

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 229/GT/2012**

**Coram**

Dr. Pramod Deo, Chairperson  
Shri. S. Jayaraman, Member  
Shri. V.S.Verma, Member  
Shri M.Deena Dayalan, Member

Date of hearing: 3.1.2013

Date of Order: 25.3.2013

**In the matter of**

Determination of impact on annual fixed charges on account of additional capital expenditure incurred during 2008-09 in respect of Teesta Hydroelectric Project, Stage-V (3 x 170 MW).

**And in the matter of**

NHPC Ltd.

Vs

**...Petitioner**

1. West Bengal State Electricity Distribution Company Ltd, Kolkata
2. Damodar Valley Corporation, Kolkata
3. Jharkhand State Electricity Board, Ranchi
4. Bihar State Electricity Board, Patna
5. Department of Power, Government of Sikkim, Gangtok
6. Grid Corporation of Orissa, Bhubaneswar

**...Respondents**

**Parties present:**

1. Shri R. Raina, NHPC
2. Shri S .K. Meena, NHPC
3. Shri Piyush Kumar, NHPC
4. Shri R. B. Sharma, Advocate, JSEB & GRIDCO

**ORDER**

This petition has been filed by the petitioner, NHPC Ltd, for determination of impact on annual fixed charges on account of additional capital expenditure incurred during 2008-09 in respect of Teesta Hydroelectric Project, Stage-V (3x170 MW) (hereinafter referred to as "the generating station") during the year 2008-09,

based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004, (hereinafter referred to as “the 2004 Tariff Regulations”).

The petitioner has made the following specific prayers:

- “(i) Approve the revised annual fixed charges in respect of Teesta HE project- Stage-V after clubbing the impact of un-discharged liability at the time of COD amounting to ₹130.16 crore and impact of net additional capital expenditure during 2008-09 as per details given in Annexure-I.
- (ii) Difference in the amount of tariff already billed and approved by CERC in this petition may be allowed to adjusted along with simple rate @ 6% per annum as per methodology in regulation 5 of the CERC Tariff Regulations, 2004
- (iii) pass any other orders in this regard as the Hon’ble Commission may find appropriate in the circumstances pleaded above”.

2. The generating station comprises of three Units which were commissioned on 10.4.2008 (Unit-I), 1.3.2008 (Unit-II) and 3.4.2008 (Unit-III) respectively. The tariff for the generating station for the period from 1.3.2008 to 31.3.2009 was approved by the Commission vide its order dated 5.1.2010 in Petition No 132/2009, based on the capital cost of ₹248943.71 lakh (excluding un-discharged liabilities) as on the date of commercial operation of the generating station, which was less than the sanctioned capital cost of ₹250049.90 lakh. Accordingly, the annual fixed charges determined by order dated 5.1.2010 were as under:

(₹ in lakh)

	2007-08	2008-09		
	Unit-II	Unit-II	Unit-II and III	All Units
	1.3.2008 to 31.3.2008	1.4.2008 to 2.4.2008	3.4.2008 to 9.4.2008	10.4.2008 to 31.3.2009
Depreciation	162.22	10.49	77.87	5892.30
Interest on Loan	194.02	13.20	103.14	7546.15
Return on Equity	434.40	28.10	196.72	15006.89
Advance against depreciation	0.00	0.00	0.00	0.00
Interest on Working Capital	27.97	1.82	13.39	1010.36
O & M Expenses	100.27	6.49	48.13	3642.08
<b>Total</b>	<b>918.89</b>	<b>60.11</b>	<b>439.25</b>	<b>33097.79</b>

3. The petitioner also filed Petition No. 216/2009 before the Commission for determination of impact on annual fixed charges on account of additional capital expenditure incurred during the year 2008-09 and submitted that the un-discharged liability of ₹10063.80 lakh which was discharged during 2008-09 but was not considered by the Commission in order dated 5.1.2010 should be allowed along with the un-discharged liability of ₹2951.87 lakh. Though the petitioner was directed to file the Revised Cost Estimate (RCE) along with interlocutory application for amendment, the said petition was kept pending for want of RCE based on the submission of the petitioner that RCE for the generating station was under examination by the Standing Committee of the Government of India. Thereafter, the petitioner filed Interlocutory Application (I.A.No.2/2011) revising the annual fixed charges of the generating station after taking into consideration the order of the Commission dated 5.1.2010 in Petition No.132/2009 and the un-discharged liability of ₹13015.87 lakh as on date of commercial operation of the generating station along with the additional capitalization during 2008-09. Since no RCE was filed by the petitioner, the Commission disposed of the said petition by order dated 8.6.2011, observing as under:

*"7. We have examined the submissions of the parties. The Commission in its order dated 5.1.2010 in Petition No.132/2009 had approved the capital cost of the generating station, which was less than the sanctioned cost and had directed the petitioner to submit the RCE. The submission of the petitioner that the approval of RCE by Government of India was in process and that the matter be considered on merits is not acceptable, since the report of the Standing Committee cannot be considered equivalent to the approved RCE by the Government of India. We are of the view that no useful purpose would be served in keeping the petition pending, more so, when it appears that the petitioner would require some more time to obtain approved RCE for the generating station. Hence, we are inclined to dispose of this petition.*

*8. Accordingly, this petition along with the interlocutory application (I.A.2/2011) is disposed of with a direction that the petitioner is at liberty to approach the Commission with an appropriate petition for revision of tariff for the generating station in accordance with the 2004 regulations, based on the approved RCE, which would be considered in accordance with law."*

4. In terms of the directions of the Commission as above and based on the Revised Cost Estimate approved by the Ministry of Power, Government of India amounting to ₹265695.00 lakh by letter dated 13.9.2012, the petitioner has filed the present petition with the prayers as mentioned in clauses (i) to (iii) of paragraph 1 above.

### **Capital Cost**

5. As stated, the Commission by its order dated 5.1.2010 in Petition No. 132/2009 had approved the capital cost of ₹248943.71 lakh as on the date of commercial operation of the generating station (10.4.2008) for the purpose of tariff for the period 2008-09. This opening capital cost has been considered for the purpose of tariff for the period 2008-09.

### **Additional Capitalization**

6. Regulation 34 of the 2004 Tariff Regulations provides for considering the additional capital expenditure for tariff as under:

*“(1) The following capital expenditure within the original scope of work actually incurred after the date of commercial operation and up to the cut-off date may be admitted by the Commission subject to prudence check.*

- (i) Deferred liabilities,*
- (ii) Works deferred for execution,*
- (iii) Procurement of initial capital spares in the original scope of works subject to ceiling specified in regulation 33,*
- (iv) Liabilities to meet award of arbitration or in compliance of the order or decree of a court, and*
- (v) On account of change in law.*

*Provided that original scope of works along with estimates of expenditure shall be submitted along with the application for provisional tariff.*

*Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the application for final tariff after the date of commercial operation of generating station.*

(2) Subject to the provision of clause (3) of this regulation, the capital expenditure of the following nature actually incurred after the cut off date may be admitted by the Commission subject to prudence check:

- (i) Deferred liabilities relating to works/services within the original scope of work;
- (ii) Liabilities to meet award of arbitration or in compliance of the order or decree of a court;
- (iii) On account of change in law; and
- (iv) Any additional works/service which has become necessary for efficient and successful operation of plant but not included in the original capital cost.

(3) Any expenditure incurred on acquiring minor items/assets like tools and tackles, personal computers, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, T.V, washing machine, heat-convector, mattresses, carpets, etc brought after the cut off date shall not be considered for additional capitalization for determination of tariff with effect from 1.4.2004.

**Note**

The list of items is illustrative and not exhaustive.

(4) Impact of additional capitalization in tariff revision may be considered by the Commission twice in a tariff period, including revision of tariff after the cut-off date.

**Note 1**

Any expenditure admitted on account of committed liabilities within the original scope of work and the expenditure deferred on techno-economic grounds but falling within the original scope of work shall be serviced in the normative debt-equity ratio specified in regulation 36.

**Note 2**

Any expenditure on replacement of old assets shall be considered after writing off the gross value of the original assets from the original capital cost, except such items as are listed in Clause (3) of this regulation.

**Note 3**

Any expenditure admitted by the Commission for determination of tariff on account of new works not in the original scope of work shall be serviced in the normative debt-equity ratio specified in regulation 36.

**Note 4**

Any expenditure admitted on renovation and modernization and life extension shall be serviced on normative debt-equity ratio specified in regulation 36 after writing off the original amount of the replaced assets from the original capital cost.”

5. The reconciliation of the additional capital expenditure claimed for the year 2008-09 with the additional capital expenditure as per books of accounts of the petitioner is as under:

(₹ in lakh)

Sl. No.	Description	2008-09
1	Audited additional capitalization as per book of accounts	21025.67
2	Less - Additional capitalization due to FERV	17094.54
3	Additional capital expenditure including un-discharge liability amounting to ₹ 46.71 lakh (1-2)	3931.13
4	Opening balance of additional capital expenditure due to un-discharge liability which existed on COD.	13015.87
5	Closing balance of additional capital expenditure during the year 2008-09 (3+4)	<b>16947.00</b>

6. The category wise break-up of the additional capital expenditure claimed by the petitioner during the year 2008–09 is as under:

(₹ in lakh)

Sl. No.	Description	2008-09
1	Un-discharged liabilities as on 10.4.2008 (COD)	<b>13015.87</b>
<b>2</b>	<b>Additions-Category 'A'</b>	
	Deferred liabilities -Regulation 34(1)(i)	381.85
	Works deferred for execution -Regulation 34(1)(ii)	4201.27
	Change in law-Regulation 34 (1)(v)	116.63
	Category 'E'- Regulation 34(1)	93.96
	<b>Sub-Total</b>	<b>4793.71</b>
<b>3</b>	<b>Deletions/Deductions</b>	
	Deletion of Assets	860.76
	Deletion of assets on account of sale of assets	1.09
	Survey off/Write off during the year	0.73
	<b>Sub-Total</b>	<b>862.58</b>
4	Net Additional Capitalization [sub-total (2) - (3)]	<b>3931.13</b>
5	Grand Total including un-discharged liabilities (1+4)	<b>16947.00</b>

7. The admissibility of the claim of the petitioner is discussed in the subsequent paragraphs:

### **Un-discharged liabilities**

8. As stated, the Commission by order dated 5.1.2010 had reduced the un-discharged liability of ₹130157.87 lakh from the capital cost as on 10.4.2008. Also, the claim of the petitioner for ₹10063.80 lakh towards liabilities discharged during 2008-09 along with additional capital expenditure in Petition No.216/2009 was disposed of by order dated 8.6.2011 with liberty to the petitioner to approach the

Commission for revision of tariff based on the approved RCE . The petitioner in this petition has claimed the entire liability of ₹13015.87 lakh as on COD of the generating station which includes the un-discharged liability of ₹2951.87 lakh. The learned counsel for the respondents, GRIDCO and BSEB during the hearing on 3.1.2013 have objected to the said claim and have submitted that the judgment dated 10.12.2008 of the Appellant Tribunal in Appeal Nos. 151 & 152/2007 pertaining to consideration of un-discharged liabilities cannot be adopted and implemented in respect of the hydro generating stations of the petitioner as neither the petitioner nor the respondents were parties to those proceedings. It has also been submitted that the petitioner had also not filed appeal against the Commission's order dated 5.1.2010 in Petition No. 132/2009 and thus the same had attained finality. The learned counsel has submitted that the liability of ₹10063.80 lakh discharged by the petitioner during 2008-09 could only be considered by the Commission for the purpose of tariff. The matter has been examined. We are of the view that the hydro generating stations are governed by separate provisions under the 2004 Tariff Regulations for determination of tariff and the issue of consideration of un-discharged liabilities for the purpose of tariff in respect of hydro generating stations was not a subject matter before the Tribunal. Moreover, the petitioner had not challenged the order of the Commission dated 5.1.2010 in Petition No. 132/2009 disallowing the un-discharged liabilities in respect of this generating station and the same had attained finality. Therefore, we are of the view that the judgment of the Tribunal dated 10.12.2008 in the said appeals pertaining to consideration of un-discharged liabilities in respect of the thermal generating stations of NTPC cannot be extended to the hydrogenating stations of the petitioner. We order accordingly. In view of this, out of the total

liability of ₹13015.87 lakh, the liability of ₹10063.80 lakh discharged during 2008-09 has only been considered for the purpose of tariff.

**Deferred liabilities -Regulation 34(1)(i)**

9. The petitioner has claimed expenditure of ₹381.85 lakh under this head. The major works/assets on which the expenditure has been claimed includes chemical grouting in PH cavern, Polyurethane grouting for stoppage of leakage at L/B D/S of dam, P/F aluminum composite panel for power pack room, control room instrumentation etc. and remaining part of the main works. The date of commercial operation of the generating station was 10.4.2008 and hence the cut-off date for capitalization of additional expenditure for the generating station has been considered as 31.3.2010. The expenditure incurred by the petitioner is of the nature of deferred liabilities, on account of balance payments against works/services within the original scope of work. The above works, which form part of the generating station, have been capitalized upto the cut off-date under the approved project cost and hence, the capitalization of expenditure of ₹381.85 lakh has been allowed for the purpose of tariff.

**Works deferred for execution-Regulation 34(1)(ii)**

10. The petitioner has claimed expenditure of ₹4201.27 lakh under this head in respect of major works/assets which includes different works like implementation of R & R Plan (payment to land oustees, etc), chemical grouting in transformer cavern and switch yard area of control room building of PH, chemical grouting in balance area of stair well in control building and on the downstream side of machine hall at EL 352 m between Units II & III, providing & fixing aluminum cladding on the downstream side of transformer cavern, chemical grouting in penstock erection gallery, strengthening steel ribs in penstock erection gallery, Capitalization of CWIP



pertaining to dams and barrage , removal of boulder & rock excavation on the right bank of the river Teesta from RD-2500 to 3500 metre from dam axis for widening of river, rim treatment work below naya bazar upto EL570 metre , rim treatment work below GREF camp to EL570 mtr, rim treatment work on the right bank downstream of Phidang bridge, construction of protection wall of 160 metre length below Dikchu bazaar & wall at 50 metre length at Dikchu village, rim treatment work below GREF camp from EL 570-580 metre under Phase-II plan & on the right bank of Dikchu khola, change in methodology for overt lining and benching excavation and escalation etc. The above works which form part of the generating station have been capitalized upto the cut-off date under the approved project cost and hence, the capitalization of expenditure of ₹4201.27 lakh under this head is allowed.

**Change in law-Regulation 34(1)(v)**

11. The petitioner has claimed expenditure of ₹116.63 lakh under this head towards Sales tax reimbursement to Mitsui, TDS, Service tax reimbursement etc. In view of the fact that the said expenditure has been incurred to meet the requirements in terms of the provisions under the relevant statute, the capitalization of ₹116.63 lakh under this head is allowed.

**Additional works/service necessary for efficient and successful operation of plant but not included in the original capital cost.**

12. The petitioner has claimed additional capital expenditure of ₹ 93.96 lakh for capital expenditure not within the original scope of works but incurred before the cut-off date. Most of the expenditure claimed under this head are towards installation of 150 mm GI pipes with concrete pedestal for APS, fixing of GI pipe railing from TRT gate and surge shaft gate, security check post footpath and gate, providing foot lamp on side wall of main access channel of PH, chain link fencing

along the boundary, drain in cable trench of transformer cavern, re-fixing of GI pipe routing of pat head yard, alternative approach to PH and other miscellaneous work in PH area, river protection work along left side wall of river Teesta, internal electrification in newly constructed toilet, bricks edging and miscellaneous works near helipad at right bank, boulder wire crate along left bank of river Teesta from RD 35 to 200 m downstream steel bridge at PH, 2 nos toilet with footpath at helipad, strengthening in the apron and plunge area from EL 530.5 to 540m, laying of 200mm dia UPVC pipe for discharging seepage water from dam gallery and strengthening and widening of drain etc. which are essential from the view point of security, protection of river bank and better communication etc. However, expenditure on minor assets like internal electrification in newly constructed toilet, 2 nos toilet with footpath at helipad, bricks edging and miscellaneous works near helipad at right bank, totaling to ₹5.82 lakh has been disallowed. Considering the necessity of these items, the additional capital expenditure of ₹88.14 lakh under this head is allowed.

13. The petitioner has de-capitalized an amount of ₹862.58 lakh on account of assets becoming un-serviceable/sale of assets/writing off of assets. Accordingly, the corresponding negative entries have been allowed for the purpose of tariff.

14. Based on the above discussions, the additional expenditure allowed during 2008-09 for the purpose of tariff, is as under:

(₹ in lakh)

Sl. No.	Description	2008-09	
		Amount claimed	Amount allowed
1	Un-discharged liabilities as on 10.4.2008 (COD)	13015.87	10063.80
2	<b>Additions-Category 'A'</b>		
	Deferred liabilities -Regulation 34(1)(i)	381.85	381.85
	Works deferred for execution -Regulation 34(1)(ii)	4201.27	4201.27
	Change in law-Regulation 34 (1)(v)	116.63	116.63
	Category 'E'- Regulation 34(1)	93.96	88.14
	<b>Sub-Total</b>	<b>4793.71</b>	<b>4787.89</b>
3	<b>Deletions/Deductions</b>		
	Deletion of Assets	860.76	860.76
	Deletion of assets on account of sale of assets	1.09	1.09
	Survey off/Write off during the year	0.73	0.73
	<b>Sub-Total</b>	<b>862.58</b>	<b>862.58</b>
4	Additional Capitalization [sub-total (2) - (3)]	3931.13	3925.31
5	Less: Un-discharged liability of additional capitalization during 2008-09	0.00	46.71
6	<b>Net additional Capitalization (4-5)</b>	<b>3931.13</b>	<b>3878.60</b>
7	<b>Grand Total (1+6)</b>	<b>16947.00</b>	<b>13942.40</b>

### Capital cost for 2008-09

15. As stated in paragraph 5 above, the opening capital cost considered for the purpose of tariff as on 10.4.2008 is ₹248943.71 lakh. The additional capital expenditure (including discharged liabilities of ₹10063.80 lakh) allowed as above for the purpose of tariff for 2008-09 is ₹13942.40 lakh. Accordingly, the capital cost allowed for the purpose of tariff is as under:

(₹ in lakh)

	2008-09
Opening Capital cost as on COD of the generating station (10.4.2008)	248943.71
Additional capital expenditure during the year	13942.40
Capital cost as on 31 <sup>st</sup> March of the financial year	<b>262886.11</b>

### Debt-Equity Ratio

16. Clause 2 of Regulation 36 of the Tariff Regulations, 2004, as amended, provides as follows:

*“(1) In case of the existing generating stations, debt-equity ratio considered by the Commission for the period ending 31.3.2004 shall be considered for determination of tariff with effect from 1.4.2004:*

*Provided that in cases where the tariff for the period ending 31.3.2004 has not been determined by the Commission, debt-equity ratio shall be as may be decided by the Commission:*

*Provided further that in case of the existing generating stations where additional capitalization has been completed on or after 1.4.2004 and admitted by the Commission under Regulation 34, equity in the additional capitalization to be considered shall be,-*

*30% of the additional capital expenditure admitted by the Commission, or equity approved by the competent authority in the financial package, for additional capitalization, or actual equity employed, whichever is the least:*

*Provided further that in case of additional capital expenditure admitted under the second proviso, the Commission may consider equity of more than 30% if the generating company is able to satisfy the Commission that deployment of such equity of more than 30% was in the interest of general public.*

*(2) In case of the generating stations for which investment approval was accorded prior to 1.4.2004 and which are likely to be declared under commercial operation during the period 1.4.2004 to 31.3.2009, debt and equity in the ratio of 70:30 shall be considered:*

*Provided that where equity actually employed to finance the project is less than 30%, the actual debt and equity shall be considered for determination of tariff:*

*Provided further that the Commission may in appropriate cases consider equity higher than 30% for determination of tariff, where the generating company is able to establish to the satisfaction of the Commission that deployment of equity higher than 30% was in the interest of general public”.*

*(3) In case of the generating stations for which investment approval is accorded on or after 1.4.2004, debt and equity in the ratio of 70:30 shall be considered for determination of tariff:*

*Provided that where equity actually employed is more than 30%, equity in excess of 30% shall be treated as notional loan;*

*Provided further that where deployment of equity is less than 30%, the actual debt and equity shall be considered for determination of tariff.*

*(4) The debt and equity amount arrived at in accordance with above clause (1), (2) or (3), as the case may be, shall be used for calculation of interest on loan, return on equity, advance against depreciation and foreign exchange rate variation.”*

17. In order dated 5.1.2010 in Petition No. 132/2009, the Commission had decided as under:

*"42. The un-discharged liability of ₹13015.87 lakh as on the date of commercial operation of the project shall be considered as debt as and when the same is discharged. As the equity amounting to ₹109902.02 lakh has been considered, any additional expenditure incurred and admitted by the Commission after the date of commercial operation up to the approved revised capital for the generating station shall also be considered as debt for the purpose of tariff."*

18. In line with the decision contained in Commission's order dated 5.1.2010 in Petition No.132/2009, the entire additional capital expenditure including liabilities discharged has been considered as debt for the purpose of tariff.

### Return on Equity

19. Return on equity is allowed @ 14% on the average normative equity, as under:

*(₹ in lakh)*

	2007-08	2008-09		
	Unit-II	Unit-II	Unit-II and III	All Units
	1.3.2008 to 31.3.2008	1.4.2008 to 2.4.2008	3.4.2008 to 9.4.2008	10.4.2008 to 31.3.2009
Opening Equity	36634.00	36634.00	73268.00	109902.00
Add: Additional Capitalisation	0.00	0.00	0.00	0.00
Closing Equity	36634.00	36634.00	73268.00	109902.00
Average Equity	36634.00	36634.00	73268.00	109902.00
<b>Return on Equity @14%</b>	<b>434.40</b>	<b>28.10</b>	<b>196.72</b>	<b>15006.89</b>

### Interest on Loan

20. No fresh loan has been added during the year 2008-09. Hence, the weighted average rate of interest as worked out in order dated 5.1.2010 in Petition No. 132/2009 has been considered. Interest on loan has been computed as under:

(₹ in lakh)

	2007-08	2008-09		
	Unit-II	Unit-II	Unit-II and III	All Units
	1.3.2008 to 31.3.2008	1.4.2008 to 2.4.2008	3.4.2008 to 9.4.2008	10.4.2008 to 31.3.2009
Gross Opening Loan	42289.89	42289.89	94038.23	139041.71
Cumulative Repayment upto Previous Year	0.00	0.00	0.00	0.00
Net Loan-Opening	42289.89	42289.89	94038.23	139041.71
Repayment during the year	0.00	0.00	0.00	6057.30
Add: Additional Capitalisation/drawal	0.00	0.00	0.00	13942.40
Net Loan-Closing	42289.89	42289.89	94038.23	146926.81
Average Loan	42289.89	42289.89	94038.23	142984.26
Weighted Average Rate of Interest on Loan	5.42%	5.70%	5.72%	5.68%
<b>Interest on loan</b>	<b>194.02</b>	<b>13.20</b>	<b>103.14</b>	<b>7928.12</b>

### Depreciation

21. For calculating depreciation, the weighted average rate of depreciation of 2.427% has been considered in order dated 5.1.2010 in Petition No.132/2009. Accordingly, depreciation has been worked out after considering the additional capital expenditure as under:

(₹ in lakh)

	2007-08	2008-09		
	Unit-II	Unit-II	Unit-II and III	All Units
	1.3.2008 to 31.3.2008	1.4.2008 to 2.4.2008	3.4.2008 to 9.4.2008	10.4.2008 to 31.3.2009
Opening Gross block	78923.89	78923.89	167306.23	248943.71
Add: Additional Capitalization	0.00	0.00	0.00	13942.40
Closing Gross block	78923.89	78923.89	167306.23	262886.11
Average Gross block	<b>78923.89</b>	<b>78923.89</b>	<b>167306.23</b>	<b>255914.91</b>
Rate of Depreciation	2.427%	2.427%	2.427%	2.427%
Depreciable Value @ 90%	70279.18	70279.18	149070.96	228066.45
Remaining Depreciable Value at the beginning	70279.18	70116.96	148898.24	227815.87
<b>Depreciation</b>	<b>162.22</b>	<b>10.49</b>	<b>77.87</b>	<b>6057.30</b>
Cumulative Depreciation/ Advance against Depreciation	162.22	172.72	250.58	6307.88

## Advance Against Depreciation

22. Advance Against Depreciation as considered in order dated 5.1.2010 has been re-calculated after considering the additional capital expenditure. The Advance Against Depreciation has been worked as under:

(₹ in lakh)

	2007-08	2008-09		
	Unit-II	Unit-II	Unit-II	Unit-II
	1.3.2008 to 31.3.2008	1.4.2008 to 2.4.2008	1.3.2008 to 31.3.2008	1.4.2008 to 2.4.2008
1/10th of Gross Loan(s)	4228.99	4228.99	9403.82	13904.17
Repayment of the Loan	0.00	0.00	0.00	6057.30
Minimum of the above	0.00	0.00	0.00	6057.30
Depreciation during the year	162.22	10.49	77.87	6057.30
(A) Difference	(-) 162.22	(-) 10.49	(-) 77.87	0.00
Cumulative Repayment of the Loan	0.00	0.00	0.00	6057.30
Cumulative Depreciation/ Advance against Depreciation	162.22	172.72	250.58	6307.88
(B) Difference	(-) 162.22	(-) 172.72	(-) 250.58	(-) 250.58
Advance against Depreciation Minimum of (A) and (B)	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## O&M Expenses

23. O&M expenses as considered in the order dated 5.1.2010 in Petition No.132/2009 has been considered.

## Interest on Working Capital

24. Regulation 38(v) (b) of the 2004 Tariff Regulations provides that the rate of interest on working capital shall be the short-term Prime Lending Rate of State

Bank of India as on 1.4.2004 or on 1st April of the year in which the generating unit/station is declared under commercial operation, whichever is later. The interest on working capital shall be payable on normative basis notwithstanding that the generating company has not taken working capital loan from any outside agency. Accordingly, as considered in order dated 5.1.2010, the SBI PLR of 12.25% as on 1.4.2007 has been considered. The necessary details in support of calculation of interest on working capital are as under:

	( <i>₹ in lakh</i> )
	<b>2008-09</b>
	<b>All units (10.4.2008 to 31.3.2009)</b>
Maintenance spares	2428.05
O & M expenses	303.51
Receivables	5609.36
Total	8340.92
Rate of Interest	12.25%
<b>Interest on working capital</b>	<b>1021.76</b>

### **ANNUAL FIXED CHARGES**

25. The annual fixed charges for the period from 10.4.2008 to 31.3.2009 are summarized as under:

	( <i>₹ in lakh</i> )
	<b>2008-09</b>
	<b>All units (10.4.2008 to 31.3.2009)</b>
Depreciation	6057.30
Interest on Loan	7928.12
Return on Equity	15006.89
Advance against Depreciation	0.00
Interest on Working Capital	1021.76
O & M Expenses	3642.08
<b>Total</b>	<b>33656.15</b>

26. The petitioner shall claim the difference between the fixed charges approved vide order dated 5.1.2010 and those approved now, from the beneficiaries in three equal monthly installments.



27. Petition No.229/2012 stands disposed of in terms of the above.

**sd/-**  
**(M.Deena Dayalan)**  
**MEMBER**

**sd/-**  
**(V.S.Verma)**  
**MEMBER**

**sd/-**  
**(S. Jayaraman)**  
**MEMBER**

**sd/-**  
**(Dr.Pramod Deo)**  
**CHAIRPERSON**