

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.179/2004

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: 21.2.2012

In the matter of

Suo motu review of order dated 29.12.2011 in respect of Talcher STPS, Stage-II (2000 MW) for the period from 1.4.2004 to 31.3.2009.

AND

In the matter of

NTPC Ltd, New Delhi
Vs

.... Petitioner

1. Transmission Corporation of Andhra Pradesh Ltd, Hyderabad
2. Tamil Nadu State Electricity Board, Chennai
3. Karnataka Power Transmission Corporation Ltd, Bangalore
4. Kerala State Electricity Board, Thiruvananthapuram
5. Electricity Department, Govt. of 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 (2000 MW) (hereinafter referred to as “the generating station”) for the period from 1.4.2004 to 31.3.2009, and the Commission by its order dated 29.12.2011 determined the annual fixed charges of the generating station, subject to the outcome of Civil Appeals [C.A. Nos. 5434/2007 to 5452/2007 and 5622/2007 etc, C.A.Nos.4112-4113/2009, C.A.Nos.6286 to 6288/2009, Civil Appeal D. No.8776/2011 and Civil Appeal D. No. 24694/2011] filed by the Commission which are pending before the Hon’ble Supreme Court.

2. The annual fixed charges for the generating station determined by Commission's order dated 29.12.2011, based on the opening capital cost of ₹260533.04 lakh as on 1.4.2004 was as under:

	2004-05		2005-06		2006-07	2007-08	2008-09
	1.4.2004 to 31.10.2004	1.11.2004 to 31.3.2005	1.4.2005 to 31.7.2005	1.8.2005 to 31.3.2006			
Depreciation	9424.01	13862.05	13963.75	17851.28	18000.76	18223.70	18476.94
Interest on Loan	15824.25	22387.89	21703.51	25943.54	22054.33	18621.19	14636.07
Return on Equity	10946.25	16131.73	16250.08	20827.45	21001.86	21261.97	21557.42
Advance Against Depreciation	388.61	15734.43	0.00	34281.08	16716.77	17064.96	17107.63
Interest on Working Capital	1971.62	3467.52	3162.64	5067.10	4685.90	4696.10	4682.98
O&M Expenses	9360.00	14040.00	14595.00	19460.00	20240.00	21040.00	21900.00
TOTAL	47914.73	85623.62	69674.99	123430.44	102699.63	100907.92	98361.03

Note: The figures stated above are on annualized basis.

3. It has now come to our notice, that while working out the admissible maintenance spares for interest on working capital, the impact of revision of capital cost (on account of inclusion of liabilities) as on the date of commercial operation of the generating station was inadvertently not considered, consequent upon which, the interest on working capital was allowed by order dated 29.12.2011 as under:

	2004-05		2005-06		2006-07	2007-08	2008-09
	1.4.2004 to 31.10.2004	1.11.2004 to 31.3.2005	1.4.2005 to 31.7.2005	1.8.2005 to 31.3.2006			
Coal Stock- 1.1/2 months	3130.87	5816.90	5771.02	8951.19	8899.50	8923.88	8899.50
Oil stock -2 months	448.15	749.08	581.14	1014.30	823.64	825.90	823.64
O & M expenses	780	1170	1216	1622	1687	1753	1825
Maintenance Spares	2267.86	3317.87	3398.31	4327.01	4500	4770	5056
Receivables	12608	22776	19888	33521	29806	29542	29083
Total Working Capital	19235.31	33829.42	30855.05	49435.12	45716.14	45815.60	45687.58
Rate of Interest	10.2500%	10.2500%	10.2500%	10.2500%	10.2500%	10.2500%	10.2500%
Total Interest on Working capital	1971.62	3467.52	3162.64	5067.10	4685.90	4696.10	4682.98

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 the powers as above, the inadvertent clerical/arithmetical errors in respect of calculation of maintenance spares and consequently, the computation of interest on working capital therein, in paragraphs 46 of the order dated 29.12.2011, is corrected *suo motu*, by this order, as under.

6. Maintenance spares arrived at by order dated 29.12.2011 is revised as under:

	2004-05		2005-06		2006-07	2007-08	2008-09
	1.4.2004 to 31.10.2004	1.11.2004 to 31.3.2005	1.4.2005 to 31.7.2005	1.8.2005 to 31.3.2006			
Capital cost as on respective date of commercial operation	260533.04	382154.83	386022.83	495818.48			
Less: Initial spares included above	2176.99	3684.02	4557.38	4827.35			
Effective capital cost for Maintenance spares	258356.05	378470.81	381465.45	490991.13			
Maintenance Spares	2583.56	3784.71	3814.65	4909.91	5106.31	5412.69	5737.45

7. Based on the above, the interest on working capital is revised as under:

(₹ in lakh)

	2004-05		2005-06		2006-07	2007-08	2008-09
	1.4.2004 to 31.10.2004	1.11.2004 to 31.3.2005	1.4.2005 to 31.7.2005	1.8.2005 to 31.3.2006			
Coal Stock-1.1/2 months	3130.87	5816.90	5771.02	8951.19	8899.50	8923.88	8899.50
Oil stock -2 months	448.15	749.08	581.14	1014.30	823.64	825.90	823.64
O & M expenses	780.00	1170.00	1216.25	1621.67	1686.67	1753.33	1825.00
Maintenance Spares	2583.56	3784.71	3814.65	4909.91	5106.31	5412.69	5737.45
Receivables	12613.92	22783.67	19895.57	33531.09	29816.78	29553.56	29094.98
Total Working Capital	19556.50	34304.37	31278.63	50028.15	46332.89	46469.35	46380.56
Rate of Interest	10.2500%	10.2500%	10.2500%	10.2500%	10.2500%	10.2500%	10.2500%
Total Interest on Working capital	2004.54	3516.20	3206.06	5127.89	4749.12	4763.11	4754.01

Annual Fixed Charges for 2004-09

8. Accordingly, the annual fixed charges allowed for the generating station for 2004-09 by order dated 29.12.2011 is revised as under:

(₹ in lakh)

	2004-05		2005-06		2006-07	2007-08	2008-09
	1.4.2004 to 31.10.2004	1.11.2004 to 31.3.2005	1.4.2005 to 31.7.2005	1.8.2005 to 31.3.2006			
Depreciation	9424.01	13862.05	13963.75	17851.28	18000.76	18223.70	18476.94
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Return on Equity	10946.25	16131.73	16250.08	20827.45	21001.86	21261.97	21557.42
Advance Against Depreciation	388.61	15734.43	0.00	34281.08	16716.77	17064.96	17107.63
Interest on Working Capital	2004.54	3516.20	3206.06	5127.89	4749.12	4763.11	4754.01
O&M Expenses	9360.00	14040.00	14595.00	19460.00	20240.00	21040.00	21900.00
TOTAL	47947.66	85672.30	69718.41	123491.22	102762.85	100974.93	98432.06

Note: The figures stated above are on annualized basis.

9. The annual fixed charges allowed by this order is subject to the outcome of Civil Appeals pending before the Hon'ble Supreme Court.

10. The petitioner shall claim the difference in respect of the tariff determined by order dated 29.12.2011 and the tariff determined by this order from the beneficiaries in three equal monthly installments.

11. Except the above, all other terms contained in our order dated 29.12.2011 remains unchanged.

Sd/-
(M.DEENA DAYALAN)
MEMBER

Sd/-
(V.S.VERMA)
MEMBER

Sd/-
(S.JAYARAMAN)
MEMBER

Sd/-
(DR.PRAMOD DEO)
CHAIRPERSON