.39	132225.23	130577.89	122953.84	114262.04
Depreciation to be recovered	98.94	5338.87	5569.46	5655.10	5717.54
Depreciation (annualized)	5158.98	5338.87	5569.46	5655.10	5717.54
Cumulative depreciation adjustment on account of de-cap	0.00	0.00	0.00	2.52	6.33

Advance Against Depreciation

28. Due to revision in capital cost and interest on loan, Advance Against Depreciation allowed vide order dated 12.10.2010 in Review Petition No. 59/2010 (Petition No. 123/2009) is revised as under:

	(₹ in lakh)				
	2004-05	2005-06	2006-07	2007-08	2008-09
1/10th of Gross Loan(s)	9952.13	9951.58	10646.14	10841.20	10976.55
Repayment of the Loan	188.63	7366.36	9748.14	10242.94	10687.75
Minimum of the above	188.63	7366.36	9748.14	10242.94	10687.75
Depreciation during the year	98.94	5338.87	5569.46	5655.10	5717.54
(A) Difference	89.69	2027.50	4178.68	4587.85	4970.21
Cumulative Repayment of the Loan	188.63	7555.00	17303.14	27546.08	38233.83
Cumulative Depreciation	98.94	5527.50	13124.46	22955.71	33254.77
(B) Difference	89.69	2027.50	4178.68	4590.37	4979.06
Advance Against Depreciation (AAD) [Minimum of (A) and (B)]	89.69	2027.50	4178.68	4587.85	4970.21
AAD (annualised)	4676.92	2027.50	4178.68	4587.85	4970.21

O&M expenses

29. O&M Expenses approved vide order dated 12.10.2010 in Review Petition No. 59/2010 remain unchanged.

Interest on Working capital

30. For the purpose of calculation of working capital the operating parameters including the price of fuel components as considered in the order dated 12.10.2010 have been kept unchanged. The additional capital expenditure allowed after the date of commercial operation has been considered while arriving at the maintenance spares for the purpose of calculating interest on working capital. The “receivables” component of the working capital has been revised for the reason of revision of return on equity, interest on loan, maintenance spares. The cost of maintenance spares in Interest on Working Capital has been revised based on the decision of Tribunal that maintenance spares corresponding to the approved additional capital expenditure shall be a part of ‘Interest on Working Capital’. The necessary details in support of calculation of interest on working capital are as under:

	(₹ in lakh)				
	2004-05	2005-06	2006-07	2007-08	2008-09
Coal stock- 1.1/2 months	4623.39	4550.86	4485.50	4497.79	4485.50
Oil stock -2 months	435.72	308.39	193.65	194.19	193.65
O & M expenses	390.00	405.42	421.67	438.33	456.25
Maintenance Spares	1409.96	1510.81	1626.34	1742.43	1861.47

Receivables	10005.63	9422.98	9686.17	9729.12	9729.31
Total Working Capital	16864.71	16198.44	16413.34	16601.86	16726.18
Rate of Interest	10.2500%	10.2500%	10.2500%	10.2500%	10.2500%
Total Interest on Working capital	1728.63	1660.34	1682.37	1701.69	1714.43

31. The revised annual fixed charges for the period from 1.4.2004 to 31.3.2009 are summarized as under:

	(₹ in lakh)				
	2004-05 (25.3.2005 to 31.3.2005)	2005-06	2006-07	2007-08	2008-09
Interest on loan	143.13	7311.36	7105.41	6472.95	5806.13
Interest on Working Capital	33.15	1660.34	1682.37	1701.69	1714.43
Depreciation	98.94	5338.87	5569.46	5655.10	5717.54
Advance Against Depreciation	89.69	2027.50	4178.68	4587.85	4970.21
Return on Equity	114.51	6179.31	6446.20	6545.33	6617.59
O & M Expenses	89.75	4865.00	5060.00	5260.00	5475.00
Total	569.19	27382.38	30042.12	30222.91	30300.91

32. The target availability of 80% considered by the Commission in the orders dated 11.1.2010 and 12.10.2010 remains unchanged. Similarly other parameters viz. specific fuel consumption Auxiliary Power consumption and Station Heat rate etc., considered in order dated 11.1.2010 and 12.10.2010 have been retained for the purpose of calculation of the revised fixed charges.

33. The revised annual fixed charges determined by this order are subject to the outcome of Civil Appeals pending before the Hon'ble Supreme Court.

34. The petitioner shall claim the difference in respect of the tariff determined by order dated 12.10.2010 and the tariff determined by this order, from the beneficiaries in three equal monthly installments.

Sd/-
(M.DEENA DAYALAN)
MEMBER

Sd/-
(V.S.VERMA)
MEMBER

Sd/-
(S.JAYARAMAN)
MEMBER

Sd/-
(DR.PRAMOD DEO)
CHAIRPERSON