

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 265/2010

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

DATE OF ORDER: 14.3.2012

In the matter of

Revision of order dated 16.1.2012 in respect of Omkareshwar Hydroelectric Project (8 x 65 MW) for the period from 20.8.2007 to 31.3.2009.

AND

In the matter of

NHDC Limited, Bhopal

....Petitioner

Vs

1. Madhya Pradesh Power Trading Company Ltd, Jabalpur
2. Narmada Valley Development Department, Bhopal

....Respondents

ORDER

The petitioner, NHDC Limited had filed this petition for approval of tariff in respect of Omkareshwar Hydroelectric Project (8 x 65 MW) (hereinafter referred to as “the generating station”) for the period from 20.8.2007 to 31.3.2009, and the Commission by its order dated 16.1.2012 in Petition No. 265/2010 determined the annual fixed charges of the generating station.

2. The Capital cost (excluding deferred liabilities) allowed for the purpose of tariff for the period from 20.8.2007 to 31.3.2009 in the order dated 16.1.2012 was as under:

(₹ in lakh)

	20.8.07 to 24.8.07 (for 1 Machine)	25.08.07 to 10.9.07 (for 2 Machine)	11.9.07 to 25.9.07 (for 3 Machine)	26.9.07 to 18.10.07 (for 4 Machine)	19.10.07 to 29.10.07 (for 5 Machine)	30.10.07 to 09.11.07 (for 6 Machine)	10.11.07 to 14.11.07 (for 7 Machine)	15.11.07 to 31.3.08 (for 8 Machine)	2008-09
Opening Capital Cost	16669.51	35873.40	57398.42	81589.19	108283.72	137485.91	169188.67	201629.26	202002.37
Additional Capital expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	373.11	1834.78
Closing Capital cost	16669.51	35873.40	57398.42	81589.19	108283.72	137485.91	169188.67	202002.37	203837.15

3. The annual fixed charges allowed by order dated 16.1.2012 for the period from 20.8.2007 to 31.3.2009 was as under:

(₹ in lakh)

	20.08.07 to 24.08.07 (for 1 Machine)	25.08.07 to 10.09.07 (for 2 Machine)	11.09.07 to 25.09.07 (for 3 Machine)	26.09.07 to 18.10.07 (for 4 Machine)	19.10.07 to 29.10.07 (for 5 Machine)	30.10.07 to 09.11.07 (for 6 Machine)	10.11.07 to 14.11.07 (for 7 Machine)	15.11.07 to 31.03.08 (for 8 Machine)	2008-09
Depreciation	4.64	34.10	48.22	105.19	66.80	84.84	47.46	1562.86	4167.67
Interest on Loan	11.16	81.65	115.27	251.23	159.47	202.47	113.25	3728.63	13326.99
Return on Equity	9.56	69.98	98.80	215.34	136.69	173.55	97.08	3195.97	8522.63
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	0.92	6.74	9.51	20.73	13.16	16.71	9.35	307.62	890.85
O & M Expenses	3.42	24.99	35.29	76.91	48.82	61.98	34.67	1140.36	3070.05
Total	29.70	217.46	307.09	669.40	424.93	539.55	301.81	9935.44	29978.18

4. The un-discharged liabilities in respect of the generating station are ₹12302.64 lakh as on 15.11.2007 and ₹11406.94 lakh as on 31.3.2009. However, it is noticed that while calculating the capital cost of the generating station as on 31.3.2009, the un-discharged liability of ₹12302.64 lakh (as on 15.11.2007) was inadvertently considered as on 31.3.2009, in place of the un-discharged liability of ₹11406.94 lakh (as on 31.3.2009) and the tariff of the generating station was accordingly determined by order dated 16.1.2012. In addition to the above, certain minor inadvertent linkage errors in the calculation of Advance against depreciation and depreciation have been noticed. This needs to be corrected.

5. 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.”

6. In exercise of the above powers, the inadvertent clerical/arithmetical errors in the consideration of un-discharged liability as on 31.3.2009 and the linkage errors in respect of the calculation of Advance Against Depreciation (AAD) and Depreciation is corrected and the annual fixed charges for the generating station is revised by this order, as discussed in the subsequent paragraphs.

7. The difference in the un-discharged liabilities as on 15.11.2007 and 31.3.2009 works out to ₹895.70 lakh [₹(12302.64-11406.94)lakh] and the same has been adjusted in order to arrive at the Capital Cost as on 31.3.2009.

8. Based on the above, the additional capitalization in paragraph 35 of the order dated 16.1.2012 is revised as under:

(₹ in lakh)

	15.11.2007 to 31.3.2008	1.4.2008 to 31.3.2009
Unit-I (Dam) Civil Works	7.79	1629.76
Less: Irrigation Component (16.75%)	1.30	272.98
Cost of Unit I Chargeable to power component	6.49	1356.78
Unit-III (Power Component)	366.62	478.00
Add: IDC	0.00	0.00
Total additional capital expenditure	373.11	1834.78
Discharge of liabilities	0.00	895.70
Total additional capital expenditure allowed	373.11	2730.48

9. Consequently, the Capital Cost (excluding deferred liabilities) arrived at in paragraph 36 of the said order is revised as under:

	(₹ in lakh)								
	20.8.07 to 24.8.07 (for 1 machine)	25.8.07 to 10.9.07 (for 2 machine)	11.9.07 to 25.9.07 (for 3 machine)	26.9.07 to 18.10.07 (for 4 machine)	19.10.07 to 29.10.07 (for 5 machine)	30.10.07 to 9.11.07 (for 6 machine)	10.11.07 to 14.11.07 (for 7 machine)	15.11.07 to 31.3.08 (for 8 machine)	2008-09
Opening Capital Cost	16669.51	35873.40	57398.42	81589.19	108283.72	137485.91	169188.67	201629.26	202002.37
Additional Capital expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	373.11	2730.48
Closing Capital Cost	16669.51	35873.40	57398.42	81589.19	108283.72	137485.91	169188.67	202002.37	204732.85

10. Return on Equity as worked out in paragraph 40 of the said order is revised as under:

	(₹ in lakh)								
	20.8.07 to 24.8.07 (for 1 machine)	25.8.07 to 10.9.07 (for 2 machine)	11.9.07 to 25.9.07 (for 3 machine)	26.9.07 to 18.10.07 (for 4 machine)	19.10.07 to 29.10.07 (for 5 machine)	30.10.07 to 9.11.07 (for 6 machine)	10.11.07 to 14.11.07 (for 7 machine)	15.11.07 to 31.3.08 (for 8 machine)	2008-09
Opening Equity	5000.85	10762.02	17219.53	24476.76	32485.12	41245.77	50756.60	60488.78	60600.71
Add: Additional Capitalization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	111.93	819.14
Closing Equity	5000.85	10762.02	17219.53	24476.76	32485.12	41245.77	50756.60	60600.71	61419.86
Average Equity	5000.85	10762.02	17219.53	24476.76	32485.12	41245.77	50756.60	60544.74	61010.28
Return on Equity	9.56	69.98	98.80	215.34	136.69	173.55	97.08	3195.97	8541.44

11. The computation of interest on notional loan by applying weighted average interest rate arrived at Paragraph 43 of the aid order is revised as under:

	(₹ in lakh)								
	20.8.07 to 24.8.07 (for 1 machine)	25.8.07 to 10.9.07 (for 2 machine)	11.9.07 to 25.9.07 (for 3 machine)	26.9.07 to 18.10.07 (for 4 machine)	19.10.07 to 29.10.07 (for 5 machine)	30.10.07 to 09.11.07 (for 6 machine)	10.11.07 to 14.11.07 (for 7 machine)	15.11.07 to 31.3.08 (for 8 machine)	2008-09
Gross Opening Loan	11668.66	25111.38	40178.89	57112.43	75798.60	96240.14	118432.07	141140.48	141401.66
Cumulative Repayment up to Previous Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1737.83
Net Loan-Opening	11668.66	25111.38	40178.89	57112.43	75798.60	96240.14	118432.07	141140.48	139663.83
Repayment during the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1737.83	6983.19
Add: Additional	0.00	0.00	0.00	0.00	0.00	0.00	0.00	261.18	1911.34

Capitalization/ drawl									
Net Loan- Closing	11668.66	25111.38	40178.89	57112.43	75798.60	96240.14	118432.07	139663.83	134591.98
Average Loan	11668.66	25111.38	40178.89	57112.43	75798.60	96240.14	118432.07	140402.16	137127.90
Weighted Average Rate of Interest on Loan	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	9.38%
Interest	11.16	81.65	115.27	251.23	159.47	202.47	113.25	3705.70	12865.76

12. Depreciation as computed in paragraph 45 of the said order is revised as under:

(₹ in lakh)

	20.8.07 to 24.8.07 (for 1 machine)	25.8.07 to 10.9.07 (for 2 machine)	11.9.07 to 25.9.07 (for 3 machine)	26.9.07 to 18.10.07 (for 4 machine)	19.10.07 to 29.10.07 (for 5 machine)	30.10.07 to 09.11.07 (for 6 machine)	10.11.07 to 14.11.07 (for 7 machine)	15.11.07 to 31.3.08 (for 8 machine)	2008-09
Opening Gross block	16669.51	35873.40	57398.42	81589.19	108283.72	137485.91	169188.67	201629.26	202002.37
Add: Additional Capitalization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	373.11	2730.48
Closing Gross block	16669.51	35873.40	57398.42	81589.19	108283.72	137485.91	169188.67	202002.37	204732.85
Average Gross block	16669.51	35873.40	57398.42	81589.19	108283.72	137485.91	169188.67	201815.82	203367.61
Value of Land	152.71	152.71	152.71	152.71	152.71	152.71	152.71	152.71	152.71
Rate of Depreciation	2.284%	2.284%	2.284%	2.284%	2.284%	2.284%	2.284%	2.284%	2.284%
Depreciable Value	14865.12	32148.62	51521.14	73292.83	97317.91	123599.88	152132.36	181496.79	182893.41
Remaining Depreciable Value at the beginning	14865.12	32143.42	51477.88	73195.85	97103.84	123311.49	151749.60	181061.25	182888.21
Depreciation	5.20	38.05	53.72	117.09	74.32	94.37	52.79	1737.83	4644.46
Cumulative Depreciation/ Advance against Depreciation	5.20	43.25	96.98	214.07	288.39	382.76	435.55	2173.37	8721.02

13. The Advance against Depreciation for the years 2007-08 and 2008-09 as computed in paragraph 47 of the said order is revised as under:

(₹ in lakh)

	20.8.07 to 24.8.07 (for 1 machine)	25.8.07 to 10.9.07 (for 2 machine)	11.9.07 to 25.9.07 (for 3 machine)	26.9.07 to 18.10.07 (for 4 machine)	19.10.07 to 29.10.07 (for 5 machine)	30.10.07 to 09.11.07 (for 6 machine)	10.11.07 to 14.11.07 (for 7 machine)	15.11.07 to 31.3.08 (for 8 machine)	2008-09
1/10th of Gross Loan(s)	1166.87	2511.14	40178.89	57111.24	7579.86	9624.01	11843.21	14114.05	14140.17
Repayment of the Loan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1737.83	6983.19

Minimum of the above	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1737.83	6983.19
Depreciation during the year	5.20	38.05	53.72	117.09	74.32	94.37	52.79	1737.83	4644.46
(A)Difference	(-) 5.20	(-) 38.05	(-) 53.72	(-) 117.09	(-) 74.32	(-) 94.37	(-) 52.79	0.00	2338.73
Cumulative Repayment of the Loan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1737.83	8721.02
Cumulative Depreciation/Advance against Depreciation	5.20	43.25	96.98	214.07	288.39	382.76	435.55	2173.37	6817.83
(B)Difference	(-)5.20	(-)43.25	(-)96.98	(-)214.07	(-)288.39	(-)382.76	(-)435.55	(-)435.55	1903.19
Advance against Depreciation Minimum of (A) and (B)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1903.19

14. Receivables as arrived at in paragraph 55 of the said order is revised as under:

	(₹ in lakh)
	Amount
From 20.8.2007 to 24.8.2007 (1 machine)	5.05
From 25.8.2007 to 10.9.2007 (2 machine)	36.92
From 11.9.2007 to 25.9.2007 (3 machine)	52.12
From 26.9.2007 to 18.10.2007 (4 machine)	113.59
From 19.10.2007 to 29.10.2007 (5 machine)	72.10
From 30.10.2007 to 9.11.2007 (6 machine)	91.55
From 10.11.2007 to 14.11.2007 (7 machine)	51.21
From 15.11.2007 to 31.3.2008 (8 machine)	1681.77
From 01.04.2008 to 31.3.2009	5326.02

15. The interest on working capital as worked out in paragraph 57 of the said order is revised as under:

	(₹ in lakh)								
	20.8.07 to 24.8.07 (for 1 machine)	25.8.07 to 10.9.07 (for 2 machine)	11.9.07 to 25.9.07 (for 3 machine)	26.9.07 to 18.10.07 (for 4 machine)	19.10.07 to 29.10.07 (for 5 machine)	30.10.07 to 9.11.07 (for 6 machine)	10.11.07 to 14.11.07 (for 7 machine)	15.11.07 to 31.3.08 (for 8 machine)	2008-09
Maintenance Spares	2.28	16.66	23.52	51.27	32.54	41.32	23.11	760.24	2020.02
O&M expenses	0.29	2.08	2.94	6.41	4.07	5.17	2.89	95.03	255.84
Receivables	5.05	36.92	52.12	113.59	72.10	91.55	51.21	1681.77	5326.02
Total	7.61	55.66	78.58	171.27	108.72	138.03	77.21	2537.04	7601.88
Rate on Interest	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%
Interest on Working Capital	0.93	6.82	9.63	20.98	13.32	16.91	9.46	310.79	931.23

Annual Fixed Charges for 2004-09

16. Based on the above, the annual fixed charges allowed for the generating station for 2004-09 is revised as under:

	(₹ in lakh)								
	20.8.07 to 24.8.07 (1machine)	25.8.07 to 10.9.07 (2machine)	11.9.07 to 25.9.07 (3machine)	26.9.07 to 18.10.07 (4machine)	19.10.07 to 29.10.07 (5machine)	30.10.07 to 9.11.07 (6machine)	10.11.07 to 14.11.07 (7machine)	15.11.07 to 31.3.08 (8machine)	2008-09
Depreciation	5.20	38.05	53.72	117.09	74.32	94.37	52.79	1737.83	4644.46
Interest on Loan	11.16	81.65	115.27	251.23	159.47	202.47	113.25	3705.70	12865.76
Return on Equity	9.56	69.98	98.80	215.34	136.69	173.55	97.08	3195.97	8541.44
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1903.19
Interest on Working Capital	0.93	6.82	9.63	20.98	13.32	16.91	9.46	310.79	931.23
O&M Expenses	3.42	24.99	35.29	76.91	48.82	61.98	34.67	1140.36	3070.05
Total	30.28	221.49	312.71	681.56	432.61	549.28	307.24	10090.64	31956.13

17. The sentence 'the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009' shown in paragraph 1 of the order dated 16.1.2012 is corrected and is to be read as 'Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004'. Similarly, in line 8 of paragraph 62 pertaining to design energy, the sentence "as against 1068 MU for FRL of 196.6 M", shown in brackets, is corrected and is to be read as "as against 1167 MU for FRL of 196.6 M".

18. The petitioner shall claim the difference in respect of the tariff determined by order dated 16.1.2012 and the tariff determined by this order from the beneficiaries in three equal monthly installments.

19. Except the above, all other terms contained in the order dated 16.1.2012 remains unchanged.

Sd/-
(V.S.VERMA)
MEMBER

Sd/-
(S.JAYARAMAN)
MEMBER

Sd/-
(DR.PRAMOD DEO)
CHAIRPERSON